

ANNUAL REPORTS AND RELATED DOCUMENTS::

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SBS TRANSIT LTD

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SBS TRANSIT LTD - SG1F58858209 - S61

Stapled Security

No

Announcement Details

Announcement Title

Annual Reports and Related Documents

Date & Time of Broadcast

25-Mar-2021 07:56:23

Status

New

Report Type

Annual Report

Announcement Reference

SG210325OTHR0YGF

Submitted By (Co./ Ind. Name)

Angeline Joyce Lee Siang Pohr

Designation

Joint Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

1. ANNUAL REPORT 2020
2. CIRCULAR TO SHAREHOLDERS IN RELATION TO:
(1) THE PROPOSED ADOPTION OF THE SBS EXECUTIVE SHARE SCHEME; AND
(2) THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE.

Additional Details

Period Ended

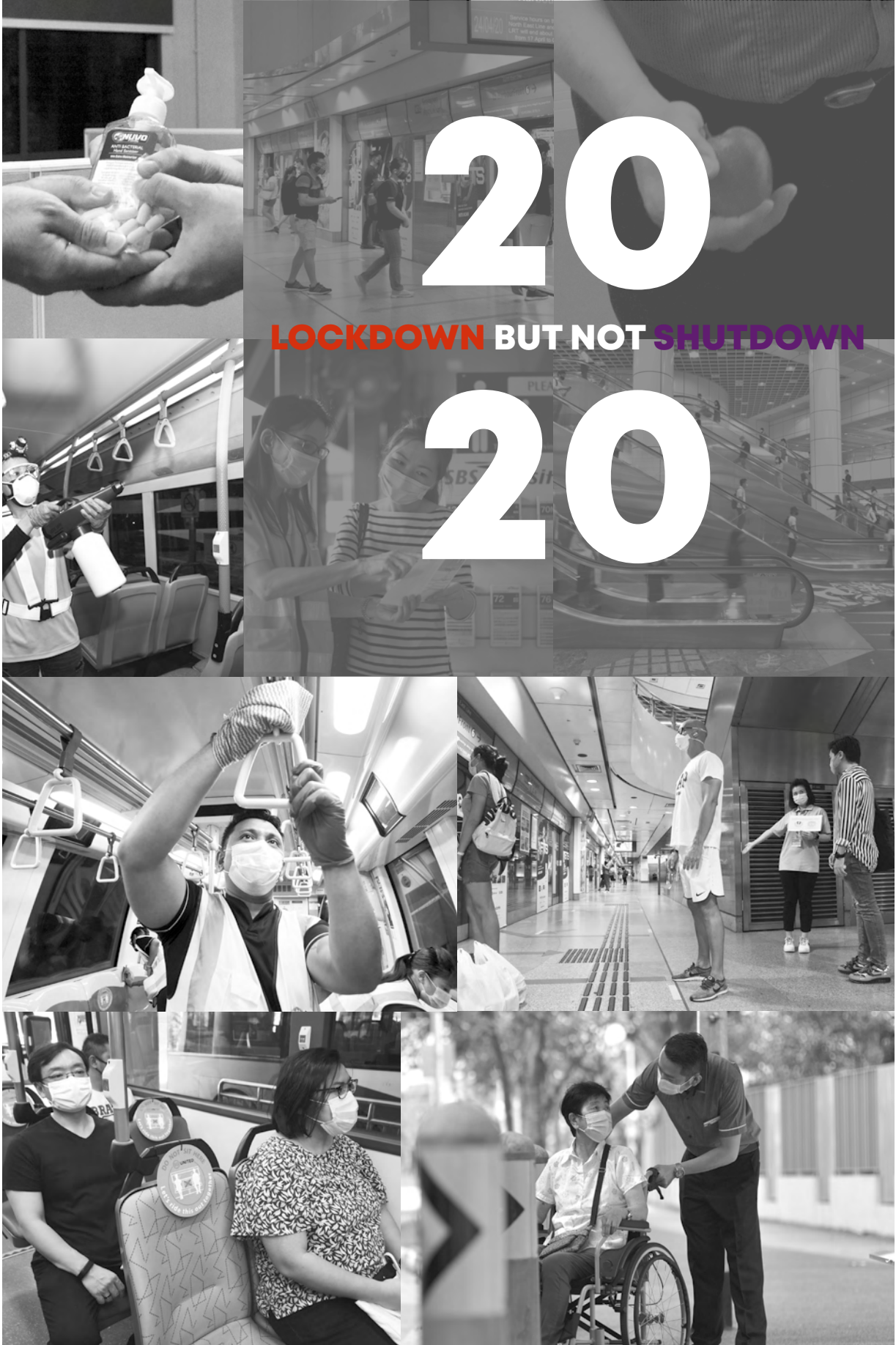
31/12/2020

Attachments

[SBS Transit Ltd - Annual Report 2020 dated 25 Mar 2021.pdf](#)

[SBS Transit Ltd - Circular dated 25 March 2021.pdf](#)

Total size = 11457K MB





We've been busy this entire time

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In a pandemic, the health and safety of our commuters and staff takes on new significance. We stepped up the cleaning and disinfection of our buses and trains, bus interchanges and Mass Rapid Transit (MRT) stations as well as our depots and offices.

”

LIM JIT POH
CHAIRMAN, SBS TRANSIT LTD

OUR VISION

Moving people in a safe, reliable and affordable way.

OUR MISSION

To achieve excellence for our customers, employees, shareholders and community. To this end, we are committed to delivering safe and reliable services at affordable prices, being an employer of choice, creating significant shareholder value and becoming a socially responsible corporate role model.

OUR CORE BELIEFS

To achieve our Vision and Mission, we are guided by the following beliefs:

We will:

- Be driven by our customers' needs
- Strive for excellence in everything we do
- Act with integrity at all times
- Treat people with fairness and respect
- Maintain safety as a top priority
- Collaborate with our partners for a win-win outcome
- Give our shareholders a reasonable return

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As a public transport operator offering an essential service, we were one of the few companies that continued to operate despite the lockdown. We made changes to the way we delivered our services in a new setting.

”



CHAIRMAN'S STATEMENT

2020 was a year unlike any other. The COVID-19 virus outbreak caused a global pandemic, halting countries in their tracks and raising panic in communities the world over. Singapore was not spared with our Government describing it as the "crisis of a generation". As a public transport operator offering an essential service, we were one of the few companies that continued to operate despite the lockdown. We made changes to the way we delivered our services in a new setting.

COVID-19 VIRUS OUTBREAK

In a pandemic, the health and safety of our commuters and staff took on new significance. We stepped up the cleaning and disinfection of our buses and trains, bus interchanges and Mass Rapid Transit (MRT) stations as well as our depots and offices. We also piloted the use of Electrostatic Disinfectant Spray (EDS) technology on our buses and trains that could keep the virus at bay for about six months. A trial using a protective shield at the Bus Captain's cabin was also undertaken.

The well-being of our people, both mental and physical, was a key concern as the pandemic raged. We supported all our frontline employees by providing them with masks, personal hand sanitisers, vitamin C tablets, a constant supply of fresh fruits and care packs to help them stay healthy and maintain morale. Temperature checks were also conducted twice a day. In August, our bus employees were tested for the COVID-19 virus and from January 2021, many of our employees from both the bus and rail divisions opted to be vaccinated under the national vaccination programme.

Working with the Authorities, we implemented Safe Distancing Measures (SDM) throughout our premises. During the Circuit Breaker (CB) period from 7 April to 1 June 2020, we marked up the requisite one-metre distance guideline on our entire fleet of vehicles too. During this period, public transport ridership plunged drastically with our average daily rail ridership dropping by as much as 86% as working from home became the norm. While ridership subsequently picked up in the following months, it still did not rise to its pre-COVID-19 level. For the whole

of 2020, the Land Transport Authority (LTA) reported that average daily ridership for buses and trains fell by 34.5% to 5.04 million – marking an 11-year low.

The donning of masks outside of the home became mandatory. For this purpose, the LTA deployed Transport Ambassadors to bus interchanges and MRT Stations. The Transport Ambassadors worked closely with our frontline staff to ensure commuters observed the strict rules. Enforcement was not always easy and there were several instances where our Bus Captains (BCs) were abused as they carried out mask enforcement activities. We did not take this lightly and put our support fully behind our people if they chose to take civil action against the perpetrators, including engaging lawyers and paying their fees. The National Transport Workers' Union (NTWU) also initiated a Memorandum of Understanding (MOU) with all the public transport operators to provide necessary support, including legal action, to public transport workers who were assaulted. We are grateful that the Authorities have also acted swiftly against the abusers.

When the Malaysian authorities announced the Movement Control Order and closed the Causeway suddenly in March 2020, we acted quickly to secure accommodation for our staff who commuted daily between Singapore and Johor Bahru. We negotiated with hotels for reduced rates and tried our best to make sure that the sudden move which essentially tore them from their families back home was as painless as possible. Close to 1,800 of them chose to stay on in Singapore and their decision helped to keep our public transport services operating without any disruption.

I am especially heartened by the overwhelming outpouring of care and support for our frontline staff by the schools and community groups who have taken time and effort to cheer our staff on with care packs and kind words.

At the national level, we lent our support by operating five dedicated buses (COMET MAXI) that have been specially retrofitted to facilitate the mass transfer of COVID-19 related persons between facilities. At our

CHAIRMAN'S STATEMENT

interchanges, we provided free space to the Temasek Foundation to place vending machines where Singaporeans and residents can collect their free masks.

The Government has been very sympathetic and helpful through its various assistance schemes and generous Supplementary Budgets. In all, the Government provided \$109.8 million worth of aid to SBS Transit mainly through the Jobs Support Scheme (JSS) to support staff salaries as we continued to keep our buses and trains in operation in spite of the reduced ridership. Other operating costs incurred in respect of rental reliefs were also provided.

We also played our part where our senior staff took a 10% pay-cut for five months while our Board took a proportional 20% cut in directors' fees.

ELECTRIC BUSES

It was announced in the Singapore Budget 2021 that \$30 million would be set aside over the next five years for electric vehicle (EV)-related initiatives. Measures include narrowing the cost differential between EVs and combustion engine vehicles as well as proliferating charging points in private premises. I am heartened by this announcement which will encourage the adoption of EVs for a greener environment.

The LTA, which owns all the public buses in Singapore, has committed to buying green buses – with a view to have the entire fleet run on cleaner energy by 2040 as part of the Land Transport Master Plan. Presently, there are 5,800 public buses where 40 are fully electric and 50 are hybrids. Among the public bus operators, we run half of the fleet of green buses – 20 electric and 25 hybrids – on a trial basis on behalf of the LTA to assess their suitability on Singapore roads.

AUTONOMOUS BUSES

Of our two pilot autonomous vehicle (AV) projects which I mentioned in my last Statement, the one in Sentosa ended last year while the other in Jurong Island is now operating a pilot revenue service until April 2021. This is an initiative under

the national Emerging Stronger Taskforce, which has been set up to reignite the economy. We are involved with ST Engineering in these two projects. The experience gained will put us in good stead for future tenders in this area.

We also joined two consortiums in the AV Call for Collaboration (CFC) announced by the LTA and the Economic Development Board.

STRATEGIC PARTNERSHIPS

Despite the challenges in the rail business, we continue to see potential in this sector. In this respect, we have signed a Teaming Agreement with the RATP Développement S.A., a French Government-owned company and the largest rail operator in Paris, to explore new business opportunities and deliver world-class metro services in Singapore. The signing was witnessed by the France Minister Delegate for Foreign Trade and Economic Attractiveness, H.E. Mr Franck Riester.

We also signed an MOU with Thales, a French multinational company that designs and builds electrical systems and provides services for various industries including transportation, to employ new digital technologies to deliver a safer and more comfortable passenger journey for our MRT commuters.

BUS TENDERS

As reported in my Statement last year, we submitted bids for two parcels – Bulim Bus Package and the Sembawang-Yishun Bus Package – under LTA's new cluster system. The objective of this cluster tendering was to give smaller operators an opportunity to win and level the playing field between large and small operators.

Though we made the lowest bids for both the individual and combined parcels, we unfortunately lost out. The contracts were awarded to another operator, which had submitted the next lowest combined bid, with the price difference of \$22.0 million or 2.2% over the five-year period.

In the market place today, we are still the leading operator with nine parcels or about 61% of the market share.

OUR PUBLIC TRANSPORT SERVICES

For the year under review, we operated 226 bus routes, which were three more than in 2019. Our 3,193 scheduled buses out of a holding fleet of 3,531 buses included 25 hybrid buses and 20 EVs. All our buses are wheelchair accessible with close to 57% being single deck ones. Garaged in seven bus depots and a bus park, we operate from 17 bus interchanges and 14 bus terminals. On an average weekday, we operated about 31,000 bus trips during the year.

In November 2020, we re-organised our bus division to better support our operational needs by setting up a new Bus Development Division. This new division focusses on Government liaison, bus tenders, bus schedules as well as data analytics to keep pace with technological developments and systems. More importantly, it also works to expedite the induction of new processes and technology and drive innovations in our bus operations.

In rail services, we continued to operate 83 km of rail networks in Singapore – the North East Line (NEL), Downtown Line (DTL) and the Sengkang–Punggol Light Rail Transit (SPLRT) systems. We operate 78 stations with a fleet of 192 trains and have a current market share of 30.6%. All the stations on our rail networks are open for passenger service except one – Teck Lee on the Punggol LRT system – which will open in tandem with developments in the area.

At the peak of the COVID-19 crisis, we suffered an 86% drop in passenger load. In December 2020, ridership was just 72.7% of what was registered a year earlier.

In train service reliability, our lines performed better than the industry during the year under review. For 2020, the DTL achieved a Mean Kilometre Between Failure (MKBF) of 2.09 million train-km while the NEL clocked 2.04 million train-km, both of which outperformed the nationwide MRT network's average of 1.45 million train-km. In fact, the DTL improved on its reliability by about 83% and the NEL by some 48% over their 2019 performances. The SPLRT achieved 426,000 train-km compared to the LRT's network average of 227,000 train-km. It

also improved on its reliability by about 70% over that of its performance in 2019.

A more detailed report of our public transport operations and services can be found elsewhere in this annual report.

CUSTOMER ENGAGEMENT AND SATISFACTION

The COVID-19 situation did not dampen our efforts in engaging our commuters. We conducted several engagement sessions with some 40 commuters who are physically or visually handicapped and their caregivers through their social service agencies to find out more about their travelling experiences. This was to better understand their challenges and find ways to address them.

We also worked on safety campaigns to contribute to pleasant journeys for our elderly commuters. At the NEL Chinatown Station, besides the display of posters to remind them to hold on firmly to the handrails on the escalators, we also piloted public announcement safety messages in Chinese dialects – Hokkien and Cantonese – besides English and Mandarin. In 2020, there were zero injuries arising from the improper use of the escalator that was involved in the pilot. We will continue to look at other creative ways to encourage and remind our elderly commuters to make travel safe and pleasant for them. On buses and at our bus interchanges, we put up posters to remind commuters to hold on to support at all times to reduce the incidence of bus falls among the elderly.

DIGITALISATION AND DIGITAL TRANSFORMATION

We have been actively changing the way we operate by digitalising our bus and rail operations and maintenance, and in the process, improved existing systems/processes and enhanced productivity. This has also transformed the way we communicate with our staff, measure and improve performance, and monitor and manage information.

We introduced e-services for our 6,200-odd BCs, enabling them to use their handphones for a host of administrative functions such as checking on work rosters and payslips, applying leave, reporting bus faults and even viewing of personal driving competency on the

CHAIRMAN'S STATEMENT

trips performed. Besides these, our BCs also receive company news, safety alerts and advisories on their phones. Likewise, supervisors too are able to monitor the BCs' driving competency and undertake coaching and supervision electronically.

We have also changed our work processes and work flows in our workshops by going digital which has enhanced productivity. In 2020, we tested several solutions to strengthen our condition monitoring capabilities for critical systems in various areas such as rolling stock, signalling and power with the objective of boosting our rail reliability through pre-empting faults. We also rolled out another new digital platform for our rail commuters to provide feedback via QR codes.

SUSTAINABILITY

We live and work in a global ecosystem. Everything we do has a knock-on effect – be it on someone else, on the environment or on society at large. We

all have a responsibility to make fair and accountable decisions, regardless of whether we are shareholders, authorities, directors or management.

The megatrend of sustainable development will gain momentum. We must therefore integrate sustainability into our business strategy.

Our Ulu Pandan Bus Depot was conferred the Green Mark Platinum (Super Low Energy Building) Award by the Building and Construction Authority in February 2020 in recognition of our environmental efforts that included the use of solar panels, green roofs and NEWater in our operation. Across our bus operations, we were intentional in how we could reduce the use of our resources. This has resulted in 15% less electricity consumed and 16% less water used while our carbon dioxide emissions decreased by 9% compared to 2019.

Our efforts were also recognised by the Singapore Environment Council which presented us with the Elite Award, the highest tier in the Eco-Office Plus Certification. Our corporate office and all our depots – eight bus depots and three rail depots – each received the award for implementing environmentally friendly practices at the workplace. We were also one of 12 companies in Singapore to be accredited with the GreenDNA Award which uses an internationally recognised system under the United Nations' Environment Programme (UNEP) to fight the global climate crisis.

In bus safety, there were zero fatal accidents in 2020 compared to one in 2019. As at December 2020, our accident rate was 0.09 cases or 220 accidents per 100,000 bus-km. This was a significant improvement compared to 0.12 cases or 310 accidents in 2019.

Our good safety records were recognised by the LTA. Our DTL was honoured with the "Safe Rail Line of the Year (Excellence)" award - which it won twice in the award's three year history - while SBS Transit's Tampines Bus Package received the merit award in the "Safe Bus Operator of the Year" category.



In 2020, we had 10,670 employees of whom more than 6,200 were BCs. In terms of nationality among our BCs, 50% are Singaporeans and Singapore Permanent Residents, 41% Malaysians and the rest Chinese nationals.

In spite of the pandemic, we continued to recruit BCs for operational requirements. A new recruitment campaign - "Make A Difference, Everyday" - was launched with the focus on building a strong local core. As at 31 December 2020, we successfully recruited more than 550 Singaporeans and Permanent Residents including 133 former taxi drivers and private hire drivers who had switched careers due to the pandemic.

COVID-19 did not dampen our plans for our CARES Kindness Month as we took the digital route in inviting the schools to show their appreciation to our staff. In all, we received close to 2,000 appreciation notes/videos in November 2020.

A more detailed write up on our sustainability efforts can be found in the Sustainability section of this Annual Report. Our parent company, ComfortDelGro, has also produced a comprehensive Sustainability Report.

FINANCIAL PERFORMANCE

I expect that Shareholders will understand that these are unprecedented times.

Group Total Revenue for 2020 decreased by 14.8% from \$1,445.2 million to \$1,230.9 million.

Revenue from Public Transport Services (bus and rail) decreased by 13.6% or \$187.5 million to \$1,195.8 million, which can be attributed mainly to lower service fees from lower fuel indexation and operated mileage coupled with lower rail ridership, offset by the Rail Reliability Incentive achieved.

Revenue from Other Commercial Services also dropped by 43.3% from \$62.0 million to \$35.1 million due mainly to lower advertising revenue as lesser rail and bus campaigns were rolled out during the COVID-19 outbreak while rental rebates were given to tenants.

We are thankful for the Government Grants of \$109.8 million, which came mainly from the wage subsidy under the JSS, without which the Group would have recorded an operating loss of \$29.8 million for 2020. As a result, Group Operating Profit dropped by 22.7% from \$103.5 million to \$80.0 million.

The Government Grants significantly cushioned the adverse financial impact due to COVID-19 where we experienced a significant drop in revenue from reduced ridership and operating mileage, rental rebates given to tenants and reduced advertising especially during the CB period. While ridership has steadily improved, it remained lower than pre-COVID-19 days, and Other Commercial Services continued to be depressed. In addition, higher operating costs were due mainly to costs incurred for enhanced cleaning and disinfection of our buses, trains, interchanges, stations and depots, subsidising the cost of accommodation for Malaysian staff affected by Malaysia's Movement Control Order which commenced since 18 March 2020 and increased allowance for rail inventory obsolescence.

Consequently, Group profit before taxation was 22.5% or \$22.4 million lower from \$99.4 million to \$77.0 million. Tax credit was \$1.9 million due mainly to the tax exemption for the receipt of JSS and the resultant loss position as compared to the tax expense of \$18.1 million incurred in 2019.

Earnings per share was 25.32 cents, which was 2.9% lower than 2019's 26.07 cents. The net asset value per share was \$1.88 compared to \$1.69 in 2019. As at 31 December 2020, total equity for the Group increased by 11.4% from \$526.7 million to \$587.0 million due mainly to profits generated from operations which was offset by the payment of dividends.

Management undertook a worst case scenario planning exercise in cash flows and resolved not to commit any capital expenditure which were not mission critical to conserve cash. The Board of Directors was fully updated. As at 31 December 2020, the Group had short-term deposits and bank balances of

CHAIRMAN'S STATEMENT

\$85.6 million. After accounting for the borrowings of \$25.0 million, the Group was in a net cash position of \$60.6 million. The Group's gross gearing ratio (excluding lease liabilities arising from adoption of SFRS(I) 16) was 4.4% when compared to 14.6% in 2019.

As recovery is still uncertain, the Board has proposed a first and final dividend of 6.3 cents per share. This is 25% of the profit attributable to Shareholders as a show of the Company's appreciation for Shareholders' support. Against the year-end closing price of \$3.05, the yield is 2.1%. These are extraordinary times and I hope Shareholders understand and appreciate the position.

CORPORATE GOVERNANCE

The nine-year rule for Independent Directors will come into effect on 1 January 2022. The Singapore Exchange (SGX) Rules stipulate that Directors who have accumulated a total of nine or more years in their tenure on 1 January 2022 will be classified as non-independent unless prior approvals have been obtained from Shareholders. Two of our Independent Directors in SBS Transit fall into this category but one is retiring at the upcoming 2020 Annual General Meeting (AGM).

This demonstrates that the Board has a good spread of people with experience and deeper knowledge of the business to facilitate Board renewals when new directors are brought in.

In its latest report released in March 2020, the Council for Board Diversity reflected that the pace of increase of women directors slowed down from previous years. Among the 100 largest listed companies in SGX, women on average made up 16.2% of directors as at end of 2019. I am pleased to advise that our percentage in SBS Transit is of the order of 30% with three female directors, well above the target stipulated by the Council.

In the 12th Annual Governance and Transparency Index Survey 2020 which assessed listed companies on corporate governance disclosures and practices, as well as timeliness, accessibility and transparency of their financial results

announcements, SBS Transit continued to do well by advancing its score from 87 to 106 to be ranked in the 17th spot from its previous 40th position. This placed us in the top 3% among the 577 listed companies in 2020.

Our market capitalisation as at 31 December 2020 was \$950.9 million, which was a dip of \$243.5 million or 20.4%. It also fell below the \$1 billion-mark which was attained in 2019. Among the 706 listed companies on the SGX, we were ranked in the 88th spot compared to our 91st position in 2019.

Quarterly reporting ceased from 7 February 2020. We, however, continued to provide some basic financial figures as substitutes in the first and third quarters to keep Shareholders and investors informed of our progress. As a result of restrictions imposed by the COVID-19 crisis, our AGM was held virtually through electronic means. It was not entirely satisfactory as we were not able to mingle with our Shareholders after the meeting as we had done in the past. Come 29 April 2021, we will be conducting the AGM proceedings via webcast and in-person so that there will be some interaction between the Shareholders and the Board. Subject to the prevailing national guidelines and regulations, the number of Shareholders who would be able to attend in person will be limited. It is my hope that the pandemic will soon be contained and we will be able to hold our AGM physically for all Shareholders.

OUTLOOK

Despite the ongoing vaccination efforts and gradual resumption of the economy, the global COVID-19 situation remains fluid. There is uncertainty over the easing of health and safety measures and the pace of a global vaccine roll-out. Hence, we shall continue to adopt a cautious outlook for the new financial year.

We will need to further accelerate the pace of our digital transformation to enjoy greater cost efficiencies and further improve the reliability of our operation in serving commuters better. Concurrently, we will look at restructuring to achieve optimisation in the deployment of our human capital. This will make our

organisation most efficient and effective in responding to the demands in our fast evolving operating environment. Our public transportation must also work towards being more inclusive of those with physical and visual disabilities as well as invisible disabilities. For 2021, we will dedicate efforts in doing more to promote inclusivity.

Our BC recruitment will continue to focus on increasing the number of Singaporeans and Permanent Residents. We will also be involved in a Tripartite Task Force to develop a set of common key employment terms and conditions for affected BCs to enable their seamless transit to another public transport operator under the Bus Contracting Model.

DIRECTORS

Our Director renewal process, which began in 2017, has taken its planned path well. The Board of 10 Directors made up of especially newer Directors is well balanced in terms of tenure, age and gender. They are experts in a whole gamut of key fields including technology, engineering, accountancy, law and the media. They are also well represented in terms of tripartite experience from the government, labour and business sectors.

With the nine-year rule coming into effect in January 2022, Professor Lim Seh Chun will be offering himself for re-election at the forthcoming AGM in April 2021 as independent director for continuity. Professor Lim has discharged his duties with integrity and competence and the Board is confident that he will continue to remain objective and act independently in all Board deliberations. I seek your support in the re-election of the retiring director.

Mr Benny Lim and Mr John De Payva will be retiring at the AGM having reached the end of their term under the normal rotation rules. They will not be seeking re-elections at the forthcoming AGM. We are very grateful to them for their unstinting contributions to the Company.

We shall be having our Directors' Biennial Retreat with Senior Management in 2021. This is very timely in the light of COVID-19. Significant topics in new business models, enhanced role of technology, expanded

role of government, style of working arrangements and future black swans including pandemics will be reviewed and debated.

RETIREMENT

As you will have read from the Notice of AGM, I will not be seeking re-election this year. I have been SBS Transit Chairman since 2003, following the merger of Comfort Group and DelGro Corporation. But my time with the Group goes back to 1997 when I was a Director with SBS before its restructuring, and then DelGro Corporation after.

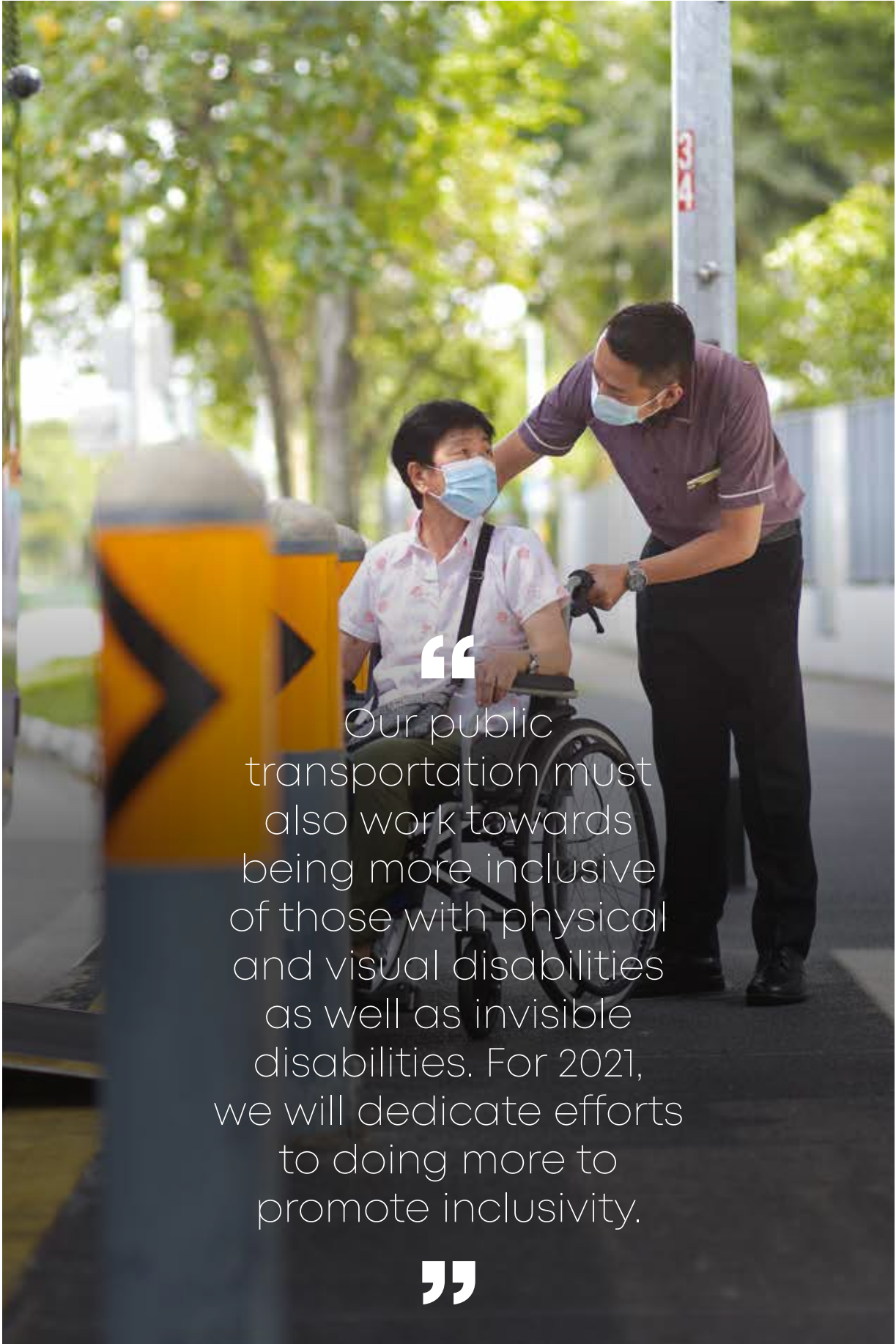
But, I believe the time is right for me to hand over the reins to a new Chairman who will lead the Group through its next phase of growth. This is part of the renewal of the Board which began four years ago. The Board, as it stands now, is well balanced in terms of tenure, age and gender. The strength and expertise that is currently in place will be well placed to ensure that SBS Transit grows from strength to strength going forward.

The public transport sector is a tightly regulated industry which is undergoing transformation amidst a changing environment. New technologies, coupled with changing commuter needs and demands, are challenges that we, as operators, face. To ensure continuity, I will stay on as Senior Advisor as Board and Management work together to meet the present challenges.

APPRECIATION

Management has been under great stress ever since the start of the pandemic. Besides managing our business, Management had to be concerned with the well-being of not only our staff but also our commuters, partners and other stakeholders. Civilisation as we know it is under threat and we have to play our part.

On behalf of the Board of Directors, I wish to thank the Management and staff under the capable leadership of Mr Yang Ban Seng, Deputy Chairman and concurrently the Managing Director and Group CEO of ComfortDelGro, the parent company of SBS Transit, for doing an excellent job in keeping the morale high.



Our public transportation must also work towards being more inclusive of those with physical and visual disabilities as well as invisible disabilities. For 2021, we will dedicate efforts to doing more to promote inclusivity.

”

I would also like to thank Ban Seng for providing guidance and astute counsel to Mr Cheng Siak Kian, who has just been appointed CEO of SBS Transit. I also wish to thank Siak Kian in reorganising and motivating the staff during this difficult period.

Special thanks go out to all our frontline staff who put their own health on the line as they go about their daily work to keep Singapore moving.

I also wish to thank the Government and the Authorities for all their assistance, financial and otherwise, in helping us through these difficult times. I also wish to express my deepest appreciation to the National Transport Workers' Union for working closely with us. I am also thankful to the schools and community groups who have rallied behind our frontline staff with their show of care and support. Teamwork has been strong throughout the crisis and it has helped make a very difficult situation slightly less challenging.

I would also like to thank my fellow Directors for their invaluable contributions during this difficult time. And finally, to our Shareholders, thank you for your continued support.

It is my hope that 2021 will be a better year as we continue to face the pandemic.

LIM JIT POH

Chairman

MARCH 2021

GROUP FINANCIAL HIGHLIGHTS



**ANNUAL REPORT
2020**

SBS TRANSIT GROUP FINANCIAL SUMMARY

	2016	2017	2018	2019	2020
Revenue (\$'mil)	1,098.0	1,191.8	1,383.3	1,445.2	1,230.9
Operating costs (\$'mil)	1,056.3	1,132.5	1,286.0	1,341.7	1,151.0
Operating profit (\$'mil)	41.8	59.3	97.3	103.5	80.0
Profit attributable to shareholders (\$'mil)	31.4	47.1	80.1	81.3	79.0
EBITDA (\$'mil)	123.4	156.3	190.4	207.6	189.0
Issued capital (\$'mil)	97.1	98.9	100.2	100.5	100.5
Capital and reserves (\$'mil)	418.0	449.2	498.4	526.7	587.0
Capital disbursement (\$'mil)	23.5	35.0	27.8	29.0	18.3
Return on shareholders' equity (%)	8.3	10.9	16.9	15.9	14.2
Earnings per ordinary share (cents)	10.12	15.17	25.72	26.07	25.32
Net asset value per ordinary share (cents)	134.72	144.41	159.91	168.90	188.23
Interim dividend per ordinary share (cents)	2.35	3.65	5.80	7.15	0.00
Final dividend per ordinary share (cents)	2.70	3.95	7.10	5.90	6.30
Total dividend per ordinary share (cents)	5.05	7.60	12.90	13.05	6.30
Dividend cover (number of times)	2.0	2.0	2.0	2.0	4.0

VALUE-ADDED FOR THE GROUP

	2016		2017		2018		2019		2020	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Suppliers of capital – dividends and term loan interest	15,803	2.2	24,224	3.0	33,765	3.7	48,686	5.2	21,647	2.8
Taxation to the government	24,582	3.4	27,205	3.4	32,066	3.5	28,731	3.1	7,488	1.0
Retained earnings	102,976	14.2	124,977	15.5	143,139	15.7	141,266	15.2	171,207	21.8
Employees – salaries and other staff costs	581,143	80.2	628,553	78.1	705,519	77.1	713,354	76.5	583,342	74.4
Total value-added	724,504	100.0	804,959	100.0	914,489	100.0	932,037	100.0	783,684	100.0
Number of employees	9,692		9,709		10,475		10,657		10,534	
Value-added per employee (\$'000)	74.8		82.9		87.3		87.5		74.4	

COVID-19

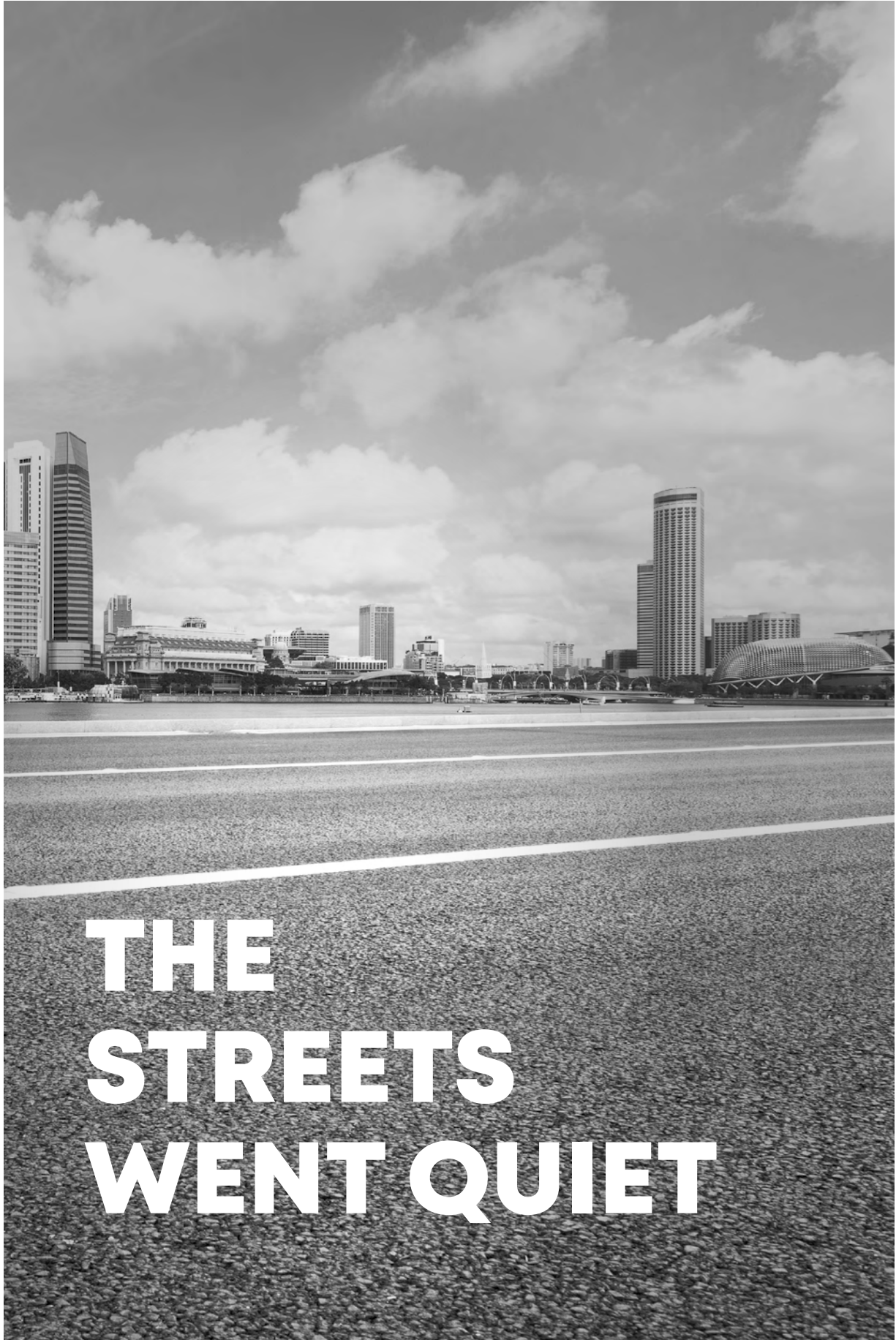
THE PANDEMIC HALTED
US IN OUR TRACKS
AND SENT THE NATION
INTO A TAILSPIN.



FOOTFALL FELL



SEATS EMPTIED



THE STREETS WENT QUIET



SOCIAL DISTANCING



**BECAME THE
BUZZWORD DURING
THIS PANDEMIC**

**SBS TRANSIT'
HAS BEEN ON
EMPLOYEES, CU
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**THE
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OF OUR
VEHICLES AND
PREMISES
BECAME A
KEY PRIORITY**







**WE KEPT
OUR STAFF
MORALE
HIGH**



KEEPING COMMUTERS INFORMED



SAFE



**AND
ENCOURAGED**

**TOGETHER WITH DE
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TERMINATION AND E ARE CONFIDENT GE STRONGER



COVID-19

As a public transport operator offering an essential service, we continued to run our bus and train services despite the lockdown. Ridership, however, was severely hit as strict social distancing measures were implemented including the work-from-home advisory. For the whole of 2020, the Land Transport Authority (LTA) reported that average daily ridership for buses and trains fell by 34.5% to 5.04 million – marking an 11-year low.

At the peak of the crisis, during the Circuit Breaker (CB) period from 7 April to 1 June 2020, we worked with the LTA to operate our buses and trains at reduced frequency.

BUS AND TRAIN SERVICES

Selected bus routes were suspended including the two Chinatown Direct and six Nite Owl services as well as 12 Express and six City Direct bus services that serve the Central Business District. In all, 29 bus services were suspended during the CB period with the Express and City Direct bus services resuming operations from 1 June 2020.

The two cross-border services – 160 and 170 – have also ceased operating across the Causeway due to the border closure.

During the CB period, trains on the North East Line (NEL), Downtown Line (DTL) and Sengkang-Punggol Light Rail Transit (SPLRT) systems ended service earlier by about half-an-hour every day. To better match demand with supply and optimise resources given the fall in ridership, train intervals on the DTL also increased from 2½ to 3½ minutes during peak periods.

In spite of the border closure which prevented the daily commute of our employees across the Causeway, our bus and train services were not affected. We were able to operate without any disruption as close to 1,800 staff, who were residents of Johor Bahru, chose to stay on in Singapore while we helped to secure their accommodation at local hotels.



COVID-19

ENHANCED CLEANING AND DISINFECTION

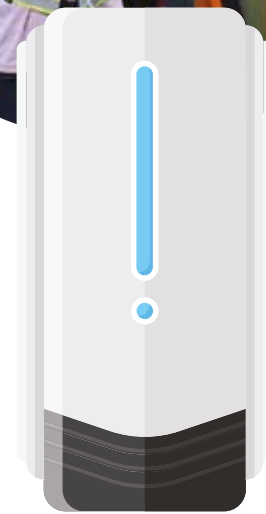
The health and safety of our commuters and staff took on new significance. We stepped up the cleaning and disinfection of our buses and trains, bus interchanges and MRT stations as well as our depots and offices.

We also piloted the use of Electrostatic Disinfectant Spray (EDS) technology on our buses and trains that could keep the virus at bay for about six months.

Meanwhile, hand sanitisers were also made available at our bus interchanges and MRT stations for commuters' use.

MASKING UP

The donning of masks outside of the home became mandatory. For this purpose, the LTA deployed Transport Ambassadors to bus interchanges and MRT stations. The Transport Ambassadors worked closely with our frontline staff to ensure commuters observed the strict rules. Enforcement was not always easy and there were several instances where our Bus Captains (BCs) were abused as they carried out mask enforcement activities. We did not take this lightly and put our support fully behind our people if they chose to take civil action against the perpetrators, including engaging lawyers and paying their fees.





TRIAL OF PROTECTIVE SHIELD

A trial using a protective transparent shield at the Bus Captain's cabin was undertaken on six buses over a two-week period in July 2020. Based on Bus Captains' (BCs) feedback, a further study is in progress on the different types of anti-reflective materials to ensure that our BCs are not distracted while driving.

SAFE DISTANCING MEASURES

Working with the Authorities, we implemented Safe Distancing Measures (SDM) throughout our premises. During the Circuit Breaker period from 7 April to 1 June 2020, we marked up the requisite one-metre distance guideline on our entire fleet of vehicles too.



CARE FOR PUBLIC TRANSPORT WORKERS' WELL-BEING

We supported our frontline employees by providing them with masks, personal hand sanitisers, vitamin C tablets, a constant supply of fresh fruits and care packs to help them stay healthy and maintain morale. Temperature checks were also conducted twice a day.

In August 2020, our bus employees were tested for the COVID-19 virus and from January 2021, many of our employees from both the bus and rail divisions opted to be vaccinated against the COVID-19 virus under the national vaccination programme.

SUPPORTING NATIONAL PROGRAMMES

At the national level, we lent our support by operating five dedicated buses (COMET MAXI) that have been specially retrofitted to facilitate the mass transfer of COVID-19 related persons between facilities. At our interchanges, we provided free space to the Temasek Foundation to place vending machines where Singaporeans and residents can collect their free masks periodically.



BITS & BYTES

HARNESSING THE POWER
OF DIGITALISATION.

A photograph of a person's hand holding a smartphone, with a blurred background of a public transit station. The text is overlaid on the right side of the image.

**TO KEEP
COMMUTERS
BETTER
INFORMED**

**DIGITALISATION HAS
POSITIVELY CHANGED
THE WAY WE WORK
TO ULTIMATELY BENEFIT
OUR COMMUTERS**

MANAGING PERFORMANCE





**FOR SMOOTHER
TRAVELS**



ENHANCING RELIABILITY

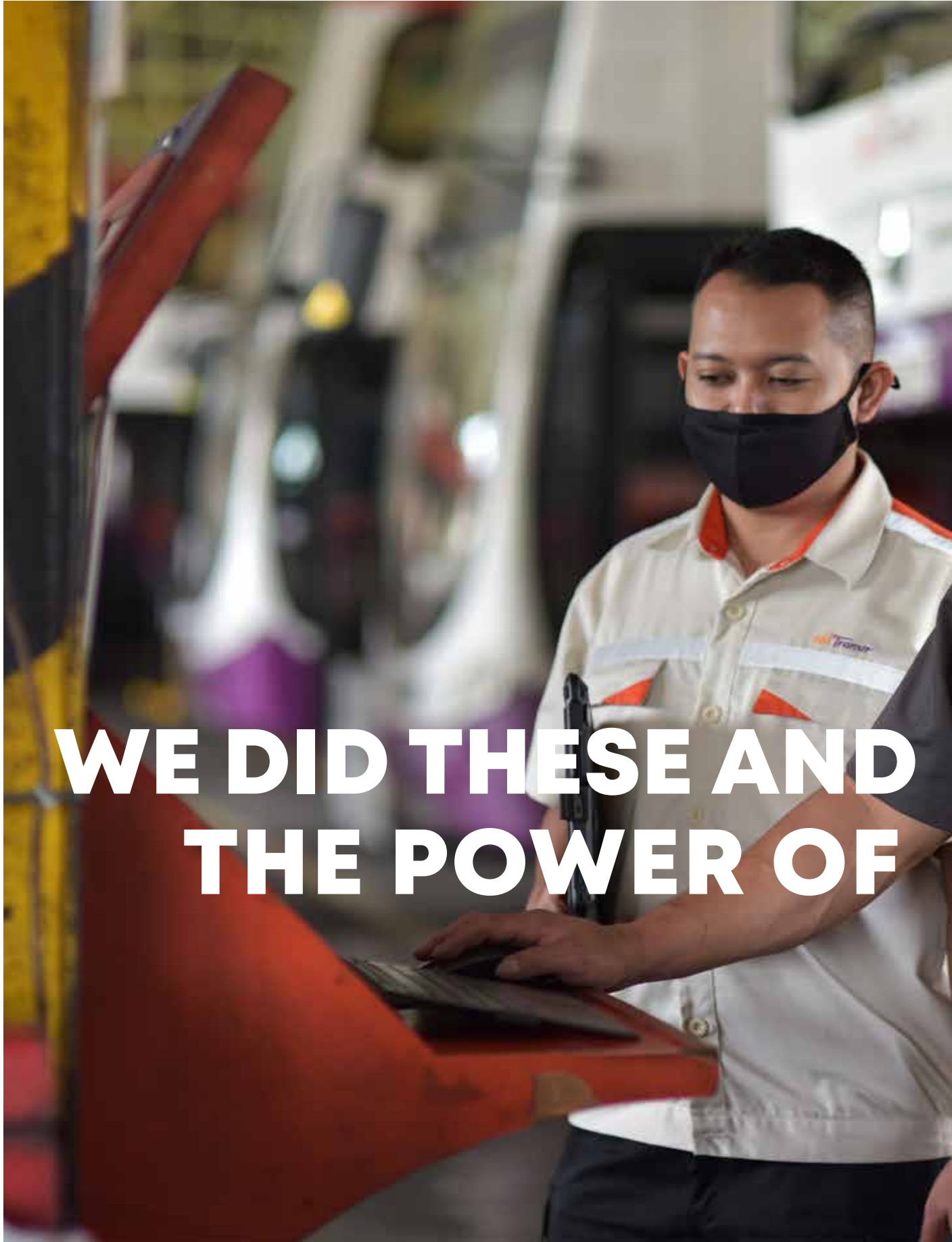


**DELIVERING
GREATER
EFFICIENCY**

WORKING FROM HOME



OR ON THE GO



**WE DID THESE AND
THE POWER OF**



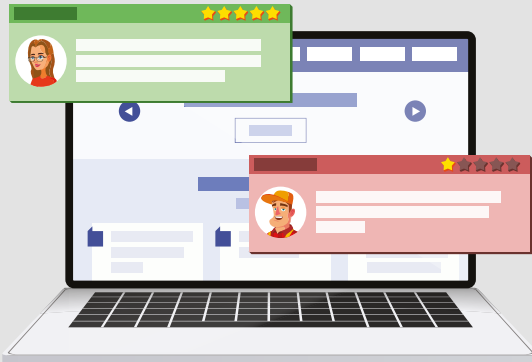
MORE THROUGH DIGITALISATION

BITS & BYTES

Realising the Power of Digitalisation

At SBS Transit, we embrace technology and innovation not as a concept – but as a way of life. As a Company, we have never been averse to change. From the vehicles that we use to transport the millions of commuters every day, to the systems and processes that we have introduced to improve efficiency and productivity, we have always embraced technological innovations.

COMMUTER EXPERIENCE

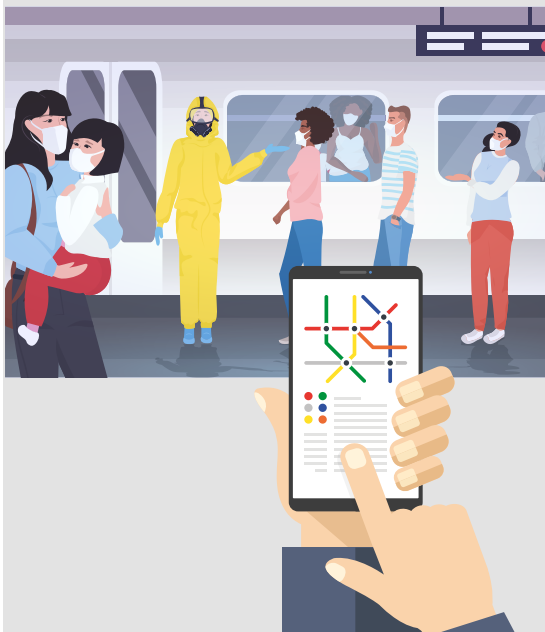


Our commuters are at the heart of what we do. This is why we constantly strive to enhance our commuters' experience by providing comprehensive information and making each journey more pleasant, safe and reliable. We also make it a point to increase our accessibility to enable them to share their feedback conveniently and for us to be able to respond more promptly. And we will continue to work hard to do more.



CONNECTING COMMUTERS TO TRAVEL SOLUTIONS

Our mobile app, SBS Transit, provides real-time information on our bus and train services to put commuters in control of their journeys. From journey planning to route information, next bus arrival timings to route diversions, station maps to MRT system maps, we have designed our app to be the travel companion for both bus and rail commuters. And we continue to enhance or add new features to make the app more user-friendly for our commuters.



PROVIDING SAFER AND MORE COMFORTABLE TRAVEL EXPERIENCE

Collaborating with Thales, a French multinational company, we are employing new digital technologies to deliver a safer and more comfortable passenger journey for our MRT commuters. For a start, a solution is in the works to detect crowdedness at stations and in trains using video analytics besides other technologies. This will provide heightened situational awareness for our staff to ease congestion more efficiently. It will also be able to detect suspicious persons or unattended baggage and even identify those who need mobility assistance. It is scheduled to be tested on the North East Line's Woodleigh Station in the first half of 2021.

BITS & BYTES

ENSURING SAFETY AND SECURITY AGAINST TRACK INTRUSION



We have embarked on a trial using video analytics to trigger alerts when intrusions are detected on the viaducts and tracks of our above ground Sengkang Light Rail Transit System. This is essential for the safety and security of commuters.

ENHANCING BUS RELIABILITY

To improve bus reliability for our commuters, we have invested in a new monitoring system that uses data analytics to pinpoint problem areas so that we can undertake intervention efforts. To-date, we have achieved an improvement of up to 20% in our performance.

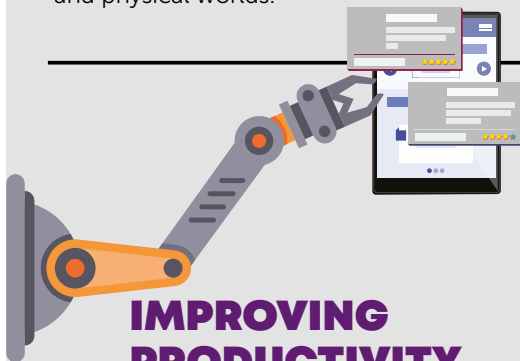


ENGAGING COMMUTERS ONLINE

During the pandemic, we went online to chat with some of our commuters who are visually or physically handicapped, and their caregivers. Over these sessions, we gained helpful insights into their travelling experiences that helped us look at new ways to be even more inclusive in how we deliver our services. We will continue to conduct more of these sessions regularly.

LISTENING TO THE VOICE OF THE CUSTOMER

With the wide spread use of QR codes during the pandemic, we made use of this technology to offer another new and convenient platform for commuters to provide feedback about our trains and MRT stations. This brings the list of our feedback channels to seven, making us more accessible to our commuters in both the digital and physical worlds.



IMPROVING PRODUCTIVITY IN FEEDBACK MANAGEMENT

With regards to our commuters' feedback, we have embarked on a journey that uses robotic process automation to perform routine administrative tasks such as registering, classifying and sending the feedback for investigation to the relevant departments. This not only optimises the use of manpower at the customer relations centre but also results in a faster rate of response to our commuters' feedback. This system is being developed and expected to be implemented in 2021.

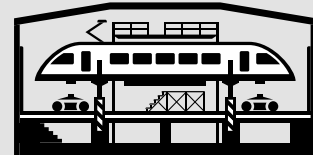
OPERATIONS & MAINTENANCE

A plethora of activities have been undertaken to enable us to deliver our bus and train services smoothly to meet the expectations of our commuters. Employing technology has enabled us to monitor our systems and operational performances efficiently and allows for intervention measures to be taken to deliver reliable outcomes. We are also constantly exploring new technologies for greater operational excellence and efficiency.



ROUND-THE-CLOCK EFFECTIVE CONTROL OF RAIL OPERATIONS AND FACILITIES

On the NEL, the Integrated Supervisory Control System (ISCS) is a key system which effectively manages the control of stations, trains, tunnels and depot. To ensure it continues to operate smoothly, we introduced a system to automatically monitor the ISCS servers' performance in keeping to its threshold setting. This ensures the servers do not function at sub-optimal levels, thereby enabling us to control train operations effectively.



DATA ANALYTICS FOR FLOOD CONTROL

Even in the DTL's tunnel, we use data analytics to monitor the duration of operation of the sump pumps every day. If the pumps are found to be operating excessively, the maintenance team will be alerted to check on the proper functioning of the valves that are used to control the discharge of water and take corrective actions if required. This ensures the availability of the pumps to prevent flooding in the train tunnel which would affect train services.

CENTRE OF EXCELLENCE FOR DATA ANALYTICS

To optimise the use of data analytics, we have set up a Centre of Excellence with the Digital Office of ComfortDelGro, our parent company. This will help further develop our capabilities in this area which will strengthen our management of train operations. This Centre will also drive key projects in the rail division to pre-empt system failures as we work at enhancing the reliability of our train services.

BITS & BYTES



Our Bus Captains (BCs) are also not forgotten in our journey towards digitalisation. Using the iSafe system, we are able to monitor the driving behaviour of our BCs in providing safe and comfortable rides for our commuters. Harnessing technology as an independent assessor, the system collates data from two of our landmark systems – SAGE, a telematics system that monitors the smoothness and comfort of bus rides and Mobileye, an advanced driver assistance system that alerts the BC to potential collisions – to effectively present an independent assessment of the BCs' driving competency. Supervisors are, in turn, able to monitor the BCs' performance and undertake the necessary coaching and supervision.

IMPROVING BUS CAPTAINS' DRIVING COMPETENCY

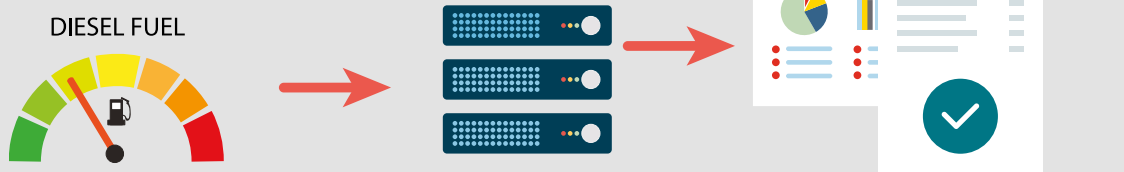
“FIND MY BUS” WITHOUT ANY HASSLE

BCs are now able to easily locate their buses in the depots when they report for work early each morning to start their driving duties. With “Find My Bus”, we have removed the hassle and frustration associated with this daily task. All that is required is for the BC to scan a QR code and key in the bus registration number on the system to know the location when the bus is parked after being cleaned the night before.



AUTOMATIC TRACKING OF DIESEL CONSUMPTION

We have eliminated the need for manual entries in tracking the volume of diesel being used in our operations. With the Diesel Management System, it sends the data to a central server where reports are efficiently generated for management's review.



GOING PAPERLESS WITH TABLETS IN THE WORKSHOPS

For efficiency, our technicians are issued tablets when performing their daily maintenance activities at our bus depots. These devices are installed with the Bus Mobile Maintenance System application which contains online maintenance checklists for the assigned tasks. Work instructions, drawings, electrical schematics, and other relevant information are also readily available on the tablets. Access to the bus manufacturers' online portals also provide our technicians with quick access to detailed bus maintenance information. Besides work efficiency, the system also enables our workshops to go paperless.



STREAMLINING DEFECT REPORTING SYSTEMS

We have also made it easier for our employees to highlight defects in our systems, devices or infrastructure using Dr Rail on the mobile application, iLink, or the web-based Rail Corrective Maintenance System. Both systems are integrated to share the same database so that rectification works for all defects are monitored centrally for timely completion. Reports are readily generated to provide a status of the rectification works in progress to ensure nothing is missed out.

SUSTAINABILITY

Technology also plays a role in our journey towards sustainability.

E-SERVICES FOR BUS CAPTAINS ON THE GO

Recognising that they are always on the move, we introduced e-services for our 6,200-odd BCs, enabling them to use their handphones to carry out a host of administrative functions such as checking on work rosters and payslips, applying leave and reporting incidents and bus defects wherever they are. BCs can also access their individual driving competency scores generated from iSafe to find out about their driving behaviour. Using a mobile application, iLink, our BCs are given the flexibility to perform these functions at their convenience as well as stay in touch with the Company through news, safety alerts and advisories.



BITS & BYTES

DIGITALISING WORK PROCESSES

We changed our work processes and work flows in our bus and rail workshops by going digital which has enhanced productivity. This is a green effort that not only saves time in filing but space to store the documents.

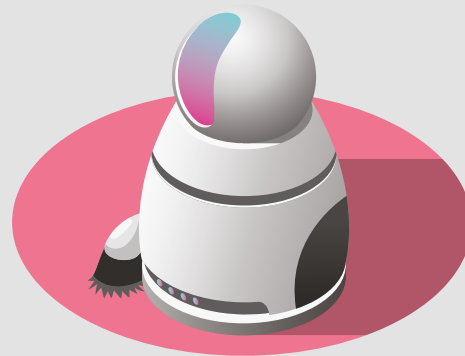


ONLINE TRAINING FOR SKILLS DEVELOPMENT

E-learning modules continued to be rolled out but at an accelerated pace and with more areas of focus added. Training on technical skills such as security and cybersecurity awareness as well as the softer skills in commuter care and managing anger were provided. A learning application was also introduced for employees to receive training using their handphones; making access to learning new skills and knowledge convenient.

STAFF ENGAGEMENT

With the pandemic, we took the digital route to stay in touch with our people. We produced videos to inform, persuade and galvanise our workforce to keep morale high.



AUTOMATED CLEANING

We also worked with our contractor to deploy a cleaning robot to our canteen at the Ulu Pandan Bus Depot. It is constantly on the move, sweeping and mopping to keep the premises clean at all times.

CORPORATE INFORMATION

BOARD OF DIRECTORS

LIM JIT POH
CHAIRMAN

LIM SEH CHUN
LEAD INDEPENDENT DIRECTOR

YANG BAN SENG
DEPUTY CHAIRMAN
(RE-DESIGNATED ON 1 MARCH 2021)

CHUA MUI HOONG
JOHN DE PAYVA
SUSAN KONG YIM PUI
LEE SOK KOON
LIM SIANG HOE, BENNY
TAN KIM SIEW
YU CHING MAN

AUDIT AND RISK COMMITTEE

LEE SOK KOON
CHAIRMAN

CHUA MUI HOONG
LIM SEH CHUN
LIM SIANG HOE, BENNY
TAN KIM SIEW

REMUNERATION COMMITTEE

SUSAN KONG YIM PUI
CHAIRMAN

JOHN DE PAYVA
LIM JIT POH
YU CHING MAN

NOMINATING COMMITTEE

LIM SEH CHUN
CHAIRMAN

SUSAN KONG YIM PUI
LIM JIT POH
LIM SIANG HOE, BENNY

SERVICE QUALITY COMMITTEE

YU CHING MAN
CHAIRMAN

CHUA MUI HOONG
JOHN DE PAYVA
LEE SOK KOON
TAN KIM SIEW

SBST TENDER COMMITTEE

LIM JIT POH
CHAIRMAN

YANG BAN SENG
DEPUTY CHAIRMAN

CHENG SIAK KIAN
SUSAN KONG YIM PUI
LEE SOK KOON
YU CHING MAN

CORPORATE DIRECTORY

REGISTERED OFFICE
205 Braddell Road
Singapore 579701
Mainline : (65) 6284 8866
Facsimile : (65) 6287 0311
Website : www.sbstransit.com.sg

Company Registration Number:
199206653M

JOINT COMPANY SECRETARIES
Angeline Joyce Lee Siang Pohr
Chan Wan Tak, Wendy

SHARE REGISTRAR
B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

AUDITORS
Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
6 Shenton Way,
OUE Downtown 2
#33-00
Singapore 068809

Partner-in-Charge:
Chua How Kiat

Date of Appointment:
27 April 2016

BOARD OF DIRECTORS



LIM JIT POH

CHAIRMAN

(NON-INDEPENDENT NON-EXECUTIVE DIRECTOR)

DATE OF APPOINTMENT AS DIRECTOR
OF THE COMPANY: **1 JANUARY 2003**

DATE OF LAST RE-ELECTION AS DIRECTOR
OF THE COMPANY: **25 APRIL 2018**

Mr Lim Jit Poh is the Chairman and a Non-Independent Non-Executive Director of SBS Transit Ltd. He is the Chairman of SBST Tender Committee and a member of both the Nominating

Committee and the Remuneration Committee. Mr Lim is also the Chairman of ComfortDelGro Corporation Limited and VICOM Ltd. These are listed companies with business interests in land transport and inspection and testing services. The Company and VICOM Ltd are subsidiaries of ComfortDelGro Corporation Limited. Mr Lim is also the Chairman of several non-listed companies owned by the National Trades Union Congress (NTUC) and the CapitaLand Limited Group.

Mr Lim was a former top civil servant and a Fulbright Scholar. He was awarded the Public Administration Medal in 1972 and the Public Service Star (BBM) in 2015 by the President of the Republic of Singapore, as well as four awards by NTUC, namely the Friend of Labour Award in 1986, the Meritorious Service Award in 1990, the Distinguished Service Award in 2000 and the Distinguished Service (Star) Award in 2014. In 2006, he was also one of the recipients of the Distinguished Science Alumni Award from the National University of Singapore.

In his previous employment as Executive Director of two public-listed companies, Mr Lim had been directly involved in negotiations with business partners and relevant authorities on various joint venture projects in the ASEAN region, as well as in China, Hong Kong, the United Kingdom, Australia and Mauritius. He was also involved in the management of these operations. Mr Lim was a Council Member of the Singapore Chinese Chamber of Commerce and Industry and the National University of Singapore, and a Member of the Singapore British Business Council. He was also very active in community work being Chairman of a community centre management committee. Presently, he is a Trustee of the Singapore National Employers Federation and a Member of the Board of Management of Pei Chun Public School.

Mr Lim holds a Bachelor of Science (Hons) in Physics from the University of Singapore and a Master of Education from the University of Oregon, USA.



YANG BAN SENG
DEPUTY CHAIRMAN
(NON-INDEPENDENT NON-EXECUTIVE DIRECTOR)

DATE OF APPOINTMENT AS
DIRECTOR OF THE COMPANY:
1 MAY 2017

DATE OF LAST RE-ELECTION AS
DIRECTOR OF THE COMPANY:
21 MAY 2020

Mr Yang Ban Seng is
the Deputy Chairman

of SBS Transit Ltd. He is a Non-Independent and Non-Executive Director of the Company and the Deputy Chairman of the SBST Tender Committee.

He is concurrently the Managing Director/ Group Chief Executive Officer of ComfortDelGro Corporation Limited, which is SBS Transit's parent company, and Deputy Chairman of VICOM Ltd.

Prior to this, he was the Chief Executive Officer of ComfortDelGro's Taxi Business in Singapore where he oversaw the operations of Comfort Transportation Pte Ltd and CityCab Pte Ltd. Before joining the Group in 1989, Mr Yang served as Assistant Director of the Ministry of Education, Deputy Director of the Ministry of Home Affairs and the National Trades Union Congress' Secretary for Cooperatives. At the NTUC's May Day Awards in 2013, he was awarded the Medal of Commendation.

Mr Yang holds a Bachelor of Science (Operations Research and Statistics) (Hons) from the University of Manchester and a Master of Business Administration from the National University of Singapore.



LIM SEH CHUN
LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS
DIRECTOR OF THE COMPANY:
1 OCTOBER 2012

DATE OF LAST RE-ELECTION AS
DIRECTOR OF THE COMPANY:
25 APRIL 2019

Professor Lim Seh
Chun is a Lead
Independent Non-

Executive Director of SBS Transit Ltd. Professor Lim is the Chairman of the Nominating Committee and a member of the Audit and Risk Committee.

Professor Lim is the Associate Provost for Student Affairs at the Singapore University of Technology and Design. Prior to this, he spent more than 30 years with the National University of Singapore during which he held a number of management appointments including Special Assistant (Policy) to the Vice-Chancellor, Chief of Staff, Acting Director of Institutional Resources, an Associate President, Head of Department of Mechanical Engineering, Director of NUS-CREATE and Deputy Dean of Faculty of Engineering. His main research effort is to understand the friction and wear behaviour of engineering materials.

Professor Lim was a Public Service Commission (PSC) Overseas Merit Scholar. He holds a Bachelor of Arts (Hons) in Engineering Science from Oxford University, Master of Arts from Oxford University, Master of Engineering from National University of Singapore and Doctor of Philosophy from Cambridge University. He is a Fellow of the Institution of Engineers, Singapore, the Institution of Mechanical Engineers, UK and the Institute of Materials, Minerals and Mining, UK. He is a registered Professional Engineer in Singapore and a Chartered Engineer in the UK. He was awarded the Public Administration Medal (Silver) in 2005 and the Long Service Medal in 2006 by the President of the Republic of Singapore.

Professor Lim was a Director of the Singapore Symphonia Company Limited until October 2017. He is presently Chairman, Singapore School of Science and Technology Board of Directors.

BOARD OF DIRECTORS



CHUA MUI HOONG
**INDEPENDENT NON-
EXECUTIVE DIRECTOR**

DATE OF APPOINTMENT AS
DIRECTOR OF THE COMPANY:
26 APRIL 2019

DATE OF LAST RE-ELECTION AS
DIRECTOR OF THE COMPANY:
21 MAY 2020

Ms Chua Mui Hoong is
an Independent Non-
Executive Director of

SBS Transit Ltd. She is a member of both the Audit and Risk Committee and the Service Quality Committee.

Ms Chua is a journalist and editor. She is the associate editor of The Straits Times, Singapore's leading English language daily news publication and was the Opinion editor from 2011 to 2020. She is the author of several books, including Singapore, Disrupted (2018). She writes regularly on social and political affairs.

She is a former board member of the Agri-Food and Veterinary Authority, where she was a member of the Audit and Risk Committee. She is also a former director of Straits Times Press, a subsidiary of Singapore Press Holdings.

Ms Chua holds a Bachelor of Arts (Honours) in English literature from Cambridge University and a Master in Public Administration from the Harvard Kennedy School.



JOHN DE PAYVA
**INDEPENDENT NON-
EXECUTIVE DIRECTOR**

DATE OF APPOINTMENT AS
DIRECTOR OF THE COMPANY:
26 JULY 1999

DATE OF LAST RE-ELECTION AS
DIRECTOR OF THE COMPANY:
25 APRIL 2019

Mr John De Payva is
an Independent Non-
Executive Director of

SBS Transit Ltd. Mr De Payva is a member of both the Remuneration Committee and the Service Quality Committee.

Mr De Payva is the President Emeritus of the National Trades Union Congress (NTUC). He is also the Executive Director and Secretary-General Emeritus of the Singapore Manual and Mercantile Workers' Union, a Director of Orchid Leisure Enterprises (Pte) Ltd and a Trustee of the NTUC, the National Transport Workers' Union and the DBS Staff Union.

Mr De Payva holds a Diploma in Industrial Relations from the Singapore Institute of Labour Studies.

Mr De Payva was awarded the Public Service Medal in 1998, the Public Service Star in 2004, the Meritorious Service Medal in 2011 by the President of the Republic of Singapore and the Distinguished Service (Star) in 2012 by NTUC.



SUSAN KONG YIM PUI
INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:
1 OCTOBER 2017

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:
21 MAY 2020

Ms Susan Kong Yim Pui is an Independent Non-Executive

Director of SBS Transit Ltd. She is the Chairman of the Remuneration Committee and a member of both the Nominating Committee and the SBST Tender Committee.

Ms Kong has been a practising lawyer for more than 30 years and is recognised as a leading practitioner in the areas of Banking and Finance, Real Estate, Mergers and Acquisitions and Capital Markets by Chambers Global, IFLR 1000, AsiaLaw and Euromoney Legal Group Guide.

Ms Kong has been a partner in several major firms before founding Q.E.D. Law Corporation in December 2012. In her practice, she has advised listed companies and financial institutions on corporate governance and compliance issues.

Ms Kong has had extensive international experience both in her law practice and in her involvement in Company Boards. Ms Kong has acted as lead counsel for many MNCs and large corporations in their investments and their multi-jurisdictional joint ventures in Asean countries, China, India and Australia; and banks and financial institutions in many cross-border financing transactions. On the corporate front, Ms Kong has been a director of Surbana Corporation Private Limited, which had extensive projects in many parts of China. She was also an independent director of UOB Radanasin Bank Public Company Limited in Thailand for 9 years before it merged and was reorganized as UOB Thailand.

Ms Kong is Chairperson of Singapore Tyler Print Institute, an art institution that participates in many art fairs globally and has collaborations with artists and art institutions all over the world. Ms Kong is also a Director of HealthServe Limited.

Ms Kong holds a Bachelor of Laws (Hons) from the National University of Singapore.



LEE SOK KOON
(MRS CONSTANCE KOH)
INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:
1 MAY 2017

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:
21 MAY 2020

Mrs Constance Koh is an Independent

Non-Executive Director of SBS Transit Ltd. She is the Chairman of the Audit and Risk Committee and a member of both the Service Quality Committee and the SBST Tender Committee.

She is also an Independent Non-Executive Director of Japan Foods Holding Ltd, a public listed company on the Singapore Exchange and an honorary member of the School's Fundraising Committee of Singapore Arts School Ltd, Singapore's first pre-tertiary specialised arts school. Mrs Koh is also an independent Director of NUS America Foundation, Inc., a tax exempt public charity in the United States of America.

Mrs Koh was the Director of Operations in the Development Office of the National University of Singapore from May 2012 to August 2017. Prior to this appointment, Mrs Koh was the Finance Director of Lum Chang Holdings Ltd and L.C. Development Ltd (now known as AF Global Limited), public companies which are listed on the Singapore Exchange Ltd. She was responsible for the finance and corporate affairs of the two listed companies covering all financial matters, corporate governance, tax, legal, corporate communications and internal audit for more than 20 years.

Mrs Koh holds a Bachelor of Accountancy (Hons) from the then University of Singapore in 1975. She is a Member of the Institute of Singapore Chartered Accountants and a member of the Institute of Directors in Singapore.

BOARD OF DIRECTORS



LIM SIANG HOE, BENNY
INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:
26 APRIL 2018

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:
25 APRIL 2019

Mr Lim Siang Hoe Benny is an Independent Non-

Executive Director of SBS Transit Ltd. He is a member of both the Audit and Risk Committee and the Nominating Committee.

Mr Lim is the Chairman of Temasek Foundation Connects CLG Limited as well as the Chairman of Temasek Foundation CLG Limited. He is also an Independent Director of Tridex Pte Ltd. He is Special Advisor to the Centre for Liveable Cities (Ministry of National Development) and the National Security Studies Programme of the S. Rajaratnam School of International Studies (Nanyang Technological University). He is also the Independent Non-Executive Chairman of the National Parks Board and a Member of the National Records Advisory Committee (National Library Board).

Mr Lim retired from public service on 1 May 2016. Mr Lim was a Deputy Commissioner of Police and held appointments which included Director of the Internal Security Department, Permanent Secretary of the Ministry of Home Affairs, Ministry of National Development, Prime Minister's Office and National Security and Intelligence Coordination.

Mr Lim was awarded the Public Administration Medal (Gold) in 2002 and the Meritorious Service Medal in 2010 by the President of the Republic of Singapore.

Mr Lim holds a Bachelor of Arts (Hons) in English from the National University of Singapore and a Master of Science with Distinction in Political Sociology from the London School of Economics and Political Science.



TAN KIM SIEW
INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:
1 JUNE 2019

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:
21 MAY 2020

Dr Tan Kim Siew is an Independent Non-Executive Director of

SBS Transit Ltd. He is a member of both the Audit and Risk Committee and the Service Quality Committee of the Company. He is also an Independent Non-Executive Director of VICOM Ltd.

Dr Tan is presently a Senior Consultant in the Ministry of Finance and Chairman of the Governing Board for the Mechanobiology Institute, National University of Singapore. From 2012 to 2014, Dr Tan served as Commissioner of Inland Revenue. Prior to this appointment, Dr Tan was the Permanent Secretary (Defence Development) of the Ministry of Defence from 2003 to 2012. He had also held other appointments in the public service, including CEO of the Urban Redevelopment Authority, Deputy Secretary in the Ministry of Finance and in the Ministry of National Development, Chairman of the Defence Science and Technology Agency, and Chairman of the DSO National Laboratories.

Dr Tan was awarded the Public Administration Medal (Silver) (Military) in 1990, the Public Administration Medal (Silver) in 1996, the Public Administration Medal (Gold) in 2001 and the Long Service Medal in 2003 by the President of the Republic of Singapore.

Dr Tan holds a Bachelor of Arts (Honours) (Engineering Tripos) with Distinction in Electronics Engineering and Doctor of Philosophy (Engineering) from the University of Cambridge.



YU CHING MAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR
OF THE COMPANY: **26 APRIL 2018**

DATE OF LAST RE-ELECTION AS DIRECTOR
OF THE COMPANY: **25 APRIL 2019**

Professor Yu Ching Man is an Independent Non-Executive Director of SBS Transit Ltd. He is the Chairman of Service Quality Committee and a member of both the Remuneration Committee and the SBST Tender Committee.

Professor Yu is a Professor at the Interdisciplinary Division in Aeronautical and Aviation Engineering at the Hong Kong Polytechnic University. He is also concurrently the Head of Training for both the Flight Training Organization (HKCAD-509A) for commercial airline pilots and licensed aircraft engineers (HKAR-147) at the university.

Prior to this, he was a Professor and Programme Director in Sustainable Infrastructure Engineering (Land Transport) and Sustainable Infrastructure Engineering (Building Services) at the Singapore Institute of Technology. He was formerly with the Nanyang Technological University where he held various positions including (1) Head, Division of Aerospace Engineering in the School of Mechanical and Aerospace Engineering, (2) Director, Master of Science Programme in Aerospace Engineering with the Technical University of Munich, Germany, (3) Vice-Dean, Office of Admissions, (4) Member of the University Council (now Board of Trustee), (5) Principal Staff Officer, President's Office and (6) Director, Part-time Master of Science Programme in Biomedical Engineering with the Singapore General Hospital.

He was also an Adjunct Professor to the Department of Architecture and Building Sciences at the Xi'an JiaoTong University, China, a Visiting Scientist to the Department of Mechanical Engineering at the University of Tokyo, Japan and the Institute of Fluid Mechanics at the University of Erlangen, Germany. He is currently trainer for holistic gas turbine in Rolls Royce Singapore.

Professor Yu's research interest is on non-intrusive measurement techniques for fluid flow such as, Laser-Doppler Anemometry, Phase-Doppler Anemometry, Particle Image Velocimetry and Planar Laser Induced Fluorescence, and their applications to aerodynamics, propulsion, turbulent mixing flows, biofluid mechanics, environmental fluid mechanics and fundamental plume and jet studies.

Professor Yu was awarded the Long Service Medal in 2017 by the President of the Republic of Singapore.

Professor Yu holds a Bachelor of Engineering (Hons), Associateship of the City and Guilds of London Institute, Doctor of Philosophy and Diploma of Imperial College from Imperial College of Science, Technology and Medicine UK. His PhD studies were supported previously by the Royal Aircraft Establishment (UK). He is a Chartered Engineer (UK), Fellow of the Institution of Mechanical Engineers (UK), Fellow of the Royal Aeronautical Society (UK) and Chartered Engineer in Transportation and Fellow of the Institution of Engineers, Singapore.

KEY MANAGEMENT



CHENG SIAK KIAN
CHIEF EXECUTIVE
OFFICER

Mr Cheng Siak Kian is the Chief Executive Officer of SBS Transit. He first joined

the Company in September 2015, and served as Senior Vice President in the bus operations division where he was an integral member of the tender team that was successful in its bid for the Seletar Bus Package. In December 2016, he was posted to Australia to helm the New South Wales operations of our parent company, ComfortDelGro. There, he extended the range of services to include non-emergency patient transportation and expanded the Company's footprint into other states. He returned to SBS Transit in July 2019 to assume the appointment of Chief Operating Officer and was promoted to Acting Chief Executive Officer on 1 March 2020. A year later, he was appointed the Chief Executive Officer of the Company.

Prior to joining the Company, Mr Cheng served in a number of senior appointments in the Ministry of Defence and the Republic of Singapore Air Force.

He obtained a Bachelor of Electrical and Electronic Engineering (First Class) from the University of Manchester, United Kingdom and a Master of Business Administration from the Massachusetts Institute of Technology, USA.



TAN ENG KOK, IVAN
SENIOR VICE PRESIDENT
HEAD OF BUS

Mr Tan Eng Kok, Ivan is Head of Bus Business in SBS Transit. He joined SBS Transit in 1996 as Vice President (Corporate Development) and later assumed the position of Vice President (Operations). He was subsequently appointed Vice President in charge of bus operations for West District in 1998. He was promoted to Senior Vice President on 1 January 2012.

Prior to joining the Company, Mr Tan had worked as an Engineer with Hewlett Packard. He also has corporate planning and market research experience from his stint with the former Singapore Institute of Standards and Research (SISIR).

Mr Tan holds a Bachelor of Engineering (Honours) in Mechanical Engineering and a Master of Business Administration from the National University of Singapore.



YEO SEE PENG
SENIOR VICE PRESIDENT
HEAD BUS OPERATIONS

Mr Yeo See Peng is Head of Bus Operations in SBS Transit - an appointment he assumed since 1 November 2020.

Mr Yeo joined the ComfortDelGro Group in December 2013, serving as Senior Vice President, Fleet Services of ComfortDelGro's Taxi Business in Singapore. From January 2015 to November 2017, he was the Chief Executive Officer of Swan Taxis, a subsidiary of ComfortDelGro in Perth. He returned to Singapore and assumed the appointment of Head of Bus Support in SBS Transit.

Prior to joining ComfortDelGro, Mr Yeo served in both the Ministry of Defence and the Singapore Armed Forces (SAF) for about 30 years, where he held several senior command and staff appointments.

Mr Yeo, an SAF Merit Scholar, holds a Bachelor and a Master of Arts from the University of Oxford, United Kingdom, as well as a Master of Public Administration from the Harvard University, USA. He currently serves as a member of the Advisory Committee of Dunman High School.



PANG FUI ENG, IVAN
**SENIOR VICE
PRESIDENT
HEAD BUS
ENGINEERING**

Mr Pang Fui Eng, Ivan is Head of the Bus

Engineering Division in SBS Transit. He joined SBS Transit as Deputy General Manager of Fleet Management in January 2007. He was promoted to General Manager in August 2008, where he was in charge of the maintenance management / operation of the Bus Business. With the restructuring of the Bus Business on 1 September 2016, he now heads the Bus Engineering Division. He oversees the new Bus Engineering Systems and Technology department, the Maintenance Planning and Bus Asset department, Workshops and Bus Engineering sections. The Bus Engineering Division is responsible for the bus fleet performance, maintenance, spares inventories, warehouses and on-board bus equipment to achieve the Negotiated Contracts and tender packages performance requirements and financial targets. It is also responsible for the modernisation of bus engineering and maintenance capabilities.

Prior to joining SBS Transit, Mr Pang was with the Republic of Singapore Armed Forces for 25 years holding various staff and command appointments in the Army Logistics Department. His last appointment was a Senior Project Officer with the Joint Logistics Department, SAF.

He holds a Bachelor of Engineering (1st Class) in Mechanical Engineering from the University of Birmingham, UK and a Master of Science (Gun Systems Design) from Cranfield University, UK.



LEONG YIM SING
**SENIOR VICE PRESIDENT
HEAD OF RAIL**

Mr Leong Yim Sing joined SBS Transit in 2003 and is currently the Head of Rail Business with responsibilities for the operations of the North East Line, the Sengkang Punggol LRT and

the Downtown Line. Mr Leong has more than 30 years of experience in the operations and maintenance of Singapore's rail systems. He was actively involved in the startup of Singapore's first MRT system in 1985, as a Rolling Stock engineer and has been with the railway industry since then.

Mr Leong graduated with First Class Honours in Mechanical Engineering from the Imperial College, London. He is a registered Professional Engineer in Singapore, and an Associate of the City & Guilds Institute, London. He is also a Fellow of the Institution of Engineers (Singapore) and a Chartered Engineer (Railway Engineering). He is a member of the Industry Advisory Committee (IAC) for the Sustainable Infrastructure Engineering Programme of the Singapore Institute of Technology (SIT).



GOEI BENG GUAN, ALEX
**CHIEF EXECUTIVE OFFICER
DOWNTOWN LINE**

Mr Goei Beng Guan, Alex is Chief Executive Officer of SBS Transit DTL Pte Ltd, which operates and maintains the Downtown Line. He first joined the Company in 1985, starting with bus

service planning and project management. From September 1998, Mr Goei was extensively involved in the bid and launch of the Sengkang Punggol LRT and North East Line, of which the latter is Singapore's first underground, driverless rail system. Heading traffic, passenger service and operations, he played an integral role in ensuring the successful opening of the NEL in 2003. He was subsequently promoted to Senior Vice President, Rail Operations in January 2013.

Mr Goei graduated from the National University of Singapore with a Bachelor of Arts in Economics and History. He also obtained postgraduate diplomas in Road Passenger Transport and Training and Development Management from the Chartered Institute of Logistics & Transport and UK Institute of Training and Development respectively. He is also an Associate of the Institution of Railway Signal Engineers.

KEY MANAGEMENT



SIM VEE MING, JEFFREY
SENIOR VICE PRESIDENT
ACTING HEAD (NORTH EAST LINE AND SENGKANG PUNGGOL LRT) & HEAD RAIL DEVELOPMENT

Mr Sim Vee Ming, Jeffrey is currently the Acting Head of the North East Line (NEL) and the Sengkang Punggol Light Rail Transit (SPLRT) systems. He is concurrently the Head of Rail Development where he oversees the business expansion and develops operational and engineering capabilities across the Company's rail division. Mr Sim had previously been the Head of Engineering for the NEL and SPLRT.

Before joining SBS Transit in 2015, Mr Sim was a Group Commander in the Republic of Singapore Air Force where he spent 15 years holding various command and staff positions in engineering, maintenance, logistics and planning. He holds a Bachelor of Engineering (Honours) and a Master of Engineering from the National University of Singapore (NUS). He also graduated with a Master of Arts (with distinction) from the Massey University, New Zealand. He has also attended executive management programmes conducted by the Lee Kuan Yew School of Public Policy and the NUS Business School.



FOO JANG KAE
SENIOR VICE PRESIDENT
HEAD RAIL ENGINEERING (NORTH EAST LINE AND SENGKANG PUNGGOL LRT)

Er. Foo Jang Kae is the Head of Engineering for the North East Line and the Sengkang Punggol LRT. He has held this position since 2015

before he was assigned to head the Downtown Line's Engineering department for two years between 2017 and 2019. He resumed this current appointment in October 2019. An experienced railway engineer, he has been with the Company for 20 years, working primarily in the Power and Rolling Stock departments.

Before joining SBS Transit, he had spent eight years in the electrical power industry.

Er. Foo obtained First Class Honours in Electrical and Electronic Engineering from Strathclyde University (UK) and was a British High Commission Raffles Scholar where he graduated with a Master of Science in Electrical Power Engineering from the University of Manchester, Institute of Science and Technology (UK). He is a registered Professional Engineer and a Licensed Electrical Engineer in Singapore. He is also a Chartered Engineer with both the Engineering Council UK and the Institution of Engineers, Singapore. He is a Member of the Institution of Engineering and Technology (UK) and a Fellow of the Institution of Engineers Singapore. He also serves on the Industry Advisory Committee (IAC) for the Singapore Institute of Technology's Electrical Power Engineering Programme.



LEE YAM LIM
VICE PRESIDENT (SPECIAL GRADE)
HEAD RAIL ENGINEERING (DOWNTOWN LINE)

Mr Lee Yam Lim is the Head of Engineering for

the Downtown Line. He has been with the Company for more than 20 years and was appointed to this position in October 2019. He was extensively involved in the start-up and maintenance of the North East Line, which was reputed as the world's first automated heavy metro system. He was also extensively involved in the bid for the Downtown Line and upon the award of the contract, headed its Signalling Department.

Mr Lee obtained a Bachelor of Computer Technology from the Nanyang Technological University. He is a member of the Institution of Engineers, Singapore and a registered Chartered Engineer in Railway Engineering accredited by the Institution of Engineers, Singapore.



MOK PENG FAI, ANTHONY
VICE PRESIDENT (SPECIAL GRADE)
HEAD RAIL OPERATIONS (NORTH
EAST LINE AND SENGKANG
PUNGGOL LRT)

Mr Mok Peng Fai, Anthony is the Head of Operations for the North East Line (NEL)

and the Sengkang Punggol LRT (SPLRT) systems. He honed his close to 20 years of experience in railway operations starting out as a Chief Controller in the NEL's Operations Control Centre (OCC). In this capacity, he was heavily involved in the start-up of the NEL, which was the world's first automated underground heavy metro system then. Over the years, he assumed responsibilities for the daily operations of the SPLRT as well as the NEL's OCC.

In October 2017, he was appointed Head of Operations for the NEL and SPLRT. Mr Mok holds diplomas in Mechanical Engineering from the Singapore Polytechnic and in Management Studies from the Singapore Institute of Management.



CHEW KUM EE
CHIEF FINANCIAL OFFICER

Ms Chew Kum Ee joined SBS Transit on 18 December 2017 and was appointed as Chief Financial Officer on 11 May 2018. Ms Chew is responsible for the accounting,

financial and statutory reporting, financial controls, budgeting, and taxation matters.

Prior to this, Ms Chew was the Finance Director of Group Enterprise at Singapore Telecommunications Limited. She has over 20 years of financial management and accounting experience, including eight years in audit with PricewaterhouseCoopers.

She graduated with a Bachelor of Accountancy (Second Upper Honours) from Nanyang Technological University and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.



TAN I-LIN, TAMMY
SENIOR VICE PRESIDENT
CORPORATE COMMUNICATIONS

Ms Tan I-Lin, Tammy is Senior Vice President, Corporate Communications of SBS Transit. She is also the Group Chief Corporate

Communications Officer and Spokesperson for ComfortDelGro Corporation Limited, SBS Transit's parent company. She is responsible for all corporate communications functions, including promoting the Group's image, overseeing its various publications, coordinating requests for sponsorships and donations, and liaising with the media community.

Ms Tan started her career with Singapore Press Holdings in 1995 and held several positions in The Straits Times, including Deputy Money Editor and Deputy News Editor.

Ms Tan holds a Bachelor of Social Sciences (Hons) from the National University of Singapore.



LEOW CHEE YEN, DON
VICE PRESIDENT (SPECIAL GRADE)
HUMAN RESOURCE

Mr Leow Chee Yen, Don was appointed Vice President of Human Resource in SBS Transit in June 2014. He is responsible for human

resource management to ensure that the company continues to recruit, engage and retain its fair share of manpower and talent. Before this, he was the Deputy Director of Human Resource in the Ministry of Trade and Industry, where he was responsible for business partnering, compensation and benefits, recruitment, as well as employee engagement and welfare. He had also served in the Ministry of Defence where he worked in the Defence Policy Office and Manpower Policy Department. Mr Leow has a Bachelor of Arts and Social Sciences Honours (2nd Class Upper) from the National University of Singapore.

KEY MANAGEMENT



**CHONG YEW FUI,
ADRIAN**
**COMFORTDELGRO
GROUP
GROUP CHIEF
INTERNAL AUDIT
OFFICER**

Mr Chong Yew Fui, Adrian is Group Chief Internal Audit Officer of ComfortDelGro Corporation Limited. He is responsible for the internal audit functions of the Group, including SBS Transit's. Prior to joining the Group in 2017, he was Senior Vice President of Hyflux Ltd. Mr Chong has spent many years in the audit profession with extensive commercial, operations and overseas experience, particularly in corporate governance, systems risks and process controls.

Mr Chong holds a Bachelor of Commerce (Accounting and Finance) from Murdoch University. He is a member of CPA Australia and is a Certified Information Systems Auditor. Mr Chong is also an ISACA Member.



JACKSON CHIA
**COMFORTDELGRO
GROUP
GROUP CHIEF RISK
& SUSTAINABILITY
OFFICER**

Mr Jackson Chia was appointed the Group Chief Sustainability Officer on 5 November 2018. He is concurrently Senior Vice President of Group Transformation Office. Mr Chia joined the Group in 2017 after a 28-year career with the Singapore Armed Forces, where he held various senior appointments in the Republic of Singapore Navy. He holds a Bachelor of Social Science (First Class) degree in Economics and Statistics from the University of Birmingham, and a Master of Arts from the Fletcher School of Law and Diplomacy. Mr Chia also attended the International Executive Programme at INSEAD, France in 2008.



ANGELINE JOYCE LEE
**GROUP GENERAL COUNSEL & JOINT COMPANY
SECRETARY**

Ms Angeline Joyce Lee joined the Group on 7 September 2020 as Group General Counsel and Joint Company Secretary to oversee the Group's legal and corporate secretariat matters, as well as compliance and corporate governance to facilitate business processes and organisational efficiency. In 1993, Ms Lee joined Singapore Press Holdings (SPH) to set up the Legal Department and has held different positions such as Head of Legal and Corporate Affairs in SPH Magazines, Head of Risk Management and Compliance and Vice President of SPH Legal-Secretariat Division. Ms Lee holds a Master in Business Law from the University of Westminster in United Kingdom and is a Chartered Secretary and Certified Risk-based Auditor.



CHAN WAN TAK, WENDY
JOINT COMPANY SECRETARY

Ms Chan Wan Tak, Wendy is the Joint Company Secretary of SBS Transit. She also holds a similar appointment in ComfortDelGro Corporation Limited which is SBS Transit's parent company. She joined ComfortDelGro in September 2007 as Vice President of Group Finance. She is currently Senior Vice President of Group Finance of ComfortDelGro.

Prior to this, Ms Chan was Vice President of Finance and Operations at k1 Ventures Limited. She had also been with Deloitte & Touche LLP as Senior Audit Manager.

Ms Chan holds a Bachelor of Accounting & Finance (Hons) from the University of Glamorgan, United Kingdom. She is a non-practising Member of the Institute of Certified Public Accountants of Singapore and a Fellow of the Chartered Association of Certified Accountants.

OPERATIONS REVIEW

PUBLIC TRANSPORT SERVICES

BASIC BUS SERVICES • CHINATOWN DIRECT BUS SERVICES • EXPRESS BUS SERVICES • NITE OWL BUS SERVICES • CITY DIRECT BUS SERVICES • NORTH EAST LINE • DOWNTOWN LINE • SENGKANG LIGHT RAIL TRANSIT SYSTEM • PUNGGOL LIGHT RAIL TRANSIT SYSTEM

1,195.8

REVENUE
(\$'MILLION)

10,597

TOTAL NUMBER OF
EMPLOYEES

3,531

TOTAL BUS FLEET

226

TOTAL BUS ROUTES
OPERATED

78

TOTAL STATIONS
IN OPERATION

192

TOTAL TRAIN FLEET



BUS SERVICES

In 2020, we continued to be the major public bus operator with a market share of 61%. We managed 226 bus routes and operated about 31,000 bus trips on an average weekday. All our bus routes are wheelchair-accessible.

For the year under review, we worked with the Land Transport Authority (LTA) to roll out three additional bus services and amend another three existing routes to better serve commuters' needs.

We also took over the operation of four City Direct bus services from private operators. Meanwhile, two bus routes – Services 128 and 147e – were withdrawn from service due to extremely low demand.

Six of our bus services also shifted operations to the new interim Jurong East Interchange.

OPERATIONS REVIEW



GREENER BUSES

Towards a greener environment, the LTA handed over 45 new and more environmentally friendly buses to replace the older buses in our fleet. Among the public bus operators, we operated half of the fleet of 90 green public buses on the road. The new additions comprised 25 hybrid buses and 20 fully electric ones. This brought the total number of buses in our holding fleet to 3,531. All were wheelchair-accessible with close to 57% being single deck buses, 43% double decks and 10 articulated ones. Our buses were garaged in seven bus depots and a bus park. In all, we operated from 17 bus interchanges and 14 bus terminals.



AUTONOMOUS BUSES

Our involvement in the trial of driverless buses on Jurong Island with ST Engineering continued in 2020. Our BCs serve as safety operators on board; vigilant and ready to take over the control of the bus in an emergency.

As an initiative under the national Emerging Stronger Taskforce, which has been set up to reignite the economy, these autonomous vehicles (AVs) are now operating on revenue service. This pilot service commenced in January 2021 on Jurong Island and will run until April 2021.

We also joined two consortiums in the AV Call for Collaboration by the LTA and the Economic Development Board.

BUS SAFETY

In bus safety, there were zero fatal accidents in 2020 compared to one in 2019. As at December 2020, our accident rate was 0.09 cases or 220 accidents per 100,000 bus-km. This was a significant improvement compared to 0.12 cases or 310 accidents in 2019.

Besides instituting safety protocols, policies and procedures, we continued to invest in training and technology to help our Bus Captains (BCs) to be safer drivers.

In 2020, we rolled out the iSafe system fleet-wide to track the driving behaviour of our BCs to provide safe and comfortable rides for our commuters. Using technology as an independent assessor, this system collates data from two of our landmark systems – SAGE, a telematics system that monitors the smoothness and comfort of bus rides and Mobileye, an advanced driver assistance system that alerts BCs to potential collisions – to present an assessment of the individual BC's driving competency. With it, supervisors are able to undertake the necessary coaching of BCs for improvements.

The Vehicle-Activated Speed Display (VASD) system, which reminds BCs to keep to the speed limit within the bus depots, interchanges and terminals, continued to be implemented at another three more premises. To-date, the system is in place at 23 bus premises and more will continue to be installed.

We also produced an educational video which was complemented by a series of posters to reinforce safe habits and behaviour as we worked towards a zero rate of accidents due to slips, trips and falls at the workplace.

Our good safety records were recognised by the LTA. Our Tampines Bus Package received the merit award in the "Safe Bus Operator of the Year" category.

CONTINGENCY PLANNING

We conducted four disruption exercises at the Bedok, Toa Payoh, Compassvale and Clementi Interchanges to ensure that our drawer plans remained relevant in times of emergency. In addition, we also conducted disaster recovery exercises

on our critical IT systems to validate our procedures as well as familiarise our staff with recovery processes.

RE-ORGANISATION FOR AGILITY AND GROWTH

In November 2020, we re-organised our bus division to better support our operational needs by setting up a new Bus Development division. The new division focusses on Government liaison, bus tenders, bus schedules as well as data analytics to keep pace with technological developments and systems. More importantly, it also works to expedite the induction of new processes and technology and drive innovations in our bus operations.

RAIL SERVICES

In rail services, we continued to operate 83 km of rail networks in Singapore – the North East Line (NEL), Downtown Line (DTL) and Sengkang-Punggol Light Rail Transit (SPLRT) systems. We operate 78 stations with a fleet of 192 trains and have a current market share of 30.6%. All the stations on our rail networks are open for passenger service except one – Teck Lee on the Punggol LRT system – which will open in tandem with developments in the area.

At the peak of the COVID-19 crisis, we suffered an 86% drop in passenger load. In



OPERATIONS REVIEW

December 2020, ridership was just 72.7% of what was registered a year earlier.

RAIL RELIABILITY

In train service reliability, there was one major disruption that exceeded 30 minutes on each of our MRT Line and four on our LRT systems in 2020. Despite this, the Mean Kilometre Between Failure (MKBF) of our two MRT lines exceeded the 2 million train-km mark for the first time. The DTL achieved an MKBF of 2.09 million train-km while the NEL clocked 2.04 million train-km, both of which outperformed the nationwide MRT network's average of 1.45 million train-km. In fact, the DTL improved on its reliability by about 83% and the NEL by some 48%

over their 2019 performances. The SPLRT achieved 426,000 train-km compared to the nationwide LRT's network average of 227,000 train-km. It also improved on its reliability by about 70% over that of its performance in 2019.

In 2020, the NEL and DTL also achieved all the rail Operating Performance Standards stipulated by the regulator, the LTA.

STRATEGIC PARTNERSHIPS

Driven towards achieving rail excellence, we continued to learn and adopt best practices from experienced railway operators around the world.



In 2020, we signed a Teaming Agreement with the RATP Développement S.A., a French Government-owned company and the largest rail operator in Paris, to explore new business opportunities and deliver world-class metro services in Singapore. The signing was witnessed by the France Minister Delegate for Foreign Trade and Economic Attractiveness, H.E. Mr Franck Riester.

We also signed a Memorandum of Understanding with Thales, a French multinational company that designs and builds electrical systems and provides services for various industries including transportation, to employ new digital technologies to deliver a safer and more comfortable passenger journey for our MRT commuters. We are currently working on a solution to detect crowdedness at stations and in trains to provide heightened situational awareness for our staff to ease congestion more efficiently, and enhance comfort and the travel experience for commuters. It is also being developed to detect suspicious persons or unattended baggage and even identify those who need mobility

assistance among other features. This solution is expected to be tested on the NEL Woodleigh Station in the first half of 2021.

RAIL SAFETY

In rail safety, our safety performance improved as we focussed efforts on inculcating increased awareness for an accident-free workplace. Injury case amongst rail staff and contractors fell by 85.7% from 14 cases to two in 2020.

Our good safety records were recognised by the LTA. Our DTL was honoured with the "Safe Rail Line of the Year (Excellence)" award in 2020 – garnering the top spot twice in the award's three-year history.



We also worked on safety campaigns to contribute to pleasant journeys for our elderly commuters. At the NEL Chinatown Station, besides the display of posters to remind them to hold on firmly to the handrails on the escalators, we also piloted public announcement safety messages in two Chinese dialects – Hokkien and Cantonese – besides English and Mandarin. In 2020, there were zero injuries arising from the improper use of the escalator that was involved in the pilot. We will continue to look at other creative ways to encourage and remind our elderly commuters to make travel safe and pleasant for them.

OPERATIONS REVIEW

MAINTENANCE FOR SERVICE RELIABILITY

We continued to look at solutions to strengthen our condition monitoring capabilities for critical systems which will help boost our service reliability by pre-empting faults. Concurrently, we carried out preventive maintenance works on deteriorating component parts before they can develop into faults.

On the NEL, we undertook and completed a fleet-wide replacement of the signalling cable and terminals for the Platform Screen Door system. This was done pre-emptively as we had encountered multiple failures of the system earlier. If left unchecked, the failures could potentially cause a delay to train service.

The design of the in-running insulator used on the NEL's Overhead Catenary System was also reviewed and has been approved for implementation by the LTA. The original two-piece design has become a single piece to prevent the insulator from splitting apart and affecting power supply to the trains. It is progressively being implemented system-wide and slated for completion by 3Q2021.

We also implemented the Safety Interlock Relay Bypass Switch to enable our staff to quickly assume operation of the trains in the event of safety interlock relay failures. With this, the trains can be moved and withdrawn from service without any prolonged delay to minimise inconvenience for our commuters. Works are expected to be completed by 2Q2021.

Meanwhile, mid-life refurbishment of the 25 first-generation NEL trains, which commenced in 2019, continued under the multi-year programme. The works include the installation of a new condition monitoring system which will provide early warning of impending faults so that preventive action can be undertaken. It will also include an upgrade of the air-conditioning and passenger information

systems as well as replacement of train interior fittings. Due to COVID-19, the project is expected to be delayed to 2025.

For the SPLRT, maintenance works continued to be conducted during passenger service hours on selected Sundays from July to September 2020. This was necessary as some of the works included concrete hacking and curing - both of which required extended engineering hours. On these maintenance Sundays, one platform of the loop commenced service later while the other continued to be in regular operation to serve all stations on the system. This was similar to the arrangements made in 2019 when maintenance works were carried out during train service hours. In December 2020, maintenance works were intensified and the loop closure extended to Saturdays as well.

Besides maintenance works, we also implemented monitoring systems for critical systems to improve our rail reliability.

CONTINGENCY PLANNING

We were not able to conduct ground deployment exercises due to COVID-19 restrictions. However, we conducted these exercises virtually so as to continue to review and validate our emergency response preparedness plans in managing rail service disruptions. "Exercise Endeavour" was held in September 2020, "Exercise Harmony" was held in October and "Exercise Pinnacle" in November.

We also organised exercises and invited external agencies to observe and validate our plans and processes. "Exercise Unicorn" was conducted at both the NEL and SPLRT depots while "Exercise Phoenix" was held at DTL depot to validate our response and management plans in dealing with security threats. The LTA and the Police Public Transport Security Command attended as observers in the table-top exercises. To pre-empt floods, "Exercise Highwaters" was

organised on both our MRT lines. A table-top exercise was conducted for the NEL while a physical one was held at the DTL Geylang Bahru Station to validate the process of setting up flood barriers at the station's entrances. Officers from the LTA and the Singapore Civil Defence Force attended as observers in both exercises.

FARE REVISION

In September 2020, the Public Transport Council (PTC) announced that there would be no change to the public transport fares for the 2020 Fare Review Exercise in light of COVID-19 and its impact on the economy. The full fare adjustment quantum of 4.4% will be rolled over to the next Fare Review Exercise in 2021.

REORGANISATION FOR EFFICIENCY

The rail division restructured and centralised some common key functions for efficiency and optimum deployment of employees. As a result, some of the departments such as the Automatic Fare Collection and Fare Revenue Unit became a single unit.

COMMUTER SATISFACTION

The drop in public transport ridership resulted in a sharp drop in the volume of feedback received. A total of 40,595 compliments and commendations were received in 2020, which was a 31.2% drop compared to 2019. The number of valid complaints received also declined by 15.0% to 3,752 as compared to 2019. In terms of complaints, about half of them were about the behaviour of our BCs. Management has formed a task force to address this aspect, which will include identifying and retraining BCs as needed.

Our efforts in serving our commuters bore fruit as evidenced in the annual Customer Satisfaction Index of Singapore that was administered by the Singapore Management University's Institute of Service Excellence. Conducted from May to July 2020, SBS Transit topped the list in both the Public Bus and MRT

system sub-sectors. Our bus scored 75.4 compared to the industry's 74.4 while our rail achieved 75.3 compared to the industry's 73.4.

Our steady efforts to boost our rail reliability was also evidenced in the PTC's annual commuter satisfaction survey that was conducted from October to November 2020. Similarly, our Rail outperformed the industry with a 98.8% rating compared to the 97.9% and a mean score of 8.1 compared to the 7.9.

In the Bus segment, we achieved a satisfaction rating of 96.9% compared to the industry's 97.3% and a mean score of 7.7 compared to the industry's 7.8. Overall, SBS Transit's and the industry's public transport mean satisfaction score remained at 7.8 out of 10, which was similar to 2019.

OPERATIONS REVIEW

OTHER COMMERCIAL SERVICES

- BUS ADVERTISING • IN-TRAIN ADVERTISING
- BUS HUB ADVERTISING • TRAIN STATION ADVERTISING
- SHOP SPACE • ROAD SHOW SPACE

35.1

REVENUE
(\$'MILLION)

.....
73

TOTAL NUMBER OF
EMPLOYEES

ADVERTISING

Not surprisingly, advertising demand fell in 2020 as advertisers put their campaigns on hold due to the global pandemic.



Despite the general economic slowdown, Moove Media, our sister company, scored its largest advertising campaign in five years. Whealthfields Lohmann, the local distributor of Germany's Walch disinfection products, strategically advertised its automatic foaming hand soap dispenser and a laundry sanitiser on 100 double deck buses to secure greater visibility and mindshare among consumers. Plying the heartlands in a targeted programme, the campaign buses ran for 20 weeks until 17 December 2020.



Moove Media also netted another feather in its cap with its win at the A'Design Award and Competition for its 2019 campaign for the Taiwan Tourism Bureau. This is the largest international design competition with a panel comprising more than 200 jury members. Moove Media impressed the jury with its three-dimensional (3-D) design of a traditional Taiwanese house of red bricks and retro floral patterns tiles that is common in the townships to promote the cultural heritage and beauty of Taiwan. It exuded the charm of small Taiwanese towns and captured the imagination of commuters and motorists alike to garner the Silver award in the 2019-2020 Advertising, Marketing and Communication Design Category.

For 2020, Moove Media showcased its creativity through an interactive recruitment campaign for the Singapore Maritime Foundation. A section of the North East Line's Dhoby Ghaut Station was transformed into a trick-eye museum where members of the public were able to interact with the installations and take photos with the artwork displays where they could become a Ship Captain, Marine Engineer or Data Analyst among other occupations in the maritime industry. They could also discover more about the job opportunities.

RENTAL OF COMMERCIAL SPACES

In 2020, we leased 93.2% of our commercial spaces at our bus interchanges and MRT stations. Our tenants were mainly food and beverage operators, retail and convenience stores as well as those offering medical, educational and beauty/wellness services.

To assist our tenants during this difficult time, we extended rental reliefs. We also organised promotional activities to help boost demand. Traditional tiffin carriers and festive pens were produced and given away as premiums, subject to a minimum spend at participating tenant outlets.

As an active proponent of green initiatives, we collaborated with the Singapore Environment Council to host our first ever webinar on eco-labels and green purchasing practices. Our goal was to create awareness among our tenants about environmentally friendly practices and the use of sustainable materials which could also serve to help reduce their daily operational costs.

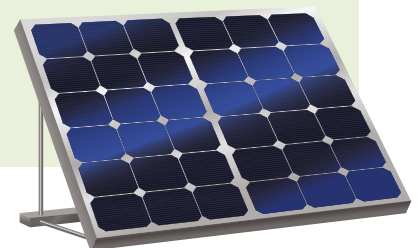
SUSTAINABILITY REPORT

In spite of the pandemic, we continued to put in resources to promote sustainability across all aspects of our business. From environment to safety and security, staff recruitment to development, commuter engagement to reaching out to the communities we serve, we are and remain committed to ensuring a more sustainable future.



Zero pollutants
greener buses

25 HYBRID BUSES
20 FULLY ELECTRIC BUSES



ENVIRONMENT

ENVIRONMENTALLY-FRIENDLY BUSES

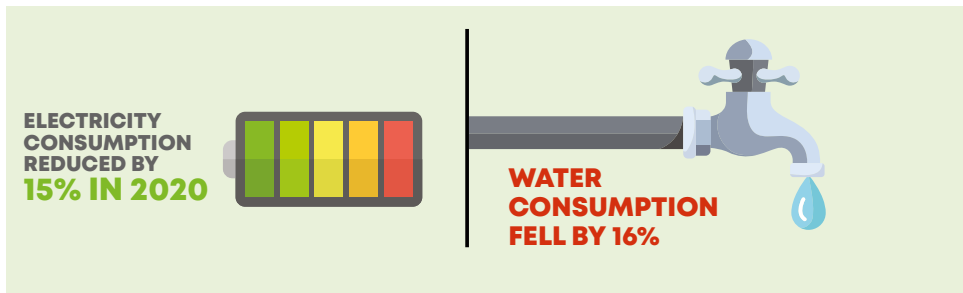
As the major public bus operator in Singapore, we work closely with the Land Transport Authority (LTA) in the use of greener buses on our roads. In 2020, we took delivery of 45 new and more environmentally friendly buses from the LTA to replace the older ones in our fleet. The new additions comprised 25 hybrid buses and 20 fully electric ones, which are on trial. These electric buses emit zero pollutants and provide commuters with a more comfortable ride as they are quieter than regular diesel buses.

With fleet replacement and renewal, the number of environmentally friendly buses has been on a steady increase. In 2020, it inched up by 1% compared to the previous year. 80% of our buses are now at least Euro 5 compliant.

ULU PANDAN BUS DEPOT was the first bus depot to adopt **SOLAR PANELS** to generate electricity and piped-in NEWater for bus washing

GREEN PRACTICES

Our Ulu Pandan Bus Depot, which opened in 2018, was the first bus depot to adopt green features such as solar panels to generate electricity and piped-in NEWater for bus washing. We have expanded the use of solar panels with a 0.15MVp photovoltaic system to the newly expanded Yio Chu Kang Bus Interchange. This is expected to generate some 183,000 KWH of energy annually which would be utilised for the interchange's daily operations with the excess being fed back into the power grid system.



Our NEL and DTL implemented energy saving measures to conserve energy usage in their daily operations. These included optimising the use of electricity across our 78 stations in various areas such as the tunnel ventilation, lightings and air-conditioning systems. Our trains are placed on energy saving mode when they are on standby mode during passenger service hours. Across our bus operations, we make conscious efforts to reduce the use of our resources. In 2020, this resulted in 15% less electricity consumed and 16% less water used while our carbon dioxide emissions decreased by 9% when compared to 2019.



We have also gone paperless by proactively changing the way we operate in digitalising our bus and rail operations and maintenance. Besides being green, this has enabled us to improve existing systems/processes and increased productivity. It has also transformed the way we measure and improve performance, and monitor and manage information. More information about our digitalisation efforts can be found in the Bits and Bytes chapter of this Annual Report.

For our tenants in our bus interchanges and MRT stations, we collaborated with the Singapore Environment Council (SEC) to host our first ever webinar on eco-labels and green purchasing practices. Our goal was to create awareness about environmentally friendly practices and the use of sustainable materials which could also serve to help reduce their daily operational costs.

Recognition for Being Green
In recognition of our green efforts, our Ulu Pandan Depot was conferred the Green Mark Platinum (Super Low Energy Building) Award by the Building and Construction Authority in February 2020.

Besides this, the SEC presented us with the Elite Award, which is the highest tier, in the Eco-Office Plus Certification. Our corporate office and all our depots – eight bus depots and three rail depots – each received the award for implementing environmentally friendly practices in the workplace. We were also one of 12 companies in Singapore in 2020 to be accredited with the inaugural GreenDNA Award, which uses an internationally recognised system under the United Nations' Environment Programme (UNEP) to fight the global climate crisis.

SUSTAINABILITY REPORT

SOCIAL

COVID-19

As a public transport operator offering an essential service, we were one of the few companies that continued to operate despite the lockdown during the COVID-19 pandemic. We made changes to the way we delivered our services to be sustainable in a new setting. This included the cleaning and disinfection of all our premises, safe distancing measures, digitalisation of our processes and care for our people. Details of the impact it had on our operations and our response and management can be found in several chapters of this Annual Report.



SAFETY

In rail safety, our safety performance improved as we focussed efforts on inculcating increased awareness for an accident-free workplace. Injury cases amongst rail staff and contractors fell by 85.7% from 14 cases to two in 2020.

Our bus accident rate was 0.09 cases or 220 accidents per 100,000 bus-km. This was a significant improvement compared to 0.12 cases or 310 accidents

in 2019. There were no fatal accidents involving our buses in 2020 compared to one in 2019.

As safety is of paramount importance, we continued to invest in training and technology to help our Bus Captains (BCs) to be safe drivers besides instituting safety protocols, policies and procedures.

In 2020, we rolled out the iSafe system fleet-wide to track the driving behaviour of our BCs in providing safe and comfortable rides for our commuters. Using technology as an independent assessor, this system collates data from two of our landmark systems – SAGE is a telematics system that monitors the smoothness and comfort of bus rides and Mobileye is an advanced driver assistance system that alerts driver to potential collisions – to present an assessment of the BCs' driving competency. With it, supervisors are able to undertake the necessary coaching of BCs for improvements.

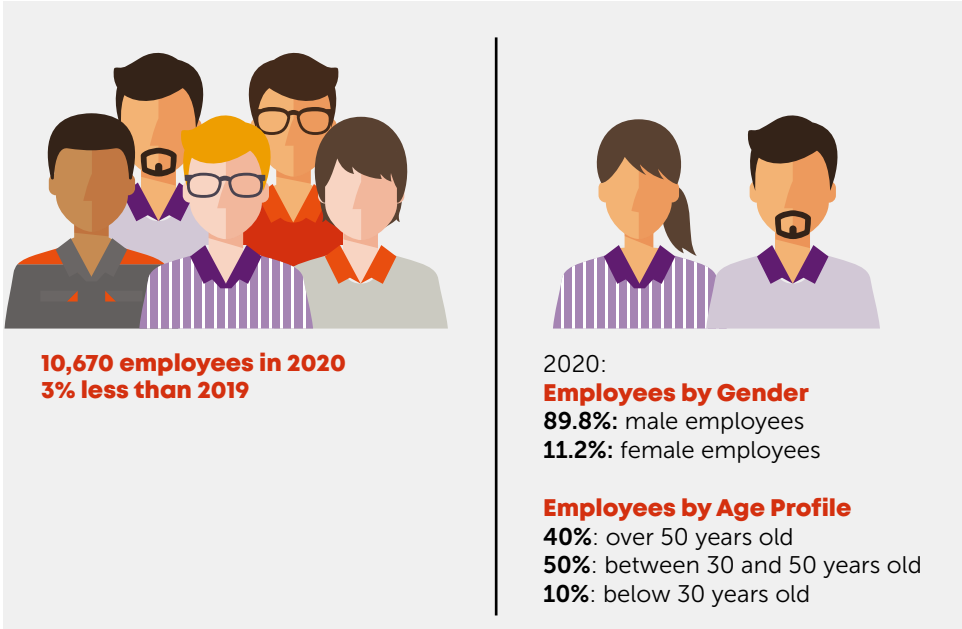
The Vehicle-Activated Speed Display (VASD) system, which reminds BCs to keep to the speed limit within the bus depots, interchanges and terminals, continued to be implemented at another three more premises. To-date, the system is in place at 23 bus premises and more will continue to be installed.

To encourage a stronger safety culture at depots and interchanges, we appointed a Workplace Safety and Health (WSH) Advocate at each of our bus depot and interchange in 2020. These Advocates, who are members of the safety committee, participate and execute the WSH Management System and are the point of contact for day-to-day safety and health matters at their respective sites.

WORK-RELATED

Injury cases amongst rail staff and contractors fell by **85.7%** from **14 cases to two in 2020**





We also produced an educational video which was complemented by a series of posters to reinforce safe habits and behaviour as we worked towards a zero rate of accidents due to slips, trips and falls at the workplace.

SAFETY CERTIFICATION AND RECOGNITION

Our Bus division as well as the NEL and DTL are successfully certified under the ISO 45001 Occupational Health and Safety Management Systems. This demonstrates our compliance in meeting requirements under its framework to improve employee safety, reduce workplace risks as well as create better and safer working conditions.

Our good safety records also received recognition from the LTA. Our DTL was honoured with the "Safe Rail Line of the Year (Excellence)" award - which it won twice in the award's three-year history - while our Tampines Bus Package received the merit award in the "Safe Bus Operator of the Year" category.

EQUAL OPPORTUNITY EMPLOYER

Our people are at the very heart of our business and our greatest asset. We strongly believe that a happy and engaged workforce translates into providing a higher standard of service for our commuters. In the long run, we can only result in growth for our organisation.

We believe that diversity in the workplace is fundamental to growth and professional development. It benefits both the individual and the Corporation as it brings new perspectives to the way we work and operate through different ideas, skills and attitudes. A diversified workforce - whether in terms of gender, race or nationality - also means that we have access to the widest talent pools.

In 2020, we had 10,670 employees, which was 3% less than 2019. BCs are our largest category of employees, accounting for 58% of our workforce with 50% of them being Singaporeans and Singapore Permanent Residents, 41% Malaysians and the rest Chinese nationals.

Nine in 10 employees or 89.8% were males which is expected in our traditionally male-dominated business. The number of female employees, however, fell slightly by 3.5% in 2020.

For the year in review, we recruited 1,101 new employees, which comprised 10% of our total workforce. We continued to recruit BCs with a new recruitment campaign - "Make A Difference, Everyday" - to focus on building a strong local core. As at 31 December 2020, we successfully recruited more than 550 Singaporeans and Permanent Residents including 133 former taxi drivers and private hire drivers who had switched careers due to the pandemic.

SUSTAINABILITY REPORT

As an equal opportunity employer, close to half of our workforce was aged between 30 and 50 years old. Staff over 50 years old made up 40% while those below 30 years old comprised 10%.

EMPLOYEE SKILLS AND TALENT DEVELOPMENT

We are committed to developing a competent and future-ready workforce. Be it new or experienced staff, we invest continually to develop their skills and talent. In 2020, we provided 57,686 training places or an increase of 18.3% compared to the previous year's 48,773. Each employee averaged 25.73 training hours which was a drop of 31.2% compared to 2019 due to the COVID-19 outbreak.

In line with the Industry Transformation Map for the land transport sector, we continued to work with SkillsFuture Singapore (SSG) to develop certified training courses under the Singapore Workforce Skills Qualifications (WSQ) programme to raise the competency standards of our public transport workers. We now have 533 skills framework accredited modules for our bus and rail employees.

With the requirement to observe safe distancing, e-learning modules rolled out at an accelerated pace and with more areas of focus added such as security and cybersecurity awareness. A learning application was also introduced for employees to receive training using their handphones; making access to learning new skills and knowledge convenient.

We are also mindful about upskilling and equipping our staff to keep their skills relevant in a changing landscape. To support the roll-out of electric buses, training was conducted for both operational and engineering staff, just as it was done for the diesel hybrid buses.

In the area of customer service, training on the new CARES 4.0 continued to be conducted to enable staff to share our service philosophy of providing Caring, Agile, Reliable, Safe and Secure service. Building on the CARES culture, which was established in 2008, this service initiative continues to evolve to meet changing commuter needs. In 2020, a survey finding revealed that 99.3% of staff were familiar with our CARES culture and 1,270 staff have participated in the new programme.

As part of our efforts to attract and retain engineering talent and to develop professional competency, we encourage our engineers to be certified as Chartered Engineers accredited by the Institution of Engineers, Singapore. In 2020, we have 26 Chartered Engineers in our rail division.

Our bus technicians also obtained certification as Bus Technical Specialists from the Singapore Bus Academy's Bus Technical Specialist Certification Centre (BTSCC), which comes under the LTA. We now have 75 technicians who have obtained certification at Level 1 and another 30 at Level 2 of the programme.

A learning application was introduced for **employees**



To encourage our employees to deepen their knowledge in specialised areas, we offered sponsorships for their studies. As of December 2020, half of the 53 staff have completed their diploma courses in either electrical engineering from the Ngee Ann Polytechnic or engineering in rapid transit technology from the Singapore Polytechnic.

Besides technical skills, we also focussed on training in soft skills such as effective leadership as part of our people's career development. To enhance our BCs' leadership skills and to increase the possibility of them being able to switch to alternative career pathways such as becoming managers at the bus interchanges, we put them through a structured "Basic Management Programme". Management staff, on the other hand, attended leadership courses to hone their capabilities.

EMPLOYEE ENGAGEMENT

With the pandemic, we took the digital route to stay in touch with our people. For the first time, we produced videos to inform, persuade and galvanise our workforce to keep morale high.

For our BCs who are constantly on the move, we introduced e-services where they can use a mobile application, iLink, on their handphones to perform a host of administrative functions such as checking on work rosters and payslips, applying leave, reporting bus faults and even viewing of their personal driving competency. Company news, safety alerts and advisories are also available on the application.

When it comes to building staff morale, we take the lead in appreciating the contributions of our employees. COVID-19 did not dampen our plans for our annual CARES Kindness Month as we took the digital route in inviting the schools to show their appreciation to our staff. In all, we received close to 2,000 appreciation notes/videos in November 2020, which was a 30% increase compared to 2019.

Throughout 2020, schools and community groups also rallied behind our frontline staff with their show of care and support. They made cards, wrote encouraging messages and carted snacks and care packs to cheer on our staff who put their own health on the line to keep Singapore moving.

Our care for our employees is also extended to their family members in the form of annual education awards. For 2020, 73 of our employees received a total of \$171,400 in education awards.



We also took time to recognise and thank our staff for their years of long service with the Company. Long service awards were handed out to 300 employees, who had served between 15 and 35 years. Another 129 employees were appreciated at retirement ceremonies.

SUSTAINABILITY REPORT

Employees who provided quality service to our commuters also received recognition for their good efforts. At our internal CARES quarterly awards in 2020, 1,062 staff were honoured for providing caring, reliable, safe and secure services to our commuters.

Another 166 employees also did us proud at the National Kindness Awards – Transport Gold 2020. Three received the Outstanding Award while the other 163 earned the Commendation Award.

At the national Excellent Service Award 2020 (EXSA), 2,000 staff were honoured with 38% being first-time winners while 18.9% were Star winners, which is the highest tier of the award. On a company level, 62% of our staff have won at least one EXSA award.

Three of our staff also received recognition at the Asia-Pacific Customer Relationship Excellence Awards (CREA), with two of them topping their respective categories - "Customer Service Team Leader of the Year 2020" and "Customer Service Professional of the Year 2020".

INDUSTRIAL RELATIONS

SBS Transit believes in developing and sustaining a harmonious tripartite labour-management relationship with 89% of our non-executive staff covered by a Collective Agreement that has been signed with the National Transport Workers' Union.

Working hand-in-hand in the spirit of mutual respect and trust, Management and Union constantly collaborate to improve the welfare and well-being of employees. To ensure that communication channels are always kept open, union members are elected and appointed as union leaders to provide the crucial link between Management and Union.

In 2020, the number of BCs who commenced legal proceedings against the Company stood at 13. This is in relation to, amongst others, working hours, rest days, overtime pay and allowances. In November 2019, the

Industrial Arbitration Court ruled that the Company had acted in accordance with the Employment Act in relation to the rest days, working hours and overtime. Legal proceedings are still ongoing.

INCLUSIVITY IN PUBLIC TRANSPORTATION

In 2020, all 226 of our bus services are wheelchair friendly with 100% of our fleet being wheelchair-accessible.



To continue to foster empathy in our frontline staff for commuters who need extra care and attention, we produced training engagement videos as part of our CARES programme. This quick guide video series included topics on assisting commuters such as those with visual and physical disabilities, and the elderly.

Meanwhile, we continued to assist the LTA in their trials on the use of assistive technologies for the visually and hearing impaired commuters to enhance their public bus travel experience.

To build the confidence of students with special needs to travel safely and independently on public buses, we donated two decommissioned buses – one to the St. Andrew's Autism School and the other to the Chao Yang Special School which is managed by the Association of Persons with Special Needs – to their schools. With the buses on their school grounds, they learn what to expect and how to manage their way around as part of their training curriculum.

A bus was also donated to the Tan Tock Seng Hospital for use in helping patients rehabilitate as they integrate back into the community and resume regular routines such as boarding/alighting from public buses.

Besides this, we conducted several engagement sessions with some 40 commuters who are physically or visually handicapped and their caregivers through their social service agencies to find out more about their travelling experiences. Over these sessions, we gained helpful insights that helped us look at new ways to be even more inclusive in how we deliver our services. We will continue to conduct more of these sessions regularly.

COMMUTER ENGAGEMENT AND SATISFACTION

To contribute to pleasant journeys for our elderly commuters, we organised campaigns to reinforce safety messages. At the NEL Chinatown Station, besides the display of posters to remind them to hold on firmly to the handrails on the escalators, we also piloted public announcement safety messages in Chinese dialects – Hokkien and Cantonese – besides English and Mandarin. In 2020, there were zero injuries arising from the improper use of the escalator that was involved in the pilot. We will continue to look at other creative ways to encourage and remind our elderly commuters to make travel safe and pleasant for them. On buses and at our bus interchanges, we put up posters to remind commuters to hold on to support at all times to reduce the incidence of bus falls among the elderly.

We supported the LTA in its public education campaign to promote safe travelling habits on public buses. Roadshows were held at the Tampines and Bishan Interchanges, prior to the outbreak of the COVID-19 virus, to distribute educational leaflets while staff were deployed to share key safety messages on the ground. Videos highlighting safe commuting behaviour were also played on electronic screens in our bus interchanges.

With the wide spread use of QR codes during the pandemic, we made use of this technology to offer another new and

convenient platform for commuters to provide feedback about our trains and MRT stations. This brings the list of our feedback channels to seven, making us more accessible to our commuters in both the digital and physical worlds.

Our commuters took the time to write in to recognise and encourage our efforts in improving our service. A total of 40,595 compliments and commendations were received in 2020, which was a 32.1% drop compared to 2019, due to the drop in public transport ridership as a result of the pandemic. The number of valid complaints received also declined by 15.0% to 3,752 as compared to 2019. In terms of complaints, about half of them were about the behaviour of our BCs. Management has formed a task force to address this aspect, which will include identifying and retraining BCs as needed.

Our efforts in serving our commuters bore fruit as evidenced in the annual Customer Satisfaction Index of Singapore that was administered by the Singapore Management University's Institute of Service Excellence. Conducted from May to July 2020, SBS Transit topped the list in both the Public Bus and MRT system sub-sectors. Our bus scored 75.4 compared to the industry's 74.4 while our rail achieved 75.3 compared to the industry's 73.4.

Our steady efforts to boost our rail reliability was also evidenced in the Public Transport Council's annual commuter satisfaction survey that was conducted from October to November 2020. Similarly, our Rail outperformed the industry with a 98.8% rating compared to the 97.9% and a mean score of 8.1 compared to the 7.9.

Overall, SBS Transit's and the industry's public transport mean satisfaction score remained at 7.8 out of 10, which was similar to 2019.

We also commissioned an independent survey firm to conduct commuter satisfaction surveys involving 1,000 commuters each for our DTL and NEL. The findings indicate that 97.8% of respondents were "satisfied" or "very satisfied" with our DTL services while the NEL received a score of 94.9%.

SUSTAINABILITY REPORT



GAVE \$530,000
in cash
sponsorships
towards charity,
community and
industry causes

SUPPORT FOR THE NEEDY AND COMMUNITY ENGAGEMENT

In 2020, we gave away more than \$530,000 in cash sponsorships towards charity, community and industry causes.

Unclaimed articles that had been left behind on our buses and trains and at our bus interchanges and MRT stations were donated to the Red Cross for sale at its thrift shops. The funds raised go towards its humanitarian efforts to help the disabled and less fortunate in Singapore.

Rental-free spaces were provided to the Temasek Foundation to install vending machines to distribute free masks to the community during the pandemic while advertising spaces on our buses and trains and at our premises were provided to promote campaigns such as "Speak Mandarin". We also offered free use of publicity spaces to external agencies such as the Police which promoted awareness of crime prevention habits among the community.

We also made visits to the Bright Hill Evergreen Home, which is located along the corridor of our Punggol Light Rail Transit system, to bring cheer and practical gifts to the residents who are ill, disadvantaged and elderly.

In our school engagement programme, we reached out to students through assembly talks and visits to our bus interchanges, MRT stations and depots to highlight safety and graciousness in public transportation to engender a positive commuting culture. In 2020, more than 5,000 students participated in the programme, which was a sharp drop compared to some 24,000 in 2019 due to the COVID-19 outbreak.

In our Adopt-a-Station/Interchange programme, we work with schools to develop their students' leadership skills or offer a platform to showcase their artistic talent to enhance commuters' experience. In 2020, we worked with the Methodist Girls' School to put on display a series of 28 posters in the DTL Sixth Avenue Station, which it adopted. The posters carried uplifting messages such as "Dawn comes after the darkness. Stay Strong. Together we will get through this!" and we took the opportunity to put up the posters at more stations to encourage our commuters during the difficult pandemic days.

GOVERNANCE

PHYSICAL SECURITY

In security management, we continued to apply the Threat Oriented Person Screening Integrated System (TOPSIS), which was developed by the Ministry of Home Affairs (MHA), for the detection and screening of suspicious persons on our premises. We launched an e-learning package for this where about 3,700 staff have completed the programme.

Besides this, regular security training and exercises continued to be conducted to enable our frontline staff to respond promptly and appropriately to potential security threats and situations. Security briefings conducted by the MHA and the Singapore Police Force were also organised to keep our employees updated on the dynamic security environment.

In spite of the pandemic, we continued to organise our annual security conference which covered both physical and cyber security to promote staff security awareness. Conducted online, it was also attended by the LTA, the Cyber Security Agency and the Police. TOPSIS Awards were presented to staff and contractors to recognise their security vigilance and alertness.

To test the effectiveness of our training and the vigilance of our staff, we conducted more than 750 Red Teaming exercises to validate their responses in detecting and handling security threats. In 2020, more than 750 of such exercises were carried out. We also engaged an

external organisation to perform an independent security audit and no major non-compliance issues were uncovered.

In contingency planning, we were not able to conduct ground deployment exercises due to COVID-19 restrictions. However, we conducted these exercises virtually so as to continue to review and validate our emergency response preparedness plans in managing rail service disruptions as well as responses to terrorist events involving potential bomb threats, emergency situations and cybersecurity threats. Three exercises were conducted in 2020 - "Exercise Endeavour", "Exercise Harmony" and "Exercise Pinnacle".

We also organised exercises where external agencies were invited to observe and validate our plans and processes. "Exercise Unicorn" was conducted at both the NEL and SPLRT depots while "Exercise Phoenix" was held at DTL's Gali Batu Depot to validate our response and management plans in dealing with security threats. The LTA and the Police Public Transport Security Command attended as observers in the table-top exercises.

CYBERSECURITY

Remote working has become the new norm as the COVID-19 pandemic brought a paradigm shift in the way we work. To enable staff to operate effectively from remote locations without putting our information assets at risk, security measures were implemented in our virtual private network.

As a Critical Information Infrastructure (CII) owner, we continually review our security processes and control measures to ensure that we comply with the requirements of the Cybersecurity Act. This included independent assessment of our compliance to the Cybersecurity Code of Practice for CII, annual security awareness briefings to staff and vendors, risk assessments and cyber security incident response exercises to test our state of preparedness.

Meanwhile, we continued with our online cybersecurity training programme which is designed with six modules. It provides our staff with basic cybersecurity awareness and will be made mandatory as a pre-requisite for anyone accessing the Company's IT system.

DISCRIMINATION AND CORRUPTION AT THE WORKPLACE

Our policy of non-discrimination guides our human rights and labour practices. In 2020, there were no reports of discrimination filed.

As a responsible corporate citizen, we also do not condone any corrupt practices or anti-competitive behaviour when our employees deal with suppliers. Hence, we have put in place a strict procurement policy which, among other things, conducts supplier assessment to ensure that there is no adverse impact on society. In 2020, we have zero incident of corruption or fraud in the workplace involving our staff.

More details of our Sustainability efforts, including the GRI Content Index, can be found in the Sustainability Report of our parent company, ComfortDelGro Corporation Limited.

COMPLIANCE TO THE CYBERSECURITY CODE OF PRACTICE FOR CII



CORRUPTION CASES



CORPORATE GOVERNANCE

SBS Transit Ltd (SBS Transit or the Company, and together with its subsidiary, the Group), believes that the fundamental measure of our success is about creating long-term shareholder value.

We will continue to:

- Focus relentlessly on our customers;
- Make corporate decisions to generate long-term value rather than for short-term considerations;
- Maintain our lean culture through cost efficiencies to drive value creation;
- Hire and retain skilled and dedicated Employees; and
- Look for sustainable ways to protect the environment.

CORPORATE GOVERNANCE STATEMENT

SBS Transit strongly believes that good Corporate Governance makes good business sense. To this end, the Company maintains the highest standards of Corporate Governance, professionalism and integrity as we build an organisation that our Shareholders, Employees, Business Partners, the Authorities and other Stakeholders can trust and be proud of.

The Company is committed and adheres to the Code of Corporate Governance issued by the Monetary Authority of Singapore dated 6 August 2018 (the **Code**) and ensures that it is upheld throughout the Group. The Company has adopted a Code of Business Conduct, which sets out the principles and policies upon which the Company's businesses are to be conducted, and also implemented a Whistle Blowing Policy which provides a mechanism for Employees to raise concerns about possible improprieties in financial reporting or other improper business conduct, whilst protecting the whistleblowers from reprisal within the limits of the law.

This **Report** sets out the Corporate Governance practices that were in place during the Financial Year ended 31 December 2020 (**FY 2020**), with specific references to the Code. For FY 2020, we are pleased to report that the Company complied in all material respects with the Code.

1. BOARD MATTERS

The Board of Directors (the **Board**) has a duty to protect and enhance the long-term value of the Company and achieve sustainable growth for the Group. It sets the overall strategic direction of the Company and oversees the proper conduct of the business, performance and affairs of the Group. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Company.

In appointing Directors, the Company seeks individuals who have integrity, expertise, business acumen, shareholder orientation and a genuine interest in the Group.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

BOARD'S ROLE AND RESPONSIBILITIES

At the helm of the decision-making process of the Company is the Board. The Board is headed by the Non-Independent and Non-Executive Chairman, Mr Lim Jit Poh (the **Chairman**), and is responsible for:

- (i) Providing entrepreneurial leadership and guidance, setting strategic directions and objectives of the Group (which include appropriate focus on value creation, innovation and sustainability) and ensuring that adequate financial and human resources are in place to achieve the objectives;
- (ii) Ensuring that appropriate and adequate systems of internal controls, risk management processes and Financial Authority Limits are in place to safeguard Shareholders' interests and the Group's assets, and to achieve an appropriate balance between risks and company performance;
- (iii) Challenging Management constructively and monitoring its performance;
- (iv) Identifying the key Stakeholder groups and guiding Management in the Company's strategy and approach in addressing the concerns of these key Stakeholder groups, and ensuring transparent and accountability to all Stakeholders;

- (v) Instilling an ethical corporate culture and ensuring the Company's values, standards, policies and practices are consistent with the culture; and
- (vi) Considering environmental, social and governance issues as part of its strategic formulation on sustainability.

INDUCTION, TRAINING AND DEVELOPMENT OF DIRECTORS

Upon appointment as a Director, the Chairman will issue an official letter of appointment to the Director, which clearly sets out his/her role, duties and responsibilities as a director of the Company.

Management will conduct a comprehensive orientation programme for newly appointed Directors, which include duties as a director and how to discharge those duties, key aspects of the businesses, including financial and Corporate Governance policies are also discussed. Site visits will also be arranged for new Directors so that they can better familiarise themselves with the Group's operations. When a Director is appointed to a Board Committee, he/she is provided with its terms of reference.

If the newly appointed director has no prior experience as a director of a company listed on the Singapore Exchange Trading Limited (**SGX-ST**), training in relevant areas such as regulatory, finance and legal as well as industry-related areas will be

provided. As required under the SGX Listing Rules, a new director who has no prior experience as a director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training should be completed within one year of appointment.

Directors are encouraged to undergo continual professional development by attending relevant training programmes, seminars and courses organised by the Singapore Institute of Directors (**SID**) and other professional bodies to enhance their knowledge and skills and better equip themselves to effectively discharge their duties as a Director of the Company. The fees for the courses are paid for by the Company.

The Company Secretaries also update and brief the Board on Corporate Governance practices and changes in or updates to the relevant legal and regulatory requirements pertaining to the Group's businesses. External consultants are also engaged to conduct seminars on specific topics as and when necessary.

Due to the COVID-19 pandemic started in early 2020, there were no internal training programmes being organised in 2020 for the Directors. However, some Directors continued to attend external courses/ seminars as listed below:

DATE	TRAINING PROVIDER	TOPIC	ATTENDED BY:
16 Jan 2020	SID	Audit Committee Seminar 2020	(1) Ms Lee Sok Koon; and (2) Dr Tan Kim Siew
25 Feb 2020	SID	Financial Reporting Fundamentals	(1) Ms Chua Mui Hoong

Regular presentations are made by Management to the Board to enable Directors to better familiarise themselves with the Group's businesses. Site visits for the Board are also organised from time to time to enable Directors to learn more about the Group's operations. During such visits, Directors spend time with Management to discuss key strategies and policies pertaining to, not just Company specific operations, but also the Group's businesses in general. Such meetings help Directors to be better equipped to make informed decisions relating to the future direction of the Group.

RESERVED MATTERS

SBS Transit has adopted clear, established and documented internal guidelines setting forth certain matters that require the Board's approval. Under these guidelines, Board approval is required with regard to matters such as acquisition of businesses, disposal or changes in equity interests

in existing subsidiary/associate, investment in financial instruments, tender for businesses above the prescribed limits, assessing and approving key business decisions, funding and investment initiatives and other corporate actions, including approval of the Financial Authority Limits, Annual Budget and Capital Expenditure and the release of Financial Results to the SGX-ST via SGXNET. In addition, the acceptance of credit facilities from banks, the establishment of capital market programmes and the issuance of debt instruments require the approval of the Board.

The Board periodically reviews the adequacy and effectiveness of internal controls, risk management and Financial Authority Limits to ensure that while there is delegation of authority, there are sufficient checks and balances in place to monitor such delegation.

CORPORATE GOVERNANCE

CONFLICTS OF INTEREST

All Directors are required to avoid situations where their own personal or business interests may conflict or appear to conflict with the interests of the Company. Where a Director has a conflict of interest, or it appears that he/she might have a conflict of interest in relation to any matter, he/she must immediately declare his/her interest at a meeting of the Directors or send a written notice to the Company containing details of his/her interest in the matter and the actual or potential conflict, and recuse himself/herself from participating in any discussion or decision on the matter.

DELEGATION BY THE BOARD

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision-making, five Board committees were formed, namely, the Audit and Risk Committee (**ARC**), the Nominating Committee (**NC**), the Remuneration Committee (**RC**), the Service Quality Committee (**SQC**) and the SBST Tender Committee (**SBSTTC**) (collectively, the **Board Committees**). Ad hoc committees are also formed to look at specific issues from time to time.

Each Board Committee is governed and regulated by its own terms of reference, which sets out the scope of its authority, duties and responsibilities, regulations and procedures governing the manner in which the Board Committee is to operate and how decisions are to be taken.

The terms of reference and summary of the activities of the ARC, NC and RC are described in further detail in the relevant sections below. The SQC's terms of reference are to provide strategic directions and review initiatives to enhance the Group's service

quality standards, customer service and safety. The SQC also reviews customers' feedback on service quality. The SBSTTC was established with the terms of reference to oversee the Group's bus and rail tender strategies and provide guidance on bid preparations.

Although the Board Committees are empowered to make their own decisions, the Board is ultimately responsible for all decisions made by the Board Committees.

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

At least four scheduled Board Meetings are held every year at regular intervals for the purpose of reviewing the results and ongoing performance of the Group notwithstanding that the Financial Results are only announced semi-annually. The Board Meetings to approve the half yearly financial results are held within 45 days after the end of the first half of the financial year, and not later than 60 days after the end of the financial year for the full year financial results, while the Board Meeting to approve the Annual Budget is held in last quarter of each year after all the Budgets of the subsidiaries have been approved by their respective Boards. Ad hoc Board and Board Committee Meetings are also held from time to time when the need arises.

Directors who are unable to attend meetings in-person, are able to participate in the discussions through video/audio/tele-conferencing. Decisions of the Board and Board Committees on matters in the ordinary course of business may also be obtained via circular resolutions. Directors are free to seek clarifications and explanations from Management on the reports and papers submitted to the Board.

ATTENDANCE OF DIRECTORS AT ANNUAL GENERAL MEETING, BOARD AND BOARD COMMITTEE MEETINGS IN 2020

Name	BOARD		AUDIT & RISK COMMITTEE		NOMINATING COMMITTEE		REMUNERATION COMMITTEE		SERVICE QUALITY COMMITTEE		SBST TENDER COMMITTEE		ANNUAL GENERAL MEETING	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Jit Poh	4	4	-	-	1	1	2	2	-	-	2	2	1	1
Yang Ban Seng^(b)	4	4	3	3 ^a	1	1 ^a	2	2 ^a	-	-	2	2	1	1
Lim Seh Chun	4	4	3	3	1	1	-	-	-	-	-	-	1	1
Chua Mui Hoong	4	4	3	3	-	-	-	-	2	2	-	-	1	1
John De Payva	4	4	-	-	-	-	2	2	2	2	-	-	1	1
Susan Kong Yim Pui	4	4	-	-	1	1	2	2	-	-	2	2	1	1
Lee Sok Koon	4	4	3	3	-	-	-	-	2	2	2	2	1	1
Lim Siang Hoe Benny	4	4	3	3	1	1	-	-	-	-	-	-	1	1
Tan Kim Siew	4	4	3	3	-	-	-	-	2	2	-	-	1	1
Yu Ching Man	4	4	-	-	-	-	2	2	2	2	2	2	1	1

Notes:

a) Attended meetings by invitation of the Committee.

b) Mr Yang Ban Seng ceased to be an Executive Director with effect from 1 March 2021.

ACCESS TO INFORMATION

Prior to each Board and Board Committee Meeting, and where needed, Management provides Directors with complete, adequate and timely information. The Board also receives monthly management accounts, updates on key performance indicators and quarterly Investor Relations (IR) Reports covering IR activities and updates of analysts' and investors' views and comments. This enables the Board to make informed and sound business decisions and be kept abreast of key challenges, opportunities and developments for the Group. As a general rule, reports to the Board and Board Committees are disseminated to Directors prior to meetings to provide sufficient time for review and consideration, so that discussions at the meetings are productive and effective. All information is encrypted if distributed electronically.

INDEPENDENT PROFESSIONAL ADVICE

Directors can request for additional information and has full access to Management. Management provides information requested by Directors for its meetings and decision making in a timely manner. Should there be a need to obtain independent professional advice on matters relating to the businesses of the Group or issues affecting the duties

of the Directors, the Company will arrange for the appointment of relevant professional advisers at its own cost.

COMPANY SECRETARIES

The Company Secretaries assist in organising Board and Board Committee Meetings, prepare the agenda in consultation with the Chairman, the Chief Executive Officer (CEO)/Acting CEO and the Chairperson of the respective Board Committees. The Company Secretaries attend all Board and Board Committee Meetings. The Company Secretaries keep the Directors informed of any significant developments or events relating to the Group, including compliance with all relevant rules and regulations. The Directors have separate and independent access to the Company Secretaries. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

BOARD INDEPENDENCE

As at 31 December 2020, the Board comprised ten (10) Directors with 80% independent Directors.

CORPORATE GOVERNANCE

There is a strong level of independence in the Board. Except for the Chairman who is a Non-Independent Non-Executive Director and the Executive Deputy Chairman who is a Non-Independent Executive Director, all the remaining eight Non-Executive Directors (**NED**) are considered by the NC to be independent. The current board composition exceeds the requirement under the Listing Rules and the Code for at least one-third of the Board to comprise independent Directors where the Chairman is not independent. The Chairman is a nominee of ComfortDelGro Corporation Limited (**ComfortDelGro**), a Substantial Shareholder of the Company and is therefore non-independent. As such, a Lead Independent Director has been appointed with effect from 1 January 2013. The Chairman and the CEO/Acting CEO are different persons and are not immediate family members. The Chairman is also not part of the Management team. No person will be able to influence the decisions of the Board as the overwhelming majority of the Directors are independent NEDs.

The NC is responsible for assessing the independence of the Directors on an annual basis. Each Director is required to complete a Confirmation of Independence checklist which is drawn up in accordance with the guidelines provided in the Code and requires each Director to assess his/her own independence. The Director is required to declare any circumstances in which he/she may be considered non-independent. The NC will then review the Confirmation of Independence to determine whether a Director is independent. The NC deems a Director who is associated with a Substantial Shareholder in the current and immediate past financial year as non-independent. Mr Lim Jit Poh, chairman of the Board is deemed as non-independent as he is a nominee and Chairman of the Board of ComfortDelGro. Mr Yang Ban Seng, the Executive Deputy Chairman is also deemed as non-independent as he is also a nominee and the Managing Director/Group CEO of ComfortDelGro.

As at 31 December 2020, Mr John De Payva is the only one out of the eight independent Directors, who has served on the Board for more than nine years. The NC takes the view that a Director's independence should not be determined solely and arbitrarily on the basis of the length of service. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging Management in the best interests of the Group as he/she performs his/her duties in good faith, are more critical measures in ascertaining his/her independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent Directors. In taking a holistic approach, the Board and the NC exercise due

and careful review, taking into consideration various factors, in assessing the independence of a Director. These factors include, inter alia, if the Director has any interest, business, relationship and/or any other material contractual relationship with the Group which could reasonably be perceived to compromise his/her independence and interfere with the exercise of his/her independent business judgement. The Board is of the view that all independent Directors remain independent in the exercise of their judgement on Board matters.

INDEPENDENT JUDGEMENT

All Directors are aware of their fiduciary duties and exercise due diligence and independent judgement in ensuring that their decisions are objective and in the best interests of the Company and its Group.

BOARD SIZE, COMPOSITION AND COMPETENCY

The NC examines the size and composition of the Board and the Board Committees annually to ensure an appropriate balance and diversity of skills, knowledge, experiences, age and gender and the size is conducive to effective discussion and decision making, with an appropriate number of independent Directors. The NC also takes into consideration the promotion of tripartism experience from labour, government and business, to foster constructive debate to enhance the Board's ability to discharge its duties and responsibilities effectively.

The bulk of the Group's businesses is regulated. Having considered the scope and nature of the operations of the Group and the requirements of its businesses, the NC and the Board are of the view that the current size of ten (10) Directors is appropriate.

The Group is committed to building an open, inclusive and collaborative culture and recognises the importance of all aspects of diversity in supporting the achievement of its strategic objectives, growth and sustainable development.

The Board recognises the merits of gender diversity in relation to composition of the Board and in identifying suitable candidates for new appointments to the Board would ensure that female candidates are included for consideration. As at 31 December 2020, out of ten directors on the Board three of them or 30% are females.

The Directors are individuals with leadership experiences in business, government and the labour movement and with a broad diversity of expertise and experience including accounting, finance, legal, engineering, internal security, media, regulatory and business management. Each Director provides a valuable network of industry contacts and brings in different perspectives and ideas at Board discussions.

The NC is satisfied that the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, knowledge, experience, age and gender, and core competencies required for the Board and Board Committees to discharge their responsibilities effectively and ensure that the Group continues to be able to meet the challenges and demands of the markets in which it operates. The current makeup

of the Board and Board Committees reflects our commitment to all aspects of diversity.

The individual profile of the Directors, their listed company directorships and principal commitments held currently and in the preceding five years, are found in the 'Board of Directors' and 'Directors' Particulars' sections on pages 54 to 59 and pages 104 to 107 of this Annual Report.



CORPORATE GOVERNANCE

NON-EXECUTIVE DIRECTORS' PARTICIPATION

All the NEDs have unrestricted access to the Management and are well supported by accurate, complete and timely information, including monthly and quarterly performance reports. They participate actively at Board and Board Committee Meetings to constructively challenge Management and help develop proposals on business strategy and other business and governance issues and also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

All the members of the ARC, RC, and NC are NEDs. There is no executive Director on these Board Committees.

The Chairman, who is not a member of the ARC, meets with the chairman of the ARC and External Auditors annually in the absence of Management. From time to time when required, the NEDs led by the Lead Independent Director meet without the presence of Management before or after Board Meetings. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

ROLES OF CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER (CEO)/ACTING CEO

The roles of the Chairman and the CEO/Acting CEO are kept separate and distinct to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. This is a deliberate policy agreed by the Board and one that is strictly adhered to. This ensures Management accountability and Board independence. The Chairman is responsible for the effective functioning of the Board, while the CEO/Acting CEO is responsible for the operations and management of the Group's businesses. The Chairman and the CEO/Acting CEO are not related.

The Chairman:

- (i) Leads the Board, facilitates effective contribution of all Directors, sets the agenda and promotes comprehensive, rigorous and open discussions at Board Meetings among the Directors, as well as between the Board and Management;
- (ii) Oversees the translation of the Board's decisions into executive actions;
- (iii) Ensures adequacy and timeliness of information flow between the Board and Management and effective communications with Shareholders and other Stakeholders;

- (iv) Encourages constructive relations within the Board, between the Board and Management and the Board and the CEO/Acting CEO; and

- (v) Promotes high standards of Corporate Governance and transparency.

The CEO/Acting CEO is given full executive responsibility for the management of the Group's businesses and the implementation of the Group's strategies and policies as decided by the Board and reports to the Board on a regular basis.

The Chairman and the CEO/Acting CEO represent the Board at official functions and meetings with Shareholders and other Stakeholders such as employees, regulators and customers. A detailed description of our engagements with Stakeholders can be found from pages 74 and 83 of our Sustainability Report.

Mr Yang Ban Seng has been the Executive Deputy Chairman of SBS Transit Ltd. since 15 January 2019. He has relinquished his appointment as Executive Director with effect from 1 March 2021, following the appointment of Mr Cheng Siak Kian as Chief Executive Officer on the same date. Mr Yang was re-designated as Deputy Chairman and Non-Independent and Non-Executive Director of SBS Transit Ltd on 1 March 2021.

LEAD INDEPENDENT DIRECTOR

Consistent with the Code, as the Chairman is deemed non-independent, the Board unanimously appointed Professor Lim Seh Chun as the Lead Independent Director with effect from 26 April 2019. Professor Lim is the Chairman of the NC and a member of the ARC.

PRINCIPLE 4: BOARD MEMBERSHIP

There is a formal and transparent process for the appointment and reappointment of Directors to the Board, taking into account the need for progressive renewal of the Board.

NOMINATING COMMITTEE

As at 31 December 2020, the NC comprised four (4) NEDs, of whom three including the NC chairman is independent. The NC is responsible for regularly reviewing the composition of the Board, identifying and proposing suitable candidates for appointment to the Board and ensuring succession plans are in place. The renewal of Board membership is an ongoing process to ensure good governance and to maintain relevance in a changing business environment. All decisions by the NC are made by a majority of votes of the NC members who are present and voting. The key terms of reference of the NC include the following:

- (i) Review the Board's succession plans and make recommendations to the Board on all appointments and re-appointments of Directors of the Company;
- (ii) Assess the effectiveness of the Board and Board Committees and contribution by each individual Director;
- (iii) Develop a process for performance evaluation of the Board, its Board Committees and individual Directors' performance, including comparison with industry peers; and
- (iv) Make recommendations to the Board on the review of training and professional development programmes for the Board and the Directors.

MULTIPLE BOARD REPRESENTATIONS

The NC subscribes to the view that it is important for Directors to devote sufficient time and attention to the affairs of the Group. Consistent with the guidelines in the Code, the NC and the Board have adopted the following as a proactive step in ensuring this:

- A Director who is in full-time employment should not serve as a Director on the Board of more than three listed companies; and
- A Director who is not in full-time employment should not serve as a Director on the Board of more than six listed companies.

As the number of board representations should not be the only measure of a Director's commitment and ability to contribute effectively, the NC takes the view that if a Director wishes to hold more board representations than the maximum stated in the guidelines, a request must be made to the Chairman for approval. As a policy, the Chairman himself should not hold more than six directorships in listed companies if he is not in full-time employment and not more than three directorships in listed companies if he is in full-time employment

In assessing a Director's contribution, the NC takes a holistic approach. Focussing solely on Directors' attendance at Board and Board Committee Meetings per se may not be an adequate evaluation of the contribution of the Directors. Instead, their abilities to provide valuable insights and strategic networking to enhance the businesses of the Group, availability for guidance and advice outside the scope of formal Board and Board Committee Meetings and contributions in specialised areas are also factors relevant in assessing the contributions of the Directors.

As a policy, the CEO/Acting CEO, being an executive of the Company, besides adhering to the guidelines set on the maximum number of board representations on listed companies, will also have to seek the approval of the Chairman before accepting any directorships of companies not within the Group. In considering whether or not to grant the approval, the Chairman will consider the time commitment of the CEO/Acting CEO and whether the new external directorships will provide strategic fit and networking for the businesses of the Group. The Chairman will also ensure that the CEO/Acting CEO will not accept appointments to the boards of competitors.

As at 31 December 2020, all Directors comply with the guideline on multiple board representation.

ALTERNATE DIRECTOR

Consistent with the Code, there is no alternate Director on the Board.

PROCESS FOR SELECTION, APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

As part of the Board Succession Plan, new Directors may be identified from time to time for appointment to the Board after the NC evaluates and assesses their suitability in strengthening the diversity of skills, experience, age, gender, knowledge and relevant core competencies of the Board whilst ensuring that there is a balanced tripartism experience from government, labour and business to avoid unproductive group-think and biasness.

The process for selection of new Directors is as follows:

- (i) The NC assesses the desired competencies and attributes of the Board taking into account the Group's businesses and its strategic objectives.
- (ii) The NC then assesses the competencies and attributes to include into the current representation to achieve the desired mix. This forms the basis for selection of new Directors.
- (iii) New Directors are sourced through various channels, including recommendations of Directors and Management and if required, external search consultants.
- (iv) Potential candidates are interviewed by the NC to assess suitability and commitment.
- (v) The NC makes recommendations to the Board for approval.

CORPORATE GOVERNANCE

In compliance with the Bus Service Industry Act 2015, Cap 30 and the Rapid Transit Systems Act, Cap 263A, all appointments to the Board are subject to approval of the Land Transport Authority of Singapore.

The Constitution of the Company provides that one-third of the Directors are subject to retirement and re-election by rotation at every Annual General Meeting (AGM). All Directors are required to retire from office at least once every three years. Re-election is, however, not automatic, and all Directors are assessed by the NC on their past performance and contributions before being recommended to Shareholders for re-election at the AGM. Newly appointed Directors are also subject to retirement and re-election at the AGM immediately following their appointments. Independent directors who have served or will be serving more than nine years on Board when Rule 210(5)(d)(iii) of the Listing Manual come into effect on 1 January 2022 must subject their independence to a two-tier shareholder vote.

At the forthcoming AGM, Mr Lim Jit Poh, Professor Lim Seh Chun, Mr John De Payva and Mr Lim Siang Hoe, Benny are due for re-election pursuant to Regulation 100 of the Constitution of the Company. Mr Lim Jit Poh, Mr John De Payva and Mr Lim Siang Hoe, Benny will not be seeking re-election and will retire at the conclusion of the forthcoming AGM. Professor Lim will be seeking approval on his continued appointment as an Independent Non-Executive Director as he would have been a director of the Company for an aggregate period of more than 9 years and will cease to be regarded as independent on and from 1 January 2022 pursuant to Rule 210(5)(d)(iii) of the Listing Manual if a two-tier shareholder vote has not been sought and approved prior to 1 January 2022.

KEY INFORMATION ON DIRECTORS

The profile of the Directors and key information are set out in this Annual Report from page 54 to 59. The Notice of AGM sets out the Director proposed for re-election or re-appointment at the forthcoming AGM. Key information on Directors are also available on the Company's website.

PRINCIPLE 5: BOARD PERFORMANCE

Each year, the Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC is delegated by the Board to undertake a process to assess the effectiveness of the Board in terms of overall performance and growth of the Group, achieving an adequate return for Shareholders, preventing conflicts of interest and balancing the competing demands of the Group. In evaluating the contributions and performance

of each individual Director, factors taken into consideration include attendance at AGM, Board and Board Committee Meetings and corporate activities, contributions in specialist areas and maintenance of independence. The performance criterion is determined by the NC and does not change from year to year.

In the last quarter of 2020, the NC conducted a performance evaluation of the Board, the Board Committee and the individual Directors. The performance evaluation which included key points on Board's composition, Board's contributions, contributions at Board Committees and conduct of proceedings and whether the Directors had discharged their duties effectively. The findings were then presented by the Chairman of the NC to the Board during its meeting for deliberation and discussion on possible areas for improvement to enhance overall effectiveness.

2. REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

SBS Transit recognises the importance of having a skilled and dedicated workforce to manage and grow the businesses in an increasingly competitive and challenging environment. It therefore places great emphasis on motivating staff through engagement, recognition and an alignment of rewards to performance, as well as long-term interests of the Group and Shareholders.

REMUNERATION COMMITTEE

The RC plays an important role in the Group's remuneration policies, as well as oversees the talent management and succession planning for Key Management Personnel. Besides providing the Board with an independent review and assessment of Directors' remuneration, it also reviews the remuneration framework and strategy for executive compensation, with the purpose of developing talent and building leadership bench strength to ensure the Group's continued success and enhancing shareholder value.

As at 31 December 2020, the RC comprised four (4) independent NEDs, of whom three including the RC chairman are independent. This is in accordance with the Code. The RC considers all aspects of remuneration including terms of their termination to ensure they are fair. Members of RC are independent of Management and also free from any business or other relationships, which may materially interfere with the exercise of independent judgement.

All decisions by the RC are made by a majority of votes of the RC members who are present and voting.

Any member of the RC with a conflict of interest in relation to the subject matter under consideration would abstain from voting, approving or making recommendations that would affect the decisions of the RC. The CEO/Acting CEO is not present at and does not participate in any RC discussions pertaining to his own compensation and the review of his performance. He is, however, in attendance when the compensation of Key Management Personnel is discussed. No Director is involved in deciding his or her own remuneration.

The key terms of reference of the RC include the following:

- (i) Oversee the talent management and succession planning for Key Management Personnel;
- (ii) Review and recommend to the Board the remuneration framework for compensation to each Director, and ensure that the level of remuneration offered is appropriate to the level of contribution;
- (iii) Review and approve the remuneration of Key Management Personnel that is aligned with the long-term interests of the Group to ensure that the overall remuneration package is attractive to retain and motivate Key Management Personnel; and
- (iv) Review the Group's obligations arising in the event of termination of Directors' and Key Management Personnel's services in a fair, reasonable and equitable manner, including the cessation of financial incentives that have been earned but not yet disbursed due to exceptional circumstances of misstatement or misconduct.

The RC has unrestricted access to the ComfortDelGro Group Chief Human Resource Officer, who attends all RC meetings and provides the relevant market remuneration data and practices to the Committee. The RC may also seek external independent expert advice on such matters where needed. In 2020, the Group continued to engage the services of an external consulting firm, Willis Towers Watson to conduct an Executive Compensation Benchmarking exercise for an independent review of the Compensation package of its senior executives.

PRINCIPLE 7: LEVEL OF MIX OF REMUNERATION

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedures for setting remuneration, and the relationship between remuneration, performance and value creation.

The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company, and it is appropriate to attract, retain and motivate the Directors and Key Management Personnel to successfully manage the Company for the long term.

PERFORMANCE-RELATED REMUNERATION

The Group is committed to creating and enhancing shareholder value through growth that is sustainable and profitable. The remuneration packages of the CEO/Acting CEO and Key Management Personnel comprise fixed and variable components, and is appropriate and proportionate to sustained performance and value creation of the Company. The variable component in the form of year end performance bonuses, forms a significant proportion of the remuneration packages and is dependent on the profitability of the Group and individual performance. Subject to market conditions and the operating environment, the Group targets a total compensation package with fixed to variable component ratios of 70:30 for Rank and File Employees, 60:40 for Middle Management staff and 50:50 for Senior Management staff. The Group believes that a higher proportion of performance related component would ensure greater alignment of interests of the employees with those of Shareholders and contributes to sustainable performance and value creation in the long-term.

SHORT-TERM AND LONG-TERM INCENTIVE SCHEMES

The SBS Transit Share Option Scheme expired in June 2010 and hence no option had been granted since then. Eligible SBS Transit employees shall be eligible to participate in the ComfortDelGro Executive Share Award Scheme introduced in 2019.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The structure for the payment of fees to NEDs is based on a framework comprising basic fees and additional fees for serving on Board Committees and also for undertaking additional services for the Group. The fees are subject to the approval of Shareholders at the AGM.

The CEO/Acting CEO, being an executive of the Group, does not retain any fees paid by the subsidiaries. Instead, fees due to him are paid by the subsidiaries to the Company. The CEO/Acting CEO does not receive Director's fees for his Board Directorship with the subsidiaries.

CORPORATE GOVERNANCE

The Directors' fee structure for 2020 is set out below:

BOARD	BASIC FEE (PER ANNUM)
Chairman	\$66,000
Deputy Chairman	\$49,500
Lead Independent Director	\$39,600
Member	\$33,000

BOARD COMMITTEE	ADDITIONAL FEES (PER ANNUM) AS	
	CHAIRMAN	MEMBER
Audit and Risk Committee	\$22,000	\$15,400
Nominating Committee	\$11,000	\$7,700
Remuneration Committee	\$11,000	\$7,700
Service Quality Committee	\$11,000	\$7,700
SBST Tender Committee	\$11,000	\$7,700

The attendance fees payable to Non-Executive Directors for attendance at each Board and Board Committee Meeting are as follows:

MEETINGS	ATTENDANCE FEE (PER MEETING)	
	In-person	Dial-in
Board	\$1,000	\$500
Board Committee	\$1,000	\$500

* Directors are only paid one attendance fee even if two or more meetings are held on the same day.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

REMUNERATION OF DIRECTORS AND EXECUTIVES

Chief Executives' Remuneration:

REMUNERATION	THE GROUP			
	SALARY	BONUS	OTHERS	TOTAL COMPENSATION
2020	\$	\$	\$	\$
Yang Ban Seng ¹	40,000	-	-	40,000
Cheng Siak Kian ²	288,650	188,250	61,291	538,191

Note:

- Amount constitutes Mr Yang Ban Seng's CEO's remuneration for the period from 1 January 2020 to 29 February 2020. His CEO's remuneration is paid to the Company's holding company, ComfortDelGro Corporation Limited.
- The remuneration of Mr Cheng Siak Kian for FY 2020 includes his remuneration as Chief Operating Officer (COO) for the period 1 January 2020 to 29 February 2020 and Acting CEO of the Company for the period from 1 March 2020 to 31 December 2020.

The remuneration of the Non-Executive Directors comprised entirely Directors' fees as follows:

	DIRECTORS' FEES
	2020
	\$
Lim Jit Poh	84,731
Yang Ban Seng¹	-
Lim Seh Chun	60,522
Chua Mui Hoong	51,444
John De Payva	44,383
Susan Kong Yim Pui	54,470
Lee Sok Koon	64,557
Lim Siang Hoe, Benny	51,444
Tan Kim Siew	51,444
Yu Ching Man	54,470

Notes:

- 1 Mr Yang Ban Seng was re-designated as Executive Deputy Chairman as of 15 January 2019 and stepped down as CEO as of 1 March 2020. No Directors Fees are paid to him in 2020.

The remuneration of the Key Management Personnel in the five (5) key portfolios having regard to the performance of the individuals and the Group, are as follows:

	THE GROUP			TOTAL COMPENSATION
	SALARY	BONUS	OTHERS	
REMUNERATION BAND	%	%	%	%
2020				
\$250,000 to \$499,999				
Leong Yim Sing	59.3	27.1	13.6	100
Goei Beng Guan, Alex	62.0	25.6	12.4	100
Tan Eng Kok, Ivan	59.0	27.0	14.0	100
Pang Fui Eng, Ivan	57.6	25.0	17.4	100
Yeo See Peng	65.5	25.6	8.9	100

The total remuneration paid to these five (5) Key Management Personnel holding the key portfolios (who are not Directors or the CEO/Acting CEO) amounted to \$1,809,506.

CORPORATE GOVERNANCE

REMUNERATION OF CERTAIN RELATED EMPLOYEES

During FY 2020, no employees whose remuneration exceeded \$100,000 was a substantial shareholder of the Company, or an immediate family member of a Director or the CEO/Acting CEO. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

3. ACCOUNTABILITY AND AUDIT

The Board has overall accountability to the Shareholders of the Company and ensures that the Group is managed well and guided by sustainable long-term strategic objectives. The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects. Material price sensitive and trade sensitive information, Annual Reports and other material corporate developments are disseminated in a timely and transparent manner and posted on the Company's website as well as SGXNET. The Financial Results are reported semi-annually via SGXNET with an accompanying Negative Assurance by the Board to confirm that nothing has come to its attention that may render the results false or misleading in any material aspects. The Company believes that prompt and full compliance with statutory reporting requirements is fundamental to maintaining Shareholder confidence and trust.

The Group has formalised a Policy on Securities – Restrictions Against Dealings to provide guidance to Directors and Executives of the Group in relation to dealings in the securities of the Company, ComfortDelGro Corporation Limited (**ComfortDelGro**) and VICOM Ltd (**VICOM**). Directors and Executives of the Group are prohibited from dealing in the securities of the Company, ComfortDelGro and VICOM during the period commencing one month before the announcements of the Company's, ComfortDelGro and VICOM's semi-annual results, and the full-year results and ending on the date of the announcement of the relevant results. All Directors and Executives are notified of the trading blackout periods before the start of the financial year and are given reminders prior to each trading blackout period.

All Directors and Executives of the Group are also told that they must not deal in (i) the securities of the Company, ComfortDelGro and VICOM on short-term consideration and/or while in possession of unpublished material price-sensitive information relating to the relevant securities; and (ii) the securities of other listed companies while in possession of unpublished material price-sensitive information relating to those securities. Executives are required to notify the Company upon disposal of shares arising from the exercise of options under the Employees' Share Option Scheme which expired on 8 June 2010.

The Group has put in place a Standard Operating Procedure (**SOP**) on compilation of information on privy persons who have access to material information of transactions that have yet to be disclosed to the public. The SOP prescribes that the person-in-charge of such transactions must remind all privy persons to keep all material information strictly confidential.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its Shareholders.

Risk management is an important and integral part of SBS Transit's strategic planning and decision-making process. Key risks are identified and presented to the ARC and Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional level, with stewardship retained at Senior Management. Plans that are necessary to manage and mitigate the risks are in place and closely monitored. The adequacy of the risk governance, risk policy and internal controls in place is also assessed as part of the process. A detailed description of the Group's approach to internal controls and risk management can be found from pages 108 to 111 of this Annual Report.

As part of the risk management process, all businesses are required to refresh their risk inventories, conduct risk prioritisation exercises, identify key and emerging risks, and develop the requisite risk controls and risk treatment action plans. The identified risks, their indicators and action plans are to be continually reviewed and reported. In 2020, the Group continued with its engagement of the external consultant to strengthen its risk management framework.

The Internal and External Auditors conduct reviews in accordance with their audit plans. Any material non-compliance and recommendations for improvements on the internal controls are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by Management on the recommendations made by the Internal and External Auditors. The recommendations are followed up as part of the Group's continuous review of the system of internal controls.

For FY 2020, the Board has received assurance from the Acting CEO and Chief Financial Officer (**CFO**) that (i) the financial records have been properly maintained and the financial statements are prepared in compliance with the Singapore Financial Reporting Standards (International) and are correct in all

material aspects and give a true and fair view of the operations and finances of the Group; and (ii) the Group's internal controls system (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective.

Key risks, mitigating controls and business continuity plans in place are reviewed annually by the ARC and the Board. Based on these reviews, the Board is of the view, with the concurrence of the ARC, that the systems of risks management and internal controls in place for the Group are adequate and effective to address its financial, operational, compliance and technology risks and to provide reasonable assurance against material financial misstatements or loss.

PRINCIPLE 10: AUDIT AND RISK COMMITTEE

As at 31 December 2020, the ARC comprises five (5) independent NEDs. None of the ARC members are previous partners or directors of the External Auditors within the previous 24 months and none of the ARC members hold any financial interest in the External Auditors. The Chairman and Members of the ARC are rotated periodically. The Board has reviewed and is satisfied that the members of the ARC are appropriately qualified to discharge their responsibilities.

The ARC members who collectively bring with them recent and relevant managerial and professional expertise in accounting and related financial management domains, are as follows:

(i) Ms Lee Sok Koon, Chairman of the ARC, is an Independent Non-Executive Director of SBS Transit Ltd. She is also a member of both the Service Quality Committee and the SBST Tender Committee of the Company. She is also an Independent Non-Executive Director of Japan Foods Holding Ltd, a public listed company on the Singapore Exchange and an honorary member of the School's Fundraising Committee of Singapore Arts School Ltd, Singapore's first pre-tertiary specialised arts school. Ms Lee is also an independent Director of NUS America Foundation, Inc., a tax exempt public charity in the United States of America. Ms Lee was the Director of Operations in the Development Office of the National University of Singapore from May 2012 to August 2017. Prior to this appointment, Ms Lee was the Finance Director of Lum Chang Holdings Ltd and L.C. Development Ltd (now known as AF Global Limited), public companies which are listed on the Singapore Exchange Ltd. She was responsible for the finance and corporate affairs of the two listed companies covering all financial matters, corporate governance, tax, legal,

corporate communications and internal audit for more than 20 years. Ms Lee holds a Bachelor of Accountancy (Hons) from the then University of Singapore in 1975. She is a Member of the Institute of Singapore Chartered Accountants and a member of the Institute of Directors in Singapore.

(ii) Ms Chua Mui Hoong is an Independent Non-Executive Director of SBS Transit Ltd. She is also a member of the Service Quality Committee of the Company. She is a former board member of the Agri-Food and Veterinary Authority, where she was a member of the Audit and Risk Committee. Ms Chua holds a Bachelor of Arts (Honours) in English literature from Cambridge University and a Master in Public Administration from the Harvard Kennedy School.

(iii) Professor Lim Seh Chun is the Lead Independent and Non-Executive Director of SBS Transit Ltd. He is also the Chairman of the Nominating Committee of the Company. Professor Lim is the Associate Provost for Student Affairs at the Singapore University of Technology and Design. He holds a Bachelor of Arts (Hons) in Engineering Science from Oxford University, Master of Arts from Oxford University, Master of Engineering from National University of Singapore and Doctor of Philosophy from Cambridge University. He is a Fellow of the Institution of Engineers, Singapore, the Institution of Mechanical Engineers, UK and the Institute of Materials, Minerals and Mining, UK. He is a registered Professional Engineer in Singapore and a Chartered Engineer in the UK. He was awarded the Public Administration Medal (Silver) in 2005 and the Long Service Medal in 2006 by the President of the Republic of Singapore. Professor Lim was a Director of the Singapore Symphonia Company Limited until October 2017. He is presently Chairman, Singapore School of Science and Technology Board of Directors.

(iv) Mr Lim Siang Hoe Benny is an Independent Non-Executive Director of SBS Transit Ltd. He is also a member of the Nominating Committee of the Company. Mr Lim is the Chairman of Temasek Foundation Connects CLG Limited as well as the Chairman of Temasek Foundation CLG Limited. He is also an Independent Director of Tridex Pte Ltd. Mr Lim was awarded the Public Administration Medal (Gold) in 2002 and the Meritorious Service Medal in 2010 by the President of the Republic of Singapore. Mr Lim holds a Bachelor of Arts (Hons) in English from the National University of Singapore and a Master of Science with Distinction in Political Sociology from the London School of Economics and Political Science.

CORPORATE GOVERNANCE

(v) Dr Tan Kim Siew is an Independent Non-Executive Director of SBS Transit Ltd. He is also a member of the Service Quality Committee of the Company. He is also an Independent Non-Executive Director of VICOM Ltd. Dr Tan is presently a Senior Consultant in the Ministry of Finance and Chairman of the Governing Board for the Mechanobiology Institute, National University of Singapore. Dr Tan was awarded the Public Administration Medal (Silver) (Military) in 1990, the Public Administration Medal (Silver) in 1996, the Public Administration Medal (Gold) in 2001 and the Long Service Medal in 2003 by the President of the Republic of Singapore. Dr Tan holds a Bachelor of Arts (Honours) (Engineering Tripos) with Distinction in Electronics Engineering and Doctor of Philosophy (Engineering) from the University of Cambridge.

The details of the ARC members' credentials are found in pages 55 to 58 of this Annual Report.

Members of the ARC keep abreast of relevant changes to accounting standards and issues through attendance at relevant seminars/talks, articles and news circulated by the Company Secretaries and regular updates by the External Auditors at ARC Meetings.

The terms of reference of the ARC are aligned with the provisions of Section 201B(5) of the Companies Act, Cap. 50 and include the following:

- (i) Risk identification and reviewing the adequacy and effectiveness of financial, operational, compliance and information technology controls and risk management systems to ensure effectiveness in the management of risks and compliance with internal policies and external regulations;
- (ii) Review the effectiveness, adequacy and independence of the Group's external audit and internal audit function;
- (iii) Review the semi-annual and annual financial statements and also significant accounting and reporting issues and their impact on financial statements so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance and recommend to the Board the acceptance of such financial statements;
- (iv) Review the scope and results of the audits undertaken by the Internal and External Auditors, including non-audit services performed by the External Auditors to ensure that there is a balance between maintenance of objectivity and cost effectiveness;
- (v) Review Interested Person Transactions;

- (vi) Recommend the appointment, re-appointment or removal of the External Auditors at the AGM and review the fees due to them;
- (vii) Review and approve the annual audit plans of the External Auditors;
- (viii) Review and approve the Internal Auditor's annual and three-year rolling work plans; and
- (ix) Review the effectiveness of the Group's Whistle Blowing Policy. The Whistle Blowing Policy is described on page 111 of this Annual Report.

AUDIT AND RISK COMMITTEE'S ACTIVITIES

The ARC scheduled four (4) meetings during the financial year under review but due to COVID-19 only three (3) meetings took place. The Executive Deputy Chairman, Acting CEO, CFO, ComfortDelGro Group Chief Internal Audit Officer (GCIAO) and the External Auditors were present at these meetings. The ARC reviewed and considered the following:

- (i) Overall scope of both internal and external audits and results of their respective audits;
- (ii) Significant internal and external audit observations and Management's responses;
- (iii) Half yearly and full year results announcements and the financial statements and recommendation to the Board;
- (iv) Adoption of the Singapore Financial Reporting Standards (International);
- (v) Interested Person Transactions;
- (vi) Corporate Service Charges;
- (vii) Risk Management and adequacy and effectiveness of internal controls;
- (viii) Independence of the External Auditors;
- (ix) Re-appointment of External Auditors and its remuneration and recommendation to the Board; and
- (x) Significant matters (if any) raised through the whistle-blowing channel.

In the performance of its duties, the ARC has explicit authority to investigate the affairs falling within its terms of reference, with full access to and cooperation from Management, discretion to invite any Director or executive officer to attend its meetings and reasonable resources to enable it to discharge its duties properly.

The ARC meets with the Internal and External Auditors annually in the absence of Management. During these meetings, the Auditors may raise issues encountered in the course of their work directly to the ARC.

SIGNIFICANT FINANCIAL REPORTING MATTERS

In the review of the financial statements of the Group, the ARC considered the following key audit matters:

SIGNIFICANT MATTERS	REVIEW OF SIGNIFICANT MATTERS BY THE ARC
Valuation and completeness of provision for accident claims	The ARC considered the approach and methodology applied to the valuation and completeness of provision for settlement of accident claims. Following the review and discussions with Management and the External Auditors, the ARC is satisfied with the estimates used in determining the probability and amounts of expected settlement claims.
Provision for Rail contract	The ARC considered the approach and methodology applied to assess that no provision for rail contract is required. Following the review and discussions with Management and the External Auditors, the ARC is satisfied with the significant judgement used in determining that no provision is required.

Following the review and discussions on the above, the ARC recommended to the Board to approve the financial statements of the Group for the financial year ended 31 December 2020.

REVIEW OF INDEPENDENCE OF EXTERNAL AUDITORS

Prior to the re-appointment of the External Auditors, the ARC assesses their independence based on the guidelines set by the Accounting and Corporate Regulatory Authority and the Accountants Act. Having satisfied itself that the independence of the External Auditors, Deloitte & Touche LLP, is not impaired by their provision of non-audit services to the Group and that Rules 712, 715 and 716 of the SGX-ST Listing Manual have been complied with, the ARC has recommended to the Board that Deloitte & Touche LLP be nominated for reappointment as the Company's External Auditors at the next AGM.

As a further safeguard of Deloitte & Touche LLP's independence, the partner in-charge of auditing the Company is changed every five years.

INTERNAL AUDIT

The internal audit function of the Group is performed by ComfortDelGro's group internal audit division comprising of suitably qualified and experienced Internal Audit staff including the Group Chief Internal Audit Officer (**GCIAO**). The ComfortDelGro Group Internal Audit staff have professional qualifications and are either members of the Institute of Singapore Chartered Accountants, the Information Systems Audit and the Control Association or Institute of Internal Auditors. The GCIAO reports functionally to the Chairman of the ARC and administratively to the Managing Director/Group CEO of ComfortDelGro Corporation Ltd. The ComfortDelGro Group ARC participates in the hiring, removal and evaluation of the GCIAO and reviews his compensation with the

Managing Director/Group CEO of ComfortDelGro Corporation Ltd.

The ComfortDelGro Group Internal Audit Division adopts a risk-based approach in its continuous audit work with focus on material internal control systems including financial, operational, information technology and compliance controls. It provides an independent and objective evaluation of the internal control systems and Corporate Governance processes of the Group. The annual and three year rolling audit plans are developed by the GCIAO in consultation with, but independent of, Management and are subject to the ARC's approval before the start of each financial year. Quarterly internal audit reports are also prepared and submitted to the ARC. Any material non-compliance or lapses in internal controls are reported to the ARC and the CEO/ Acting CEO for improvements to be made. The ARC conducts review of the adequacy, effectiveness, independence, scope and results of the internal audit function. The ARC has full access to the GCIAO, and meets with the GCIAO at least once a year in the absence of Management. The Group Internal Audit Division is given unfettered access to all the Group's documents, records, properties and personnel, including access to the ARC and has appropriate standing within the Group.

The activities and organisational structure of the ComfortDelGro Group Internal Audit Division are monitored and reviewed by the ARC periodically to ensure that it has the necessary resources to adequately perform its functions and that there are no unjustified restrictions and limitations placed on the performance of its duties. The ComfortDelGro Group Internal Audit Division has adopted the International Standards for the Professional Practice of Internal Auditing laid down in the International

CORPORATE GOVERNANCE

Professional Practices Framework issued by the Institute of Internal Auditors (IIA Standards). The ComfortDelGro Group Internal Audit Division successfully completed its external Quality Assurance Review in 2018 by PricewaterhouseCoopers LLP and continues to meet or exceed the IIA Standards in all key aspects. The next Quality Assurance Review is scheduled for 2023.

The ARC finds the ComfortDelGro Group Internal Audit Division independent, effective and adequately resourced.

4. SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

DISCLOSURE OF INFORMATION TO SHAREHOLDERS

The Company notifies Shareholders in advance of the dates of release of its Financial Results through the Company's website as well as SGXNET. Communications with Shareholders is conducted through announcements to the SGXNET, media and analyst briefings after the announcement of the Financial Results together with its presentation materials, as well as the posting of announcements and press releases on the Company's website. The Group has formalised a Policy on Securities – Drafting and Releasing SGX Announcements to provide guidance on preparation of SGX announcements.

Shareholders may send in their requests or queries through the feedback channel provided on the website. The ComfortDelGro Group's Investor Relations (IR) team is accessible throughout the year to address Shareholders' queries. The contact details of the ComfortDelGro Group Chief Investor Relations Officer (**GCIRO**) can be found on the website.

Beyond complying with the requirements of the Code, the SGX-ST Listing Manual and the Companies Act, Cap. 50, the Company has also taken various additional measures to enhance Corporate Governance and improve transparency, including:

- (i) The Notice of AGM is released publicly at least 28 days before the AGM is held; and
- (ii) The Annual Report is available to all Shareholders at the Company's website at least 28 days before the AGM to ensure that all Shareholders have adequate time to review the Annual Report before the AGM. The electronic documentation demonstrates the Group's commitment towards Green and sustainable efforts. Upon request, hard copies are provided to Shareholders.

CONDUCT OF SHAREHOLDER MEETING

The Company encourages and supports shareholder participation at general meetings, and views the AGM as a good opportunity for Shareholders to meet the Board and Senior Management. The top criterion for selecting the AGM venue is an easy to reach location within Singapore accessible by public transport. Shareholders are informed of Shareholders' Meetings through notices published in the newspapers and circulars sent to all Shareholders. All registered Shareholders are invited to attend and participate actively in the AGM and are given the opportunity to seek clarification or question the Group's strategic direction, business, operations, performance and proposed Resolutions.

All Directors including the Chairman, CEO/Acting CEO and the Chairpersons of the various Board Committees together with Senior Management and the Company Secretaries are present to address any question or feedback raised by the Shareholders at the AGM and thereafter, including those pertaining to the proposed Resolutions before they are voted on. The External Auditors are also present to address Shareholders' queries about the conduct of audit and the preparation and contents of the Auditor's Report.

The Constitution of the Company provides for voting in-person and by proxy at the AGM of the Company. Each Shareholder is allowed to appoint up to two proxies to vote on his behalf at Shareholders' Meetings through proxy forms sent in advance. Relevant intermediaries such as the Central Provident Fund and custodian banks are entitled to appoint more than two proxies to attend, speak and vote at Shareholders' Meetings. Shareholders who hold shares through these relevant intermediaries will be allowed to attend, speak and vote at the AGM subject to being appointed a proxy by their respective relevant intermediaries.

Each issue or matter requiring Shareholders' approval is tabled as a separate and distinct Resolution. All the Resolutions at the Shareholders' Meetings are single item Resolutions. The Company will consider implementing absentia voting methods such as voting via mail, e-mail or fax when security, integrity and other pertinent issues are satisfactorily resolved.

The Company prepares Minutes of General Meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board and Management. The Minutes are available to Shareholders on the Company's website and SGXNET within one month after the date of the AGM.

The Company has adopted electronic poll voting for General Meetings since 2013 to ensure greater transparency and efficiency in the voting process and results. Shareholders are invited to vote on each of the Resolutions by poll, using an electronic voting system. The results of all votes cast for or against each Resolution or abstentions if any and the respective percentages (Voting Results) and the names of the independent scrutineers for the AGM are presented during the AGM and are announced via the SGXNET after the AGM. Voting by poll is the most accurate means of tabulating Shareholders' votes according to the number of shares owned. We believe that this will encourage greater Shareholders' participation at the Company's General Meetings and demonstrates SBS Transit's commitment to high standards of Corporate Governance and transparency.

The Company's AGM for the Financial Year ended 2019 was held by way of audio-visual electronic means as a result of the COVID-19 Circuit Breaker measures. On 23 September 2020, the Ministry of Health declared that companies could resume physical general meetings, for up to 50 persons at permitted premises with strict adherence to safe management measures. As such, the Board decided that the FY 2020 AGM will be held both physically and by way of audio-visual electronic means. To minimise physical interaction and COVID-19 transmission risk, the number of shareholders allowed to attend the AGM in-person will be below 50, based on the prevailing national guidelines and regulations. Shareholders who are not able to attend the AGM in-person or those who prefer to attend the live webcast may do so by audio or audio-visual means. Shareholders are required to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM. Please refer to the notice of the FY 2020 AGM for more information.

DIVIDEND POLICY

The Company's dividend policy is to pay out at least 50% of profit attributable to Shareholders of the Company. The dividend policy takes into account the long-term objective of maximising shareholder value, availability of cash and retained earnings, projected Capital Expenditure and growth opportunities. The Company declares dividend semi-annually and informs its Shareholders of the dividend payments via announcements in the SGXNET. Dividends are paid to Shareholders in an equitable and timely manner.

No interim dividend was declared for 1H FY 2020 in order to conserve cash during COVID-19 uncertainties. However, the Board has proposed a tax-exempt final dividend of 6.30 cents per ordinary

share for the FY 2020 at the forthcoming AGM of the Company.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

REGULAR, EFFECTIVE AND FAIR COMMUNICATIONS WITH SHAREHOLDERS

It is our policy to disseminate accurate and pertinent information to the market in a timely and transparent manner as part of good Corporate Governance. We have put in place an IR programme to promote regular, effective and fair communications with Shareholders and the investment community. The dedicated ComfortDelGro IR team works with Senior Management to proactively carry out this engagement programme.

Communications with the SGX-ST is handled by the Company Secretaries, while communications with Shareholders, analysts and fund managers is handled by the GCIRO. Specific guidelines have been laid down for compliance in respect of all public communications. The Company does not practise selective disclosure in the communication of material information.

In addition, the Company has put in place operational procedures to respond promptly to queries from the SGX-ST on any unusual trading activities in its securities and to clear all announcements to the SGXNET with the Board.

5. MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Company recognises the importance of engaging and balancing the needs and interests of material stakeholders as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company has arrangements in place to enable it to engage stakeholders so as to better understand and take action to address their needs and interests. The basis for and methods of engagement with the stakeholders, along with the key areas of focus for each stakeholder group, can be found on pages 74 to 83 of the Sustainability Report. Our Sustainability Report highlights the economic, environmental and social aspects of our developments and operations in accordance with the Global Reporting Initiative Guidelines (G4 Core) and is issued ahead of the requirement under the SGX-ST Listing Manual.

The Company maintains a current corporate website to communicate and engage with stakeholders.

CORPORATE GOVERNANCE

ADDITIONAL MEASURES TO ENHANCE CORPORATE GOVERNANCE

The Company has also undertaken various additional measures to enhance Corporate Governance as follows:

CORPORATE GIFTS/ENTERTAINMENT POLICY

Whilst business gifts and entertainment are courtesies that build goodwill and sound working relationships among Business Partners, the Group does not tolerate the improper use of gifts or entertainment to gain any special advantage in a business relationship.

The Group discourages the receipt of gifts or acceptance of entertainment, loans or other favours as these may compromise an employee's ability to make objective, independent and fair business decisions. Offering excessive gifts in whatever form or entertainment to others can also be opened to misinterpretation.

Employees are therefore not permitted to offer or accept any gifts or entertainment without first seeking their supervisor's authorisation. Employees who receive gifts directly or indirectly in relation to their employment with the Group are expected to notify their supervisors and declare such gifts to the Group Human Resource Department. All gifts declared are processed through structured corporate procedures to ensure proper accountability.

Business gifts presented and entertainment on the Group's behalf are consistent with generally Corporate Governance accepted business practices and ethical standards and do not violate any applicable laws, regulations or policies of any country we operate in or company in which we have dealings with.

ANTI-CORRUPTION POLICY

The Group complies with all the laws of the jurisdictions in which it operates and conducts businesses in an open, transparent manner, and prohibits employees from directly or indirectly offering, promising to pay, or authorising the payment of money or anything of value for the purpose of gaining perceived personal advantage for the Group. All employees are responsible for following the Group's procedures, including audit controls, for carrying out and reporting business transactions.

BLOCK LEAVE POLICY

As a further risk mitigation measure and to enhance governance, the Group has a Block Leave Policy in place which applies to Employees holding key functions. This arrangement allows covering officers to fully step into the duties of the Employees on leave as an additional check and balance against any breaches.

HEALTH AND SAFETY POLICY

Given the nature of the Group's businesses, the health and safety of the employees and customers are of paramount importance. We comply with statutory requirements and regulations and procedures are put in place to guide proper safe work practices for the well-being of all employees and customers. Employees are sent for training to equip them with the required competencies.

Employees are to observe safety rules and carry out safe work practices that apply to their jobs to ensure a safe work environment for everyone.

INFORMATION PROTECTION POLICY

The Group has also implemented an Information Protection Policy to ensure that all documents and data information of the Group are properly safeguarded.

Information is classified into secret, confidential, restricted and unrestricted use based on its nature, contents and implications. Processes and systems used to store, process or communicate the information provide protection from unauthorised disclosure and use.

DATA PROTECTION POLICY

The Group has implemented data protection policies and practices to ensure compliance with the obligations under the Personal Data Protection Act and Do Not Call provisions that came into force in 2014.

CYBER SECURITY POLICY

The Group has adopted the international information Security Standard ISO 27000 in assessing and formulating the Company's cyber security framework. The Group regularly reviews its cyber security measures to ensure effective protection of our information technology systems and databases. We have implemented multi-layered defence, including firewalls, intrusion prevention system, network access control, server hardening, data encryption and employee security training. We keep abreast of the evolving threats and the latest techniques, and actively collaborate with cyber security authorities and regulators to develop appropriate countermeasures.

We will continue to strengthen our capabilities in light of the way cyber security risks will evolve with the digital age. As and when necessary, we will take appropriate risk management decisions and implement security controls to secure our information infrastructure systems and databases.

SUPPLIER ETHICS POLICY

The Group procures a wide range of goods and services from various businesses, companies, persons and entities and requires its suppliers to be in full compliance with all applicable laws and regulations and practice fair competition in accordance with local anti-trust and competition regulations. Suppliers must conduct their businesses with integrity, transparency and honesty and the Group does not condone any corrupt and fraudulent practice.

Suppliers must have in place health and safety policies for its employees and be committed to good environmental, social and governance practices. Suppliers must not trade in the securities of the Group while in possession of confidential non-public information.

CREDITORS' PAYMENT POLICY

The Group values its suppliers and is committed to safeguarding creditors' rights and acknowledges the importance of paying invoices, especially those of small businesses, in a timely manner. It is the Group's practice to agree terms with suppliers when entering into contracts. We negotiate with suppliers on an individual basis and meet our obligations accordingly.

INTERESTED PERSON TRANSACTIONS

LISTING MANUAL – RULE 907

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
ComfortDelGro	ComfortDelGro is the majority shareholder of the Company	11,128,000	Nil
VICOM Ltd	VICOM is an associate of the Company	1,532,000	Nil

The aggregate value of the above transactions does not include the aggregate value of \$2.9 million from the renewal of Licence Agreement disclosed in the Introductory Document of the Company dated 3 December 1997. These transactions relate to leasing charges paid to ComfortDelGro for use of the premises. There is no Shareholders' mandate for Interested Person Transactions pursuant to Rule 920 of the Listing Manual.

DIRECTORS' PARTICULARS

NAME	AGE	PRESENT DIRECTORSHIPS / CHAIRMANSHIPS (AS AT 31 DECEMBER 2020)	PAST DIRECTORSHIPS / CHAIRMANSHIPS HELD OVER THE PRECEDING FIVE YEARS (FROM 1 JANUARY 2016 TO 31 DECEMBER 2020)	PRESENT PRINCIPAL COMMITMENTS	PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS
LIM JIT POH Chairman (Non-Independent Non-Executive Director)	81	<p>Principal Directorships in the ComfortDelGro Group</p> <ul style="list-style-type: none"> • ComfortDelGro Corporation Limited* • Beijing Jin Jian Taxi Services Co., Ltd • Comfort Transportation Pte Ltd • CityCab Pte Ltd • ComfortDelGro Engineering Pte Ltd • CityFleet Networks Limited • ComfortDelGro Corporation Australia Pty Ltd • Guangzhou Xin Tian Wei Transportation Development Co., Ltd • Metroline Limited • Swan Taxis Pty Ltd <p>Principal Directorships in the VICOM Group</p> <ul style="list-style-type: none"> • VICOM Ltd* • Setsco Services Pte Ltd <p>Other Companies</p> <ul style="list-style-type: none"> • Family Leisure Pte Ltd • NCI Golf Pte Ltd • Pasir Ris Resort Pte Ltd • Orchid Leisure Enterprises (Pte) Ltd • Surbana Property Investment Pte Ltd • CapitalLand Township Development Fund Pte Ltd • CapitalLand Township Development Fund II Pte Ltd 	<ul style="list-style-type: none"> • Ascott Residence Trust Management Ltd* 	Nil	Nil

* Listed Company

NAME	AGE	PRESENT DIRECTORSHIPS / CHAIRMANSHIPS (AS AT 31 DECEMBER 2020)	PAST DIRECTORSHIPS / CHAIRMANSHIPS HELD OVER THE PRECEDING FIVE YEARS (FROM 1 JANUARY 2016 TO 31 DECEMBER 2020)	PRESENT PRINCIPAL COMMITMENTS	PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS
<p>YANG BAN SENG Deputy Chairman (Non-Independent Non-Executive Director from 1 March 2021)</p> <p>(Non-Independent Executive Director from 15 January 2019 - 28 February 2021)</p>	64	<p>Directorship in the SBS Transit Group</p> <ul style="list-style-type: none"> SBS Transit DTL Pte Ltd <p>Principal Directorships in the ComfortDelGro Group</p> <ul style="list-style-type: none"> ComfortDelGro Corporation Limited* Beijing Jin Jian Taxi Services Co., Ltd Comfort Transportation Pte Ltd CityCab Pte Ltd ComfortDelGro Engineering Pte Ltd CityFleet Networks Limited ComfortDelGro Corporation Australia Pty Ltd Guangzhou Xin Tian Wei Transportation Development Co., Ltd Metroline Limited Swan Taxis Pty Ltd <p>Principal Directorships in the VICOM Group</p> <ul style="list-style-type: none"> VICOM Ltd* Setesco Services Pte Ltd JIC Inspection Services Pte Ltd 	Nil	<ul style="list-style-type: none"> ComfortDelGro Corporation Limited* (Managing Director & Group Chief Executive Officer) 	<ul style="list-style-type: none"> SBS Transit Ltd* (Executive Deputy Chairman)
<p>LIM SEH CHUN (Lead Independent Non-Executive Director)</p>	66	Nil	Singapore Symphony Group	<ul style="list-style-type: none"> Singapore University of Technology and Design (SUTD) (Associate Provost for Student Affairs) Singapore School of Science and Technology (Chairman) 	
<p>CHUA MUI HOONG (Independent Non-Executive Director)</p>	52	Nil	<ul style="list-style-type: none"> Straits Times Press Pte Ltd Agri-Food and Veterinary Authority 	<ul style="list-style-type: none"> Singapore Press Holdings Ltd* (Opinion Editor of the Straits Times) 	Nil

* Listed Company

DIRECTORS' PARTICULARS

NAME	AGE	PRESENT DIRECTORSHIPS / CHAIRMANSHIPS (AS AT 31 DECEMBER 2020)	PAST DIRECTORSHIPS / CHAIRMANSHIPS HELD OVER THE PRECEDING FIVE YEARS (FROM 1 JANUARY 2016 TO 31 DECEMBER 2020)	PRESENT PRINCIPAL COMMITMENTS	PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS
JOHN DE PAYVA (Independent Non-Executive Director)	71	Other Company <ul style="list-style-type: none"> Orchid Leisure Enterprises (Pte) Ltd 	Nil	<ul style="list-style-type: none"> National Trades Union Congress (NTUC) (President Emeritus & Trustee) Singapore Manual and Mercantile Workers' Union (Executive Director and Secretary – General Emeritus) UNI – Professional and Managerial (Asia Pacific Regional Officer – Chairman) Union Network International (UNI) (Board Member, Nyon, Switzerland) DBS - Staff Union (Trustee) National Transport Workers' Union (Trustee) NTUC International Relations (Advisor) Education Services Union (Advisor) 	<ul style="list-style-type: none"> Pasir Ris Resort Pte Ltd (Director) ITUC – Asia Pacific (Vice-President) International Trade Union Confederation (ITUC) General Council (Vice President, Brussels Office) ITUC – Asia Pacific (Executive Bureau – Chairman) Ong Teng Cheong Institute of Labour Studies (Member of Board of Governors)
SUSAN KONG YIM PUI (Independent Non-Executive Director)	60	Other Companies <ul style="list-style-type: none"> HealthServe Limited Singapore Tyler Print Institute Q.E.D. Law Corporation 	Nil	<ul style="list-style-type: none"> Q.E.D. Law Corporation (Partner) 	Nil
LEE SOK KOON (Independent Non-Executive Director)	67	Other Companies <ul style="list-style-type: none"> Japan Foods Holding Ltd* NUS America Foundation, Inc. 	<ul style="list-style-type: none"> Invictus Group Pte Ltd Singapore Arts School Ltd 	Nil	<ul style="list-style-type: none"> National University of Singapore (Director of Operations in the Development Office)

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NAME	AGE	PRESENT DIRECTORSHIPS / CHAIRMANSHIPS (AS AT 31 DECEMBER 2020)	PAST DIRECTORSHIPS / CHAIRMANSHIPS HELD OVER THE PRECEDING FIVE YEARS (FROM 1 JANUARY 2016 TO 31 DECEMBER 2020)	PRESENT PRINCIPAL COMMITMENTS	PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS
LIM SIANG HOE, BENNY (Independent Non-Executive Director)	64	Other Companies <ul style="list-style-type: none"> • Temasek Foundation Connects CLG Limited • Tridex Ptd Ltd • Temasek Foundation CLG Limited • TF IPC Ltd* 	<ul style="list-style-type: none"> • Rysense Ltd • Raffles Health Insurance Pte Ltd 	<ul style="list-style-type: none"> • National Parks Board (Chairman) • National Library Board (Member of the National Records Advisory Committee) • Ministry of National Development (Special Advisor to the Centre for Liveable Cities) • Nanyang Technology University (Special Advisor for the National Security Studies Programme of the S. Rajaratnam School of International Studies) 	<ul style="list-style-type: none"> • Permanent Secretary of Prime Minister's Office • Permanent Secretary of National Security and Intelligence Coordination • Permanent Secretary of Ministry of National Development
TAN KIM SIEW (Independent Non-Executive Director)	67	Directorship in the VICOM Group <ul style="list-style-type: none"> • VICOM Ltd* 	Nil	Nil	Nil
YU CHING MAN (Independent Non-Executive Director)	55	Nil	Nil	<ul style="list-style-type: none"> • Hong Kong Polytechnic University (Professor, Interdisciplinary Division in Aeronautical and Aviation Engineering) 	<ul style="list-style-type: none"> • Singapore Institute of Technology (Professor and Programme Director in Sustainable Infrastructure Engineering (Land Transport) and Sustainable Infrastructure Engineering (Building Services))

* Listed Company

RISK MANAGEMENT

SBS Transit's Risk Management Framework provides a systematic process for the Businesses to identify and review the nature and complexity of the risks involved in their business operations and to prioritise resources to manage them. The Company is committed to enhancing shareholder value through growth that is sustainable and profitable, while taking measured and well-considered risks.

The Company's approach to risk management is underpinned by several key principles:

- The risk management process is a continuous and iterative one, as the Company's businesses and operating environments are dynamic. Risk identification, assessment and risk management practices are reviewed and updated regularly to manage risks proactively.
- We promote and inculcate risk awareness among all our employees by embedding risk management processes into day-to-day business operations and setting an appropriate tone at the top. Regular exercises, continuous education and training, as well as communications through various forums on risk management are carried out to sustain a risk-informed and risk-aware culture in the Company.
- Ownership of and accountability for the risk management process is clearly defined and assigned to the risk owners. Managers at each level have intimate knowledge of their businesses and take ownership of risk management, with stewardship retained at Senior Management.

In 2020, the COVID-19 pandemic has upended economies, businesses and livelihoods. For the public transport industry, safe commute has emerged as the top priority as the Government sought to contain the spread of infection, and assure the health and safety of commuters and staff.

The key efforts of 2020 were thus focussed in ensuring a safe workplace for our people, and a safe commute for our customers. As an essential public transport operator, the Company had to continue operations even at the peak of the pandemic, but with safe management measures enforced. Amidst the disruption resulting from the COVID-19 pandemic, the Company also refreshed our risk management policies and processes, and reviewed the risk registers. This enables us to assess and better manage our business and operational risks, and explore opportunities in the uncertain and volatile environment.

The SBS Transit Risk Steering Committee (RSC) at the Company level works closely with all Businesses to ensure that risk management is taken seriously, and that the Risk Management Framework is diligently implemented across the Company. The Chief Executive Officer chairs the RSC, and members are drawn from major Businesses /Departments Heads. Key risks for the Company are identified and presented to the Audit and Risk Committee and the Board annually. The key risks faced by the Company, the relevant mitigating factors and how they are managed are set out in the paragraphs below.

FINANCIAL RISKS

The Company has established internal control systems to safeguard its assets and regularly reviews the effectiveness of these controls to improve and fortify financial discipline. All policies and procedures on financial matters, including approval limits and authority, are clearly defined in the Company's Financial Procedures Manual.

FINANCIAL AUTHORITY LIMITS

Comprehensive and specific financial authority limits are put in place for capital expenditure, operating expenses, treasury matters, bus/rail tenders, and disposal and write-off of assets. These authority limits are delegated based on the organisational hierarchy from the Board down to the Chief Executive Officer and the Heads of Business/Departments, with the Board retaining the ultimate authority. Any expenditure exceeding the highest authority limit is referred to the Board for approval. To ensure that the Company's assets continue to be managed prudently, the Board periodically reviews the mandate that it delegates to Management.

BUDGETARY CONTROL

A robust and comprehensive Annual Budget is prepared and approved by the Board prior to the commencement of each financial year. Material variations between actual and budgeted performance are reviewed on a monthly basis. The capital expenditure budget is approved in-principle by the Board as part of the Annual Budget. Each capital expenditure is subjected to rigorous justification and review before it is incurred in accordance with the Company's financial authority limits. Specific approvals must be sought for unbudgeted expenditures. Tight control on manpower is exercised through the headcount budget.

ECONOMIC CYCLE

Changes in economic conditions may impact the businesses in terms of customer demand and the cost of providing the services. We manage these risks by continuously scanning and monitoring political and economic issues. We also monitor demand trends, cost structures and operating margins closely. Expenses are managed in the light of revenue patterns and changing market conditions. Where possible, revenue risks are mitigated by diversifying revenue streams to non-fare sources. A detailed description of the financial risks and how the Company manages them are set out in the Notes to the Financial Statements on pages 129 to 172.

OPERATIONAL RISKS

Operational risks may arise from failures in internal controls, operational processes or the supporting systems. The Company has put in place operating manuals, standard operating procedures, authority guidelines and a rigorous reporting framework to manage these risks.

SAFETY AND SECURITY

Managing the safety and security of our customers, tenants, staff and the public is the cornerstone of the Company's safety and security policy. We run safety and awareness and training programmes to instil a safety and security conscious culture in our employees at all levels. Safety and security audits are conducted regularly to ensure that standards are maintained. The Company works closely with the relevant Authorities to ensure that the security of our bus and train services and facilities are not compromised. Drills and exercises are conducted regularly, both internally and jointly with external agencies. Besides patrolling guards, fence intrusion detection systems and other security features are installed at all our operating facilities. Members of the public, staff and tenants are encouraged to look out for suspicious objects or persons.

ENVIRONMENTAL

The Company is committed to being a socially responsible organisation through minimising the impact our business activities have on the environment. Our operations, accidents and natural events can result in pollution or other environmental risks. To limit these risks, we engage in active environmental risk management, ensuring that we target problems that could arise and preventive measures are put in place. We comply with all relevant regulations. Ways in which the Company works to protect the environment can be found in our Sustainability Report.

MANPOWER

The Company's ability to develop and grow the business depends on the quality of its employees, and we are committed to invest in building our resource pool. We have in place various programmes and processes that focus on several key areas, including talent management, building management bench strength, succession

RISK MANAGEMENT

planning, performance management, compensation and benefits, training and development and employee conduct and supervision. We ensure that our employees are selected and promoted based on merit, they understand their responsibilities and are given access to necessary training. At all times, a positive, constructive and productive working climate based on strong tripartite relations is fostered. We ensure that all policies, processes, terms and conditions of employment, including those relating to the foreign labour force, are in compliance with the relevant regulations.

PROPERTY AND LIABILITY

The Company's exposure to property damage, business interruption and other liability risks is constantly monitored and reviewed with the Company's in-house insurance broking subsidiary. Together with external risk management consultants, we ensure the sufficiency of insurance coverage and maintain an optimal balance between risks that are retained internally and risks that are placed out with underwriters.

BUSINESS CONTINUITY

We have put in place Business Continuity Plans (BCPs) to mitigate the risks of disruption and catastrophic loss to our operations, people, information databases and other assets. Such risks can arise from adverse natural events like flooding, or from pandemic outbreaks. The BCPs include identification and planning of alternate recovery centres, operational procedures to maintain communication, measures to ensure continuity of critical business functions, protection of our employees and customers, and recovery of information databases. We update and test the BCPs regularly. Drills and emergency response exercises are conducted to familiarise employees with the various incident management plans. The BCPs enhance the Company's operational readiness and resilience to potential business disruptions.

INFORMATION TECHNOLOGY RISKS

Information technology system failures and cyber risks are key risks for the Company since almost all the businesses rely heavily on information technology. In particular, our Rail Business has been designated as Critical Information Infrastructure (CII) and Operations Technology. Thus, cybersecurity is of critical importance here. This can take the form of major system failures which can result in disruption of the business or a security breach of our information technology systems. Cybersecurity is about protecting information systems and data from unauthorised access, use, disclosure, disruption, modification or destruction. The Company's information technology security management framework complies with the latest industry standards. We have put in place various controls and data recovery measures to mitigate the risks, including the use of intrusion prevention systems, multi-level firewalls, server protection, software code hardening and data loss prevention controls to manage Internet security and Cyber threats. Penetration tests are carried out regularly to test the systems, identify potential vulnerabilities and to strengthen the security hardening of our websites. Information security policies and procedures, including education for all staff, are reviewed and enhanced regularly.

COMPLIANCE RISKS

The Company keeps abreast and complies with all laws and regulations governing the conduct of business in Singapore. These regulations include pricing, service standards, licences to operate and transport policies, which are stipulated by the relevant regulatory Authorities. We work closely with the Land Transport Authority, as part of our risk management process to keep abreast of developments and policies that may affect our businesses and the competitive landscape. We manage our operations effectively to ensure that standards are met, thereby reducing significantly the risk of penalty.

STRATEGIC RISKS

We continually review our business strategy to ensure that we remain a relevant and significant player in the public transport market by participating in competitive public transportation tenders. SBS Transit's strategic risks include (1) competition - how we can/must defend and/or win public transport tenders, and (2) changes in government policies - how we build resilience by pro-actively engaging the authorities to realise objectives articulated in the land transport masterplan.

AUDIT PROCESS

The Internal and External Auditors conduct reviews in accordance with their audit plans to assess the adequacy of the internal controls that are in place. In the course of their audits, the Internal and External Auditors will highlight to the Management and the Audit and Risk Committee the areas where there are material deficiencies, non-compliance weaknesses or where there are occurrences or potential occurrence of significant risk events. The auditors will also propose mitigating measures and treatment plans. The recommendations are followed up as part of the Company's continuous review of its system of internal controls, and the implementation status is reported to the Audit and Risk Committee.

CODE OF BUSINESS CONDUCT AND WHISTLE BLOWING POLICY

The Company has adopted a Code of Business Conduct which sets out the principles and policies upon which businesses are conducted. The Code of Business Conduct includes the anti-corruption and anti-bribery policies that stress on zero tolerance on fraud, improper use of monetary favours, gifts or entertainment. In addition, employees should not put themselves in a position of conflict of interest with the Company. If there is a potential conflict of interest, employees should declare to their immediate supervisors and recuse themselves from the decision-making process.

The Whistle Blowing Policy is to provide a mechanism for employees to raise concerns, through well-defined and accessible confidential disclosure channels about possible improprieties in financial reporting or other improper business conduct. Employees are given a Company Handbook detailing how they can go about raising their concerns. Incidents can also be reported via a direct Intranet link to the Chairperson of the Audit and Risk Committee and/or the ComfortDelGro Group Chief Internal Audit Officer. All cases are investigated and dealt with promptly and thoroughly. The number of whistleblowing cases regardless of significance will be registered by Group Chief Internal Audit Officer, and will be reported to the Audit and Risk Committee quarterly.

FINANCIAL CALENDAR

2019

Announcement of 2018 Full Year Results	12 February 2019
Annual General Meeting	25 April 2019
Announcement of 1st Quarter 2019 Results	13 May 2019
Payment of 2018 Final Dividend (7.1 cents/share)	13 May 2019
Announcement of 2nd Quarter 2019 Results	8 August 2019
Payment of 2019 Interim Dividend (7.15 cents/share)	27 August 2019
Announcement of 3rd Quarter 2019 Results	12 November 2019

2020

Announcement of 2019 Full Year Results	13 February 2020
Annual General Meeting	21 May 2020
Payment of 2019 Final Dividend (5.90 cents/share)	8 June 2020
Announcement of 2020 Half Year Results	13 August 2020

2021

Announcement of 2020 Full Year Results	9 February 2021
Annual General Meeting	29 April 2021
Payment of 2020 Final Dividend (6.30 cents/share) <i>(Subject to Shareholders' approval at the forthcoming Annual General Meeting)</i>	19 May 2021
Announcement of 2021 Half Year Results	12 August 2021*

* Provisional – Updates will be posted on www.sbstransit.com.sg

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DIRECTORS' STATEMENT

The Directors present their annual statement together with the audited Consolidated Financial Statements of the Group and Statement of Financial Position and Statement of Changes in Equity of the Company for the financial year ended 31 December 2020.

In the opinion of the Directors, the Consolidated Financial Statements of the Group and the Statement of Financial Position and Statement of Changes in Equity of the Company as set out on pages 71 to 121 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The Directors of the Company in office at the date of this statement are:

Lim Jit Poh	(Chairman)
Yang Ban Seng	(Executive Deputy Chairman)
Lim Seh Chun	
Chua Mui Hoong	
John De Payva	
Susan Kong Yim Pui	
Lee Sok Koon	
Lim Siang Hoe, Benny	
Tan Kim Siew	
Yu Ching Man	

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned below.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and its related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50, except as follows:

		Shareholdings registered in the name of Directors		
		At 1 January 2020	At 31 December 2020	At 21 January 2021
Interest in ultimate holding company, ComfortDelGro Corporation Limited				
(a)	Ordinary shares			
	Lim Jit Poh	244,425	244,425	244,425
	Yang Ban Seng	7,168	7,168	7,168
	Yang Ban Seng (Deemed interest)	18,185	18,185	18,185
(b)	Options to subscribe for ordinary shares			
	Yang Ban Seng	660,000	330,000	330,000
(c)	Unvested performance share awards under the ComfortDelGro Executive Share Award Scheme			
		Number of unvested share held by Directors		
		At 1 January 2020	At 31 December 2020	At
	Yang Ban Seng		100,000	225,000

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

		Shareholdings registered in the name of Directors		
		At 1 January 2020	At 31 December 2020	At 21 January 2021
Interest in related company, VICOM Ltd				
(a)	Ordinary shares			
	Lim Jit Poh	190,000	760,000*	760,000

* Increased from 190,000 to 760,000 shares due to share split of every one ordinary share in the capital of VICOM Ltd into four ordinary shares with effect from 12 June 2020.

4 SHARE OPTIONS

The SBS Transit Share Option Scheme ("SSOS") for a period of 10 years was approved by the shareholders of the Company on 9 June 2000. The SSOS expired on 8 June 2010 and hence no option has been granted since then.

As at 31 December 2020 and 31 December 2019, there were no outstanding options as all share options had been exercised or lapsed.

5 AUDIT AND RISK COMMITTEE

At the date of this report, the Audit and Risk Committee comprises five non-executive and independent Directors as follows:

Lee Sok Koon (Chairman)
Chua Mui Hoong
Lim Seh Chun
Lim Siang Hoe, Benny
Tan Kim Siew

The Audit and Risk Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Cap. 50 and the Code of Corporate Governance 2018.

In performing its functions, the Audit and Risk Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors three times during the year to discuss the scope and results of their respective audits, and at least once annually without the presence of Management. The Audit and Risk Committee has reviewed the independence of the external auditors, Messrs Deloitte & Touche LLP, including the scope of the non-audit services performed and confirmed that the auditors are independent.

5 AUDIT AND RISK COMMITTEE (CONT'D)

The Audit and Risk Committee has full access to and has the co-operation of Management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

In addition, the Audit and Risk Committee reviewed the Financial Statements of the Group before their submission to the Board of Directors of the Company and provided assurance to the Board on the adequacy of financial, operational, compliance and information technology controls.

The Audit and Risk Committee has recommended to the Board of Directors, the nomination of Deloitte & Touche LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh

Chairman

Yang Ban Seng

Executive Deputy Chairman

Singapore
9 February 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBS TRANSIT LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Financial Statements of SBS Transit Ltd (the "Company") and its subsidiary (the "Group") which comprise the Statements of Financial Position of the Group and the Company as at 31 December 2020, and the Group Income Statement, Group Comprehensive Income Statement, Group Statement of Changes in Equity and Group Cash Flow Statement and the Statement of Changes in Equity of the Company for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies, as set out on pages 71 to 121.

In our opinion, the accompanying Consolidated Financial Statements of the Group and the Statement of Financial Position and the Statement of Changes in Equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the Financial Statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current year. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Valuation and Completeness of Provision for Accident Claims

The valuation and completeness of provision for settlement of accident claims (Note 17) involves estimation uncertainty. Management considers the probability and amount of the expected settlement claims based on the number of claims lodged, recent settlements, third party settlement data and accident claims statistics in determining the provision for accident claims as at 31 December 2020.

Our audit procedures included understanding the process used to determine the provision for accident claims. We compared the number of claims and recent settlements to accident claims statistics report issued by insurers; and independently evaluated the reasonableness of the provision estimated by Management. Based on our procedures, Management's key assumptions appear to be reasonable.

We have also assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Key Audit Matters (cont'd)

(b) Provision for Rail Contract

One of the Mass Rapid Transit Systems has been making consecutive losses since the commencement of its operations. The Group has assessed that no provision for rail contract is required as at 31 December 2020 based on the financial forecast up to the end of the licence period in relation to this Mass Rapid Transit System.

As disclosed in Note 3 to the financial statements, significant judgement is exercised in key assumptions relating to ridership, changes in fare and quantum, timing and availability of incentives and grants from the authorities in projecting the future financial performance of the operations of this Mass Rapid Transit System.

Our audit procedures focused on evaluating the areas of significant judgement made by the Group in the assessment of provision for rail contract. We discussed with Management on their assessment of provision for rail contract. We obtained the Mass Rapid Transit System's financial forecast up to the end of the licence period and challenged key assumptions made by the Group, including reviewing relevant corroborative documentation of incentives and grants from the authorities, ridership and changes in fare. Based on our procedures, Management's key assumptions appear to be reasonable.

We have also assessed the appropriateness of the related disclosures in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the Financial Statements and our auditor's report thereon. The Directors' Statement was obtained prior to the date of this auditor's report and the remaining other information included in the annual report is expected to be made available to us after that date.

Our opinion on the Financial Statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBS TRANSIT LTD

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair Financial Statements and to maintain accountability of assets.

In preparing the Financial Statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- (d) Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- (e) Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chua How Kiat.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants

Singapore
9 February 2021

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2020

	Note	The Group		The Company	
		31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
ASSETS					
Current assets					
Short-term deposits and bank balances	5	85,560	31,463	84,376	30,280
Trade receivables	6	152,393	167,433	149,865	164,063
Other receivables and prepayments	7	137,630	67,748	425,705	317,693
Inventories	8	111,980	130,571	84,674	104,126
Total current assets		487,563	397,215	744,620	616,162
Non-current assets					
Subsidiary	9	–	–	5,000	5,000
Prepayments	10	6,455	3,385	6,292	3,327
Net investment on sublease		191	–	191	–
Vehicles, premises and equipment	11	618,897	715,145	601,439	695,993
Deferred tax assets	12	26,695	21,540	–	–
Total non-current assets		652,238	740,070	612,922	704,320
Total assets		1,139,801	1,137,285	1,357,542	1,320,482

See accompanying notes to the Financial Statements.

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	Note	The Group		The Company	
		31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	13	25,000	75,000	25,000	75,000
Lease liabilities	29	12,215	11,375	12,215	11,375
Trade and other payables	14	250,098	257,866	213,795	219,384
Deposits received	15	3,915	3,560	3,561	2,917
Deferred grants	16	24,042	–	15,662	–
Provision for accident claims	17	19,630	21,205	19,630	21,205
Fuel price equalisation account		19,992	19,992	19,992	19,992
Income tax payable		31,903	30,612	31,903	30,612
Total current liabilities		386,795	419,610	341,758	380,485
Non-current liabilities					
Lease liabilities	29	59,311	71,801	59,311	71,801
Deferred grants	16	5,843	6,248	5,843	6,248
Deposits received	15	5,818	6,618	4,692	5,553
Deferred tax liabilities	12	62,676	74,940	62,676	74,940
Provision for service benefits and long service awards	18	12,340	11,335	11,759	10,930
Fuel price equalisation account		19,992	19,992	19,992	19,992
Total non-current liabilities		165,980	190,934	164,273	189,464
Total liabilities		552,775	610,544	506,031	569,949
Capital and reserves					
Share capital	19	100,499	100,499	100,499	100,499
Other reserves	20	40,265	40,543	40,265	40,285
Accumulated profits		446,262	385,699	710,747	609,749
Total equity		587,026	526,741	851,511	750,533
Total liabilities and equity		1,139,801	1,137,285	1,357,542	1,320,482

See accompanying notes to the Financial Statements.

GROUP INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2020

	Note	The Group	
		2020 \$'000	2019 \$'000
Revenue	21	1,230,947	1,445,221
Staff costs	22	(583,342)	(713,354)
Repairs and maintenance costs		(214,620)	(192,741)
Fuel and electricity costs		(90,077)	(182,008)
Premises costs		(47,173)	(48,078)
Depreciation expense	11	(109,046)	(104,070)
Other operating costs		(106,706)	(101,484)
Total operating costs		(1,150,964)	(1,341,735)
Operating profit	23	79,983	103,486
Net income from investments	24	272	137
Finance costs	25	(3,247)	(4,249)
Profit before taxation		77,008	99,374
Tax credit (expense)	26	1,949	(18,086)
Profit attributable to shareholders		78,957	81,288
Earnings per share (in cents):			
Basic	27	25.32	26.07
Diluted	27	25.32	26.07

See accompanying notes to the Financial Statements.

GROUP COMPREHENSIVE INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2020

	The Group	
	2020	2019
	\$'000	\$'000
Profit attributable to shareholders	78,957	81,288
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value adjustment on cash flow hedges	(278)	1,948
Total comprehensive income for the year attributable to shareholders of the Company	78,679	83,236

See accompanying notes to the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	The Group			
	Attributable to shareholders of the Company			
	Share capital (Note 19) \$'000	Other reserves (Note 20) \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2019	100,162	38,628	348,835	487,625
<i>Total comprehensive income for the year</i>				
Profit for the year	–	–	81,288	81,288
Other comprehensive expense for the year	–	1,948	–	1,948
Total	–	1,948	81,288	83,236
<i>Transactions recognised directly in equity</i>				
Exercise of share options	337	(28)	–	309
Payment of dividends (Note 33)	–	–	(44,437)	(44,437)
Other reserves	–	(5)	13	8
Total	337	(33)	(44,424)	(44,120)
Balance at 31 December 2019	100,499	40,543	385,699	526,741
<i>Total comprehensive income (expense) for the year</i>				
Profit for the year	–	–	78,957	78,957
Other comprehensive expense for the year	–	(278)	–	(278)
Total	–	(278)	78,957	78,679
<i>Transactions recognised directly in equity</i>				
Payment of dividends (Note 33)	–	–	(18,400)	(18,400)
Other reserves	–	–	6	6
Total	–	–	(18,394)	(18,394)
Balance at 31 December 2020	100,499	40,265	446,262	587,026

See accompanying notes to the Financial Statements.

	The Company			
	Share capital (Note 19) \$'000	Other reserves (Note 20) \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2019	100,162	39,450	534,435	674,047
<i>Total comprehensive income for the year</i>				
Profit for the year	–	–	119,738	119,738
Other comprehensive income for the year	–	868	–	868
Total	–	868	119,738	120,606
<i>Transactions recognised directly in equity</i>				
Exercise of share options	337	(28)	–	309
Payment of dividends (Note 33)	–	–	(44,437)	(44,437)
Other reserves	–	(5)	13	8
Total	337	(33)	(44,424)	(44,120)
Balance at 31 December 2019	100,499	40,285	609,749	750,533
<i>Total comprehensive income (expense) for the year</i>				
Profit for the year	–	–	119,392	119,392
Other comprehensive expense for the year	–	(20)	–	(20)
Total	–	(20)	119,392	119,372
<i>Transactions recognised directly in equity</i>				
Payment of dividends (Note 33)	–	–	(18,400)	(18,400)
Other reserves	–	–	6	6
Total	–	–	(18,394)	(18,394)
Balance at 31 December 2020	100,499	40,265	710,747	851,511

See accompanying notes to the Financial Statements.

GROUP CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2020

	The Group	
	2020 \$'000	2019 \$'000
Operating activities		
Profit before taxation	77,008	99,374
Adjustments for:		
Depreciation expense	109,046	104,070
Finance costs	3,247	4,249
Net gain on disposal of vehicles and equipment	(274)	(76)
Interest income	(272)	(137)
Provision for service benefits and long service awards	1,720	1,167
Provision for accident claims	2,980	7,400
Allowance for inventory obsolescence	20,159	1,887
Allowance for expected credit losses	395	–
Operating cash flows before movements in working capital	214,009	217,934
Trade receivables	14,852	(43,924)
Other receivables and prepayments	(70,733)	(10,413)
Inventories	(1,568)	(15,316)
Trade and other payables	(7,190)	(34,401)
Deferred grants	23,637	(78)
Deposits received	(445)	433
Payment of service benefits and long service awards	(715)	(836)
Payment of accident claims	(4,555)	(5,728)
Receipt from net investment on sublease	160	181
Cash generated from operations	167,452	107,852
Income tax paid	(14,122)	(21,863)
Interest paid arising from leases	(2,111)	(2,341)
Net cash from operating activities	151,219	83,648
Investing activities		
Interest received	270	141
Proceeds from disposal of vehicles and equipment	1,852	124
Purchase of vehicles, premises and equipment	(18,315)	(28,976)
Net cash used in investing activities	(16,193)	(28,711)
Financing activities		
New loans raised	130,500	406,000
Repayment of borrowings	(180,500)	(406,000)
Payments under lease liabilities	(11,329)	(10,157)
Proceeds from share issue	–	309
Interest paid	(1,206)	(1,908)
Dividends paid	(18,400)	(44,437)
Others	6	8
Net cash used in financing activities	(80,929)	(56,185)
Net increase (decrease) in cash and cash equivalents	54,097	(1,248)
Cash and cash equivalents at beginning of year	31,463	32,711
Cash and cash equivalents at end of year (Note 5)	85,560	31,463

See accompanying notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

1 GENERAL

The Company (Registration No. 199206653M) is incorporated in Singapore with its registered office and principal place of business at 205 Braddell Road, Singapore 579701. The Company is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the Company are those of the provision of public transport services, namely bus and rail services.

The principal activities of the subsidiary are described in Note 9 to the Financial Statements.

The Financial Statements are expressed in Singapore dollars and all values are rounded to the nearest thousand (\$'000) except when otherwise indicated.

The Consolidated Financial Statements of the Group for the financial year ended 31 December 2020 and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2020 were authorised for issue by the Board of Directors on 9 February 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The Financial Statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards (International) (“SFRS(I)s”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

ADOPTION OF NEW AND REVISED STANDARDS – On 1 January 2020, the Group has adopted all the new and revised SFRS(I)s that are relevant to its operations and effective from that date. The adoption of these new/revised SFRS(I)s does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior years except as discussed below.

Impact of the initial application of COVID-19-Related Rent Concessions amendment to SFRS(I) 16

In May 2020, the Accounting Standards Council issued COVID-19-Related Rent Concessions (Amendment to SFRS(I) 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to SFRS(I) 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying SFRS(I) 16 if the change were not a lease modification. The amendment is effective for annual periods beginning on or after 1 June 2020, with early application permitted.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due in on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- (c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to SFRS(I) 16 in advance of its effective date.

Impact of accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in SFRS(I) 16:46B, and has not restated prior period figures.

NEW/REVISED STANDARDS AND IMPROVEMENTS TO THE STANDARDS NOT YET ADOPTED – The Group has not applied the following accounting standards that are relevant to the Group and have been issued as at the end of the reporting period but not yet effective:

- Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*⁽¹⁾
- Amendments to SFRS(I) 1-16 *Property, Plant and Equipment – Proceeds before Intended Use*⁽¹⁾
- Amendments to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*⁽¹⁾
- Annual Improvements to SFRS(I) 2018 – 2020⁽¹⁾
- Amendments to SFRS(I) 1 *Classification of Liabilities as Current or Non-current*⁽²⁾

⁽¹⁾ Applies to annual periods beginning on or after 1 January 2022.

⁽²⁾ Applies to annual periods beginning on or after 1 January 2023.

Management anticipates that the adoption of the above SFRS(I) pronouncements in future periods will not have a material impact on the Financial Statements of the Group in the period of their initial adoption.

BASIS OF CONSOLIDATION – The Consolidated Financial Statements incorporate the Financial Statements of the Company and an entity controlled by the Company. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Group Income Statement and Group Comprehensive Income Statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the Financial Statements of the subsidiary to bring its accounting policies in line with those consistently used by the Group.

Changes in the Group's ownership interests in the subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Statement of Financial Position of the Company, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in Profit or Loss.

BUSINESS COMBINATIONS – The acquisition of subsidiary is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group to the former owners of the acquiree in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* are recognised at their fair values at the acquisition date except for deferred tax assets or liabilities which are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes*. Acquisition-related costs are recognised in Profit or Loss as incurred.

The interest of the non-controlling shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Profit or Loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Profit or Loss.

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments that meet both the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocable elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocable designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Debt instruments classified as FVTOCI

Investments in debt instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, any gains or losses on such a financial asset are recognised in Other Comprehensive Income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised. When the financial asset is derecognised the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from equity to Profit or Loss for the period.

Interest income is recognised in Profit or Loss and is included in the "Net Income from Investments" line item in Profit or Loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group applies the simplified approach permitted by SFRS(I) 9 *Financial Instruments* for trade receivables. The ECL on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors as well as current and forecast general economic conditions at the reporting date.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the rate of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, where relevant.

A default on a financial asset is when the counterparty fails to make contractual payments within a specific period after the credit period granted.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include taking into consideration observable data about the significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Where receivables have been written off, the Group continues to recover the receivables due. Where recoveries are made, these are recognised in Profit or Loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in Profit or Loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the Investment Revaluation Reserve is reclassified to Profit or Loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Borrowings

Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in Profit or Loss over the term of the borrowings.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in Profit or Loss.

Hedging instruments and hedge accounting

The Group uses hedging instruments to manage its exposure to fuel price fluctuation, interest rate and foreign exchange rate risks. The Group uses hedging instruments such as forwards and options, to manage these risks. The use of hedging instruments is governed by the Group's policies which provide written principles on the use of financial instruments consistent with the Group's risk management strategy (see Note 32).

Hedging instruments are initially recognised at fair value on the contract date, and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Profit or Loss immediately unless the hedging instrument is designated and effective as a hedging instrument, in which event the timing of the recognition in Profit or Loss depends on the nature of the hedge relationship. The Group designates its hedging instruments as either fair value hedges or cash flow hedges.

Hedging instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of hedging instrument is classified as a non-current asset or a non-current liability if the maturity of the hedge relationship exceeds 12 months and as a current asset or current liability if the maturity of the hedge relationship is within 12 months.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objective and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The Group designates any interest rate swap for hedging of interest rate risk arising from borrowings as cash flow hedges. Hedges of both foreign currency risk and fuel price risk for future purchases of goods are designated as cash flow hedges.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

Note 32 (c) contains details of the fair values of the hedging instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Hedging instruments and hedge accounting (cont'd)

(a) Fair value hedge

Changes in the fair value of hedging instruments that are designated and qualify as fair value hedges are recorded in Profit or Loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

(b) Cash flow hedge

The effective portion of changes in fair value of hedging instruments that are designated and qualify as cash flow hedges are recognised in Other Comprehensive Income. The gain or loss relating to the ineffective portion is recognised immediately in Profit or Loss. Amounts recognised in Other Comprehensive Income are taken to Profit or Loss when the hedged item is realised.

Leases

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its property.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Statements of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee (cont'd)

The right-of-use assets are presented within vehicles, premises and equipment in the Statement of Financial Position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

INVENTORIES – Inventories are stated at cost less allowance for inventory obsolescence. Allowance is made for obsolete, slow-moving and defective inventories based on management’s estimates and judgement, taking into consideration inventories’ physical and market conditions, inventory turnover, etc.

Cost comprises cost of purchase and those costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

VEHICLES, PREMISES AND EQUIPMENT – Vehicles and equipment are stated at cost less accumulated depreciation and any provision for impairment.

Capital projects in progress comprising development and construction costs incurred during the period of construction are carried at cost, less any recognised provision for impairment. Depreciation on these assets, on the same basis as other vehicles, premises and equipment, commences when the assets are available for use.

Depreciation is charged so as to write off the cost of the assets, other than capital projects in progress, over the estimated useful lives using the straight-line method, on the following bases:

	<u>Number of years</u>
Buses	17
Leasehold land and buildings (including leasehold improvements)	Over the remaining lease period
Computers and automated equipment	3 to 5
Workshop machinery, tools and equipment	3 to 7
Motor vehicles	5 to 10
Furniture, fittings and equipment	5 to 7

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of vehicles, premises and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in Profit or Loss.

Fully depreciated vehicles, premises and equipment are retained in the Financial Statements until they are no longer in use.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IMPAIRMENT OF NON-FINANCIAL ASSETS – At the end of each reporting year, the Group reviews the carrying amounts of its non-financial assets, if any, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the provision for impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. A provision for impairment is recognised immediately in Profit or Loss.

Where provision for impairment subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no provision for impairment been recognised for the asset (cash-generating unit) in prior years. A reversal of a provision for impairment is recognised immediately in Profit or Loss.

FUEL PRICE EQUALISATION ACCOUNT – At the direction of the Public Transport Council (“PTC”), a fuel price equalisation account (“FPEA”) has been set up to account for diesel price and electricity tariff adjustment charge for the purpose of mitigating the effects of any increase in fuel price and electricity tariff.

Annual contributions to the FPEA may be required as determined by the PTC, based on the reference electricity tariff and diesel price for the year.

Applications can be made to the PTC to seek approval for a draw down as may be catered for by the purpose of the FPEA mechanism, provided that the amount drawn does not exceed half of the available FPEA balance.

PROVISION FOR ACCIDENT CLAIMS – Claims for accident, public liability and others are provided in the Financial Statements based on the claims outstanding and the estimated amounts payable.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

DEFERRED INCOME – Deferred income comprises advance receipts from customers that are recognised to Profit or Loss when the services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

SERVICE BENEFITS – These comprise the following:

- (a) Retirement benefits – Under the Collective Agreement entered into by the Group with the Union, a retirement benefit subject to a maximum of \$3,000 is payable to an employee retiring on or after attaining the retirement age and on completion of at least five years of service. Provision is made in the Financial Statements based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period and after taking into account an estimated attrition rate. The estimated attrition rate used is based on the Management's best estimate using historical trend.
- (b) Long service awards – Staff serving more than 15 years are entitled to long service awards of \$500 for 15 years of service, \$700 for 20 years, \$900 for 25 years, \$1,100 for 30 years and \$1,300 for 35 years. Provision is made in the Financial Statements based on the number of years of service rendered by qualifying employees.

The provision for retirement benefits and long service awards is discounted using the market yield of Singapore Government Bonds at end of the reporting year.

- (c) Apart from the retirement benefits described in (a) above, the Group participates in a defined contribution plan managed by the Singapore Government ("Singapore Central Provident Fund"). Payments made to the plan are charged as an expense when the employees have rendered the services entitling them to the contributions.
- (d) Employee leave entitlement – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting year.
- (e) Share-based payments – The Company issues share options to certain employees and Directors. Share options are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on Management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the Statement of Financial Position and transferred to Profit or Loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants in relation to form of a transfer of a non-monetary asset, such as land or other resources, for the use of the Group, are recognised as both asset and grant at a nominal amount.

NOTES TO THE FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

REVENUE RECOGNITION – The Group recognises revenue from the following sources:

- Transport services
- Lease revenue
- Other commercial services

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from transport services comes from the provision of bus and rail services to commuters travelling on public transport systems. Revenue from transport regulator for scheduled bus services is recognised as and when services are rendered, including an estimation of the expected consideration on achieving certain performance targets. Revenue from commuters for rail services is recognised as and when services are rendered and revenue from transport regulator for rail services relates to performance incentives for achieving certain performance and service quality targets.

Lease revenue comprises leasing fees for the buses and other assets used in the provision of bus services under the Bus Contracting Model ("BCM"). Lease revenue is recognised upon completion of services.

Revenue from other commercial services comprises advertising and rental income. Advertising production revenue is recognised when production is completed and advertising media revenue is recognised on a time proportionate basis over the term relevant contract. Rental income is recognised on a straight-line basis over the term of the relevant lease.

BORROWING COSTS – Borrowing costs incurred to finance the purchase of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in Profit or Loss in the period which they are incurred.

INCOME TAX – Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, provision for fuel equalisation and future tax benefits from certain provisions are not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised on taxable temporary differences arising from investment in subsidiary except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and deferred tax are recognised as an expense or income in Profit or Loss, except when they relate to items credited or debited outside Profit or Loss (either in Other Comprehensive Income or directly in equity), in which case the tax is also recognised outside Profit or Loss (either in Other Comprehensive Income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS – The individual Financial Statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The Consolidated Financial Statements of the Group and the Statement of Financial Position and Statement of Changes in Equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the Consolidated Financial Statements.

Transactions in currencies other than each Group entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in Profit or Loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in Profit or Loss for the period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in Other Comprehensive Income. For such non-monetary items, any exchange component of that gain or loss is also recognised in Other Comprehensive Income.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (please see above for details of the Group's accounting policies in respect of such hedging instruments).

CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT OF THE GROUP – Cash and cash equivalents in the Cash Flow Statement of the Group comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimates (see below), that Management has made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognised in the financial statements:

Provision for rail contract

One of the Mass Rapid Transit Systems has been making consecutive losses since the commencement of its operations. The Group has assessed that no provision for rail contract is required as at 31 December 2020 based on the financial forecast up to the end of the licence period in relation to this Mass Rapid Transit System.

Significant judgment is exercised in key assumptions relating to ridership, changes in fare and quantum, timing and availability of incentives and grants from the authorities in projecting the future financial performance of the operations of this Mass Rapid Transit System.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

1. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

(a) Accident claims

Claims for property damage and personal injury are provided in the Financial Statements based on the claims outstanding as of the end of the financial year and estimated amounts payable. The past claims history and payment are used as a basis to estimate the amounts in which the Group will have to pay to third parties for such claims. Provision for claims is disclosed in Note 17.

(b) Retirement benefits

Retirement benefits subject to a maximum of \$3,000 is payable to a retiring employee on or after attaining the retirement age and on completion of at least five years of service. Provision is made based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period of 0.36% to 1.16% (2019 : 1.60% to 1.88%) per annum and after taking into account an estimated attrition rate. The estimated attrition rate used is based on the Management's best estimate using historical trend. Provision for retirement benefits is disclosed in Note 18.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

1. Provisions (cont'd)

(c) Long service awards

Staff with more than 15 years of service are entitled to long service awards of \$500 for 15 years of service, \$700 for 20 years, \$900 for 25 years, \$1,100 for 30 years and \$1,300 for 35 years. Provision is made based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period of 0.36% to 1.16% (2019 : 1.60% to 1.88%) per annum and after taking into account an estimated attrition rate. The estimated attrition rate used is based on the Management's best estimate using historical trend. Provision for long service awards is disclosed in Note 18.

2. Allowance for inventory obsolescence

The Group's inventories comprised mainly parts, accessories and consumable stock required for the operation and maintenance of vehicles and equipment.

The Group's recognition basis for inventory allowance is enhanced to take into account the rail contract term in determining its useful life as the rail contract term approaches mid-life. In addition, Management identifies inventories that are slow moving and evaluates the carrying value of inventories. An allowance for inventory obsolescence is recognised for these inventories based on its useful life and inventory turnover. This basis of recognising allowance for inventory obsolescence represents a change in Group accounting estimate from prior year, which the previous recognition basis was based on the relevance of the inventories per industry standards (i.e. Allowance was recognised when the inventories were phased out due to changes in specifications/ requirements). The change in accounting estimate will be accounted for prospectively in the financial statements.

Allowance for inventory obsolescence is disclosed in Note 8.

3. Useful lives of vehicles, premises and equipment

As described in Note 2, the Group reviews the estimated useful lives of vehicles, premises and equipment at the end of each annual reporting period. During the financial year, Management determined that the estimated useful lives of vehicles, premises and equipment are appropriate and no material revision is required. The carrying amounts of the vehicles, premises and equipment are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

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4 HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS

The Company's immediate and ultimate holding company is ComfortDelGro Corporation Limited, incorporated in Singapore.

Related companies in these Financial Statements refer to members of the ultimate holding company's group of companies.

Some of the Group's transactions and arrangements are with related parties and other members of the ultimate holding company's group of companies and the effects of these on the basis determined between the parties are reflected in these Financial Statements.

Related parties include associate or joint venture of a member of the ultimate holding company.

Significant intercompany and related party transactions during the financial year, other than those disclosed elsewhere in the notes to the Financial Statements are as follows:

	The Group	
	2020 \$'000	2019 \$'000
Purchases of inventories from a related company	26,907	28,568
Rental expense from:		
Ultimate holding company	2,806	3,316
Related company	592	600
Purchase of goods and services from:		
Ultimate holding company	5,626	4,300
Related companies	2,866	2,929
Associate of the ultimate holding company	159	27
Sales of goods and services to:		
Ultimate holding company	(22)	(21)
Related companies	(1,067)	(990)
Associate of the ultimate holding company	(4)	(7)
Transfer of computers and automated equipment to a related company	(4)	-
Rental income from related companies	(204)	(243)

The amounts outstanding are unsecured, interest-free and are repayable on demand, unless otherwise stated as disclosed in Note 6 and 7. No guarantees have been given or received.

No expense has been recognised in the financial year for bad and doubtful debts in respect of the amounts owed by related companies.

5 SHORT-TERM DEPOSITS AND BANK BALANCES

	The Group		The Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Cash and bank balances	5,560	5,963	4,376	4,780
Fixed deposits	80,000	25,500	80,000	25,500
Total	85,560	31,463	84,376	30,280

Fixed deposits bear effective interest rate of 0.12% to 0.32% (2019 : 1.65% to 1.77%) per annum and for a tenure of approximately 47 to 90 days (2019 : 10 to 16 days). The fixed deposits can be readily converted to a known amount of cash and are subject to an insignificant risk of changes in value.

6 TRADE RECEIVABLES

	The Group		The Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Related companies (Note 4)	6	14	6	14
Related parties (Note 4)	81	99	68	73
Outside parties	152,499	167,329	149,947	163,985
	152,586	167,442	150,021	164,072
Allowance for expected credit losses	(193)	(9)	(156)	(9)
Total	152,393	167,433	149,865	164,063

The amounts outstanding are interest-free and the credit period ranges from 7 to 30 days (2019 : 7 to 30 days).

The expected risks of default on trade receivables at the reporting date is insignificant as a majority of receivables is from the Land Transport Authority ("LTA"). For the remaining receivables, the concentration of credit risk is limited due to the customer base being large and unrelated. Management is of the view that there has not been a significant change in credit quality and the amounts are still considered recoverable.

An allowance has been made for estimated irrecoverable amounts of the Group of \$193,000 (2019 : \$9,000) and of the Company of \$156,000 (2019 : \$9,000). Allowance recognised in Profit or Loss amounted to \$188,000 (2019 : \$9,000) for Group and \$151,000 (2019 : \$9,000) for Company. This allowance is determined by reference to expected credit losses which incorporate forward looking estimates. There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the allowance for expected credit losses.

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7 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Receivables from:				
Ultimate holding company (Note 4)	23	–	23	–
Related companies (Note 4)	812	736	812	736
Subsidiary (Note 9)	–	–	325,925	262,501
	835	736	326,760	263,237
Prepayments	16,664	12,628	12,609	7,266
Interest receivable	11	9	11	9
Staff advances	533	329	325	156
Security deposits from outside parties	1,274	1,091	1,257	1,074
Accrued income	53,945	8,755	28,223	3,589
Net investment on sublease	228	30	228	30
Grant receivables	15,345	–	9,443	–
Receivables from outside parties	49,002	44,170	47,052	42,332
	137,837	67,748	425,908	317,693
Allowance for expected credit losses	(207)	–	(203)	–
Total	137,630	67,748	425,705	317,693

Majority of the other receivables are due from creditworthy parties where Management has assessed the credit risk to be low. Management is of the view that there has not been a significant change in credit quality and the amounts are still considered recoverable.

An allowance has been made for estimated irrecoverable amounts of the Group of \$207,000 (2019 : \$NIL) and of the Company of \$203,000 (2019 : \$NIL). Allowance recognised in Profit or Loss amounted to \$207,000 (2019 : \$NIL) for the Group and \$203,000 (2019 : \$NIL) for the Company. This allowance is determined by reference to expected credit losses which incorporate forward looking estimates. There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the allowance for expected credit losses.

Grants receivables relate to the amounts granted to the Group and the Company under the COVID-19 Government Relief Measures, mainly the Jobs Support Scheme (“JSS”) initiative by the Singapore Government as disclosed in Note 22 (a) (ii). The initiative is intended to defray certain manpower costs.

8 INVENTORIES

Inventories comprised mainly parts, accessories and consumable stock required for the operation and maintenance of vehicles and equipment.

At the end of the reporting period, the inventories are stated net of allowance of \$21,602,000 (2019: \$1,887,000) for the Group and \$17,448,000 (2019: \$1,887,000) for the Company. The cost of inventories recognised as an expense includes \$20,159,000 (2019 : \$1,887,000) in respect of write-downs of inventories. The carrying amount of the Group's inventories is \$111,980,000 (2019: \$130,571,000) and \$84,674,000 (2019: \$104,126,000) for the Company.

9 SUBSIDIARY

The Company has investment in unquoted equity shares representing 100% equity interest in SBS Transit DTL Pte. Ltd. incorporated in Singapore. The cost of investment in the subsidiary was \$5,000,000 (2019 : \$5,000,000). The subsidiary is audited by Deloitte & Touche LLP, Singapore.

The principal activities of the subsidiary are those of the operation and maintenance of Downtown Line.

The Group is in compliance with Listing Rules 712 and 715 of The Singapore Exchange Securities Trading Limited as suitable auditing firms have been appointed to meet the Group's audit obligations.

10 PREPAYMENTS

Prepayments pertain to downpayments for the purchase of vehicles, premises and equipment.

11 VEHICLES, PREMISES AND EQUIPMENT

		The Group		The Company	
		31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Vehicles, premises and equipment owned	(a)	548,562	630,884	531,104	611,732
Right-of-use assets classified within vehicles, premises and equipment	(b)	70,335	84,261	70,335	84,261
Total		618,897	715,145	601,439	695,993

NOTES TO THE FINANCIAL STATEMENTS

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11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

(a) Vehicles, premises and equipment owned

	Buses \$'000	Leasehold land and building ^(N1) \$'000	Leasehold improve- ments \$'000	Computers and automated equipment \$'000	Workshop machinery, tools and equipment \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Capital projects in progress \$'000	Total \$'000
The Group									
Cost or valuation:									
At 1 January 2019	1,124,995	63,989	52,764	20,639	46,273	8,516	18,915	5,159	1,341,250
Amount reclassified as									
right-of-use assets	–	(17,600)	–	–	–	–	–	–	(17,600)
Additions	1,251	219	2,727	5,498	5,737	1,006	2,774	12,399	31,611
Disposals	(10,201)	–	–	(757)	(194)	(496)	(336)	–	(11,984)
Reclassification	3,961	–	504	1,396	577	–	520	(6,958)	–
Transfer to Ultimate holding company	–	–	–	(1)	–	–	–	–	(1)
At 31 December 2019	1,120,006	46,608	55,995	26,775	52,393	9,026	21,873	10,600	1,343,276
Additions	60	73	235	2,159	5,291	1,151	903	5,373	15,245
Disposals	(3,158)	–	–	(2,571)	(2,724)	(516)	(510)	–	(9,479)
Reclassification	1,656	–	903	2,862	2,574	–	161	(8,156)	–
Transfer to related company	–	–	–	(10)	–	–	–	–	(10)
At 31 December 2020	1,118,564	46,681	57,133	29,215	57,534	9,661	22,427	7,817	1,349,032
Accumulated depreciation:									
At 1 January 2019	524,069	10,977	36,091	17,343	29,107	5,339	13,020	–	635,946
Amount reclassified as									
right-of-use assets	–	(3,023)	–	–	–	–	–	–	(3,023)
Depreciation	75,135	3,433	2,451	3,067	4,669	988	1,663	–	91,406
Disposals	(10,200)	–	–	(757)	(190)	(455)	(334)	–	(11,936)
Transfer to Ultimate holding company	–	–	–	(1)	–	–	–	–	(1)
At 31 December 2019	589,004	11,387	38,542	19,652	33,586	5,872	14,349	–	712,392
Depreciation	77,706	3,440	2,418	4,842	4,697	1,050	1,836	–	95,989
Disposals	(3,158)	–	–	(2,568)	(1,194)	(510)	(475)	–	(7,905)
Transfer to related company	–	–	–	(6)	–	–	–	–	(6)
At 31 December 2020	663,552	14,827	40,960	21,920	37,089	6,412	15,710	–	800,470
Carrying amount:									
At 31 December 2020	455,012	31,854	16,173	7,295	20,445	3,249	6,717	7,817	548,562
At 31 December 2019	531,002	35,221	17,453	7,123	18,807	3,154	7,524	10,600	630,884

11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

(a) Vehicles, premises and equipment owned (cont'd)

	Buses \$'000	Leasehold land and building ^(N1) \$'000	Leasehold improve- ments \$'000	Computers and automated equipment \$'000	Workshop machinery, tools and equipment \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Capital projects in progress \$'000	Total \$'000
The Company									
Cost or valuation:									
At 1 January 2019	1,124,995	63,989	35,787	17,957	40,619	6,389	16,705	5,151	1,311,592
Amount reclassified as right-of-use assets	-	(17,600)	-	-	-	-	-	-	(17,600)
Additions	1,251	219	2,332	4,759	5,107	650	2,654	12,264	29,236
Disposals	(10,201)	-	-	(726)	(194)	(496)	(295)	-	(11,912)
Reclassification	3,961	-	504	1,396	577	-	520	(6,958)	-
Transfer to Ultimate holding company	-	-	-	(1)	-	-	-	-	(1)
Transfer to subsidiary	-	-	-	(4)	-	-	-	-	(4)
At 31 December 2019	1,120,006	46,608	38,623	23,381	46,109	6,543	19,584	10,457	1,311,311
Additions	60	73	202	1,602	4,603	1,151	866	5,184	13,741
Disposals	(3,158)	-	-	(2,461)	(2,723)	(516)	(487)	-	(9,345)
Reclassification	1,656	-	897	2,862	2,574	-	161	(8,150)	-
Transfer to related company	-	-	-	(10)	-	-	-	-	(10)
Transfer from subsidiary	-	-	-	1	-	-	-	-	1
At 31 December 2020	1,118,564	46,681	39,722	25,375	50,563	7,178	20,124	7,491	1,315,698
Accumulated depreciation:									
At 1 January 2019	524,069	10,977	32,408	15,380	26,898	4,215	12,182	-	626,129
Amount reclassified as right-of-use assets	-	(3,023)	-	-	-	-	-	-	(3,023)
Depreciation	75,135	3,433	1,321	2,585	3,857	662	1,349	-	88,342
Disposals	(10,200)	-	-	(726)	(189)	(455)	(293)	-	(11,863)
Transfer to Ultimate holding company	-	-	-	(1)	-	-	-	-	(1)
Transfer to subsidiary	-	-	-	(5)	-	-	-	-	(5)
At 31 December 2019	589,004	11,387	33,729	17,233	30,566	4,422	13,238	-	699,579
Depreciation	77,706	3,440	1,301	4,197	3,869	756	1,529	-	92,798
Disposals	(3,158)	-	-	(2,459)	(1,193)	(510)	(457)	-	(7,777)
Transfer to related company	-	-	-	(6)	-	-	-	-	(6)
At 31 December 2020	663,552	14,827	35,030	18,965	33,242	4,668	14,310	-	784,594
Carrying amount:									
At 31 December 2020	455,012	31,854	4,692	6,410	17,321	2,510	5,814	7,491	531,104
At 31 December 2019	531,002	35,221	4,894	6,148	15,543	2,121	6,346	10,457	611,732

^(N1) : The Group's leasehold building at Soon Lee bus depot are stated at their revalued amounts (Note 20) being the fair value at the date of revaluation based on valuation performed by an independent external valuer. The revaluation was done pursuant to the agreement in the Negotiated Contract under the BCM (Note 35). As at 31 December 2020, the carrying amount of the Group's leasehold building at Soon Lee bus depot would have been \$10,913,000 (2019 : \$12,003,000), had the leasehold building been carried at cost less accumulated depreciation.

NOTES TO THE FINANCIAL STATEMENTS

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11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

- (a) Vehicles, premises and equipment owned (cont'd)

Details of leasehold land and building owned by the Group and the Company are as follows:

Location	Approximate land area	Tenure	Usage
No. 28 Soon Lee Road Singapore	26,670 sq m	30 years from 1 April 2000 (9 years 3 months unexpired)	Bus depot

Details of other leasehold buildings are as follows:

Location	Approximate land area	Tenure	Usage
No. 550 Bukit Batok Street 23 Singapore	52,187 sq m	43 years from 1 January 1983 (5 years unexpired)	Bus depot
No. 4 Defu Ave 1 Singapore	74,236 sq m	43 years from 1 January 1983 (5 years 11 months unexpired)	Bus depot
No. 1470 Bedok North Ave 4 Singapore	62,220 sq m	Under Temporary Occupation Licence	Bus depot
No. 2A Ayer Rajah Crescent Singapore	17,939 sq m	Under Temporary Occupation Licence	Bus park
No. 15 Ang Mo Kio Street 63 Singapore	63,955 sq m	30 years 9 months from 1 March 1994 (3 years 11 months unexpired)	Bus depot

11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

(b) Right-of-use assets classified within vehicles, premises and equipment

The Group leases several leasehold land and buildings at an average lease term of 9 years (2019 : 9 years), where the Group make periodic payments which are used for its day to day bus operations. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

	Bus Depots \$'000	Leasehold Land ^(N2) \$'000	Total \$'000
The Group and The Company			
Cost:			
At 1 January 2019	118,516	–	118,516
Amount reclassified from vehicles, premises and equipment owned	–	17,600	17,600
Additions	4,310	–	4,310
At 31 December 2019	122,826	17,600	140,426
Adjustments	(869)	–	(869)
At 31 December 2020	121,957	17,600	139,557
Accumulated depreciation:			
At 1 January 2019	40,478	–	40,478
Amount reclassified from vehicles, premises and equipment owned	–	3,023	3,023
Depreciation	11,368	1,296	12,664
At 31 December 2019	51,846	4,319	56,165
Depreciation	11,761	1,296	13,057
At 31 December 2020	63,607	5,615	69,222
Carrying amount:			
At 31 December 2020	58,350	11,985	70,335
At 31 December 2019	70,980	13,281	84,261

Approximately one third of the leases for property expired in the current financial year (2019 : one third). The expired contracts were extended through exercising the extension options which were accounted for during the adoption of SFRS(I) 16.

^(N2) : The Group has secured the right-of-use of leasehold land at Soon Lee bus depot with no future payments required. The Group's leasehold land is stated at its revalued amount (Note 20) being the fair value at the date of revaluation based on valuation performed by an independent external valuer. The revaluation was done pursuant to the agreement in the Negotiated Contract under the BCM (Note 35). As at 31 December 2020, the carrying amount of the Group's leasehold land would have been \$5,546,000 (2019 : \$6,140,000), had the leasehold land been carried at cost less accumulated depreciation.

NOTES TO THE FINANCIAL STATEMENTS

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12 DEFERRED TAX ASSETS/LIABILITIES

	The Group		The Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Deferred tax assets	26,695	21,540	–	–
Deferred tax liabilities	(62,676)	(74,940)	(62,676)	(74,940)
Net	(35,981)	(53,400)	(62,676)	(74,940)
At beginning of year	(53,400)	(55,996)	(74,940)	(77,676)
Credit to Profit or Loss (Note 26)	25,115	10,537	12,260	2,913
Utilisation of deferred tax assets under Group Relief Scheme:				
– SBS Transit DTL Pte. Ltd.	(7,753)	(7,542)	–	–
Arising from movement in Other Comprehensive Income Statement	57	(399)	4	(177)
At end of year	(35,981)	(53,400)	(62,676)	(74,940)

The balance comprises the tax effects of:

	The Group		The Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Deferred tax assets				
Unutilised tax losses	24,924	20,130	–	–
Excess of tax written down value over carrying amount	1,672	1,342	–	–
Other items	99	68	–	–
	26,695	21,540	–	–
Deferred tax liabilities				
Excess of carrying amount over tax written down value	(78,967)	(91,572)	(78,967)	(91,572)
Other items	16,291	16,632	16,291	16,632
	(62,676)	(74,940)	(62,676)	(74,940)
Net deferred tax liabilities	(35,981)	(53,400)	(62,676)	(74,940)

13 BORROWINGS

	The Group and The Company	
	31 December	31 December
	2020	2019
	\$'000	\$'000
Unsecured borrowings at amortised cost		
Bank Loans	25,000	75,000
Analysed as:		
Current	25,000	75,000
Non-current	–	–
	25,000	75,000

The remaining unsecured bank loan of \$25 million (2019 : \$75 million) with a remaining tenure of 9 months (2019 : 1 year) at the end of the reporting period is unsecured and bears a floating interest rate averaging 0.81% (2019 : fixed rate of 1.91%) per annum.

14 TRADE AND OTHER PAYABLES

	The Group		The Company	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Payables to:				
Ultimate holding company (Note 4)	2,449	1,252	2,444	1,227
Related companies (Note 4)	4,237	4,252	4,173	4,153
Related parties (Note 4)	20	5	20	5
Outside parties	59,302	62,009	54,100	54,369
Accruals	181,375	187,533	150,730	157,345
Deferred income	2,715	2,815	2,328	2,285
Total	250,098	257,866	213,795	219,384

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The amounts outstanding are interest-free and the average credit period is 30 days (2019 : 30 days).

NOTES TO THE FINANCIAL STATEMENTS

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15 DEPOSITS RECEIVED

	The Group		The Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Deposits received	9,733	10,178	8,253	8,470
Less: Due within 12 months	(3,915)	(3,560)	(3,561)	(2,917)
Due after 12 months	5,818	6,618	4,692	5,553

Deposits received from tenants in respect of leases of stalls and shop lots, are repayable upon termination of the lease agreements. Deposits that are not expected to be repaid within the next 12 months after the end of the reporting period are presented as a non-current liability. The carrying amount of the deposits approximates their fair value.

16 DEFERRED GRANTS

	The Group		The Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Deferred Grants	29,885	6,248	21,505	6,248
Analysed as:				
Current	24,042	–	15,662	–
Non-current	5,843	6,248	5,843	6,248
	29,885	6,248	21,505	6,248

Current deferred grants relate to the amounts granted to the Group and the Company under the COVID-19 Government Relief Measures, mainly the JSS initiative by the Singapore Government as disclosed in Note 22 (a) (ii). The initiative is intended to defray certain manpower costs.

Non-current deferred grants relate to capital grants.

17 PROVISION FOR ACCIDENT CLAIMS

	<u>The Group and The Company</u>	
	<u>31 December 2020 \$'000</u>	<u>31 December 2019 \$'000</u>
At beginning of year	21,205	19,533
Charge to Profit or Loss	2,980	7,400
Payments	(4,555)	(5,728)
At end of year	19,630	21,205

The provision for accident claims represents the estimated amount which the Group will have to pay to outside parties for accident claims involving the Group Vehicles (Note 3 (a)).

18 PROVISION FOR SERVICE BENEFITS AND LONG SERVICE AWARDS

	<u>The Group</u>		<u>The Company</u>	
	<u>31 December 2020 \$'000</u>	<u>31 December 2019 \$'000</u>	<u>31 December 2020 \$'000</u>	<u>31 December 2019 \$'000</u>
At beginning of year	11,335	11,004	10,930	10,706
Charge to Profit or Loss	1,720	1,167	1,540	1,057
Payments	(715)	(836)	(711)	(833)
At end of year	12,340	11,335	11,759	10,930

The balance comprises provision for:

Retirement benefits	8,387	7,767	8,025	7,517
Long service awards	3,953	3,568	3,734	3,413
Total	12,340	11,335	11,759	10,930

NOTES TO THE FINANCIAL STATEMENTS

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19 SHARE CAPITAL

	The Group and The Company			
	31 December 2020 Number ('000) of ordinary shares	31 December 2019 Number ('000) of ordinary shares	31 December 2020 \$'000	31 December 2019 \$'000
Issued and paid up:				
At beginning of year	311,865	311,670	100,499	100,162
Exercise of share options	–	195	–	337
At end of year	311,865	311,865	100,499	100,499

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

Share options over ordinary shares granted under the employee share option plan

Share options of the Company were fully exercised in 2019 as set out in Note 22 (b).

The Company has one class of ordinary shares which carry no right to fixed income.

20 OTHER RESERVES

	The Group		The Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Share option reserve:				
At beginning of year	–	33	–	33
Transfer to share capital on exercise of share options	–	(28)	–	(28)
Transfer to accumulated profits	–	(5)	–	(5)
At end of year	–	–	–	–
Premises revaluation reserve:				
At beginning of year	40,265	40,265	40,265	40,265
At end of year	40,265	40,265	40,265	40,265
Hedging reserve:				
At beginning of year	278	(1,670)	20	(848)
(Loss) Gain on cash flow hedges	(278)	1,948	(20)	868
At end of year	–	278	–	20
Total	40,265	40,543	40,265	40,285

21 REVENUE

Revenue comprises the following amounts:

	The Group	
	2020	2019
	\$'000	\$'000
Transport services	1,097,702	1,283,695
Lease revenue	98,097	99,564
Other commercial services	35,148	61,962
Total	1,230,947	1,445,221

Revenue from transport services are mainly contracts with the Government (public sector) in Singapore for an average of 7 years. The Group derives the revenue that corresponds directly with the services rendered to the customers. Included in the revenue from transport services are performance incentives from transport regulator for achieving certain performance and service quality targets. These performance incentives accounted for approximately 5% (2019: 2%) of the total revenue.

22 STAFF COSTS

(a) Included in staff costs are:

- (i) The remuneration of the Directors (executive and non-executive) and key executives comprised mainly short term benefits amounting to \$2,905,162 (2019 : \$2,929,990).

	The Group	
	2020	2019
	\$'000	\$'000
(ii) Cost of contribution to Central Provident Fund	58,196	57,386
Government grant (included in staff costs)	(107,286)	-

In 2020, the Group received wage support for local employees under JSS from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Grant income is recognised in profit or loss on a systematic basis over the period impacted by COVID-19 in which the related salary costs for which the grant is intended to compensate is recognised as expenses. The period impacted by COVID-19 has been determined to be 17 months commencing from April 2020. Government grant from JSS of \$95,975,000 (Note 23) was recognised during the year.

NOTES TO THE FINANCIAL STATEMENTS

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22 STAFF COSTS (CONT'D)

(b) Share-based payments

Share option scheme

The Company has a share option scheme for employees of the Group of the rank of Executive and above, and Directors of the Group. The scheme is administered by the Remuneration Committee. Information on the share option plan is disclosed in paragraph 4 to the Directors' Statement. Options are exercisable at a subscription price determined with reference to the market price of the shares at the time of grant of the options. The vesting period is one year. If the options remain unexercised after a period of 10 years (5 years for non-executive Directors) from the date of the grant, the options expire. Options granted will lapse when the option holder ceases to be a full-time employee or Director of the Group, subject to certain exceptions at the discretion of the Remuneration Committee. The share option scheme expired on 8 June 2010 and hence no option has been granted since then.

	The Company			
	2020	Weighted average exercise price \$	2019	Weighted average exercise price \$
	Number of share options		Number of share options	
Outstanding at beginning of year	–	–	232,500	1.58
Lapsed during the year	–	–	(37,500)	1.58
Exercised during the year	–	–	(195,000)	1.58
Outstanding at end of year	–	–	–	–
Exercisable at end of year	–	–	–	–

As at 31 December 2020, there were no outstanding options as all share options had been exercised or lapsed.

In 2019, the weighted average share price at the date of share options being exercised was \$3.20.

23 OPERATING PROFIT

In addition to the charges and credits disclosed elsewhere in the notes to the Financial Statements, this item includes the following charges (credits):

	The Group	
	2020	2019
	\$'000	\$'000
Directors' fees	517	509
Cost of inventories recognised in repairs and maintenance costs	133,492	138,034
Net gain on disposal of vehicles and equipment	(274)	(76)
Allowance for inventory obsolescence	20,159	1,887
Allowance for expected credit losses	395	–
Provision for accident claims	2,980	7,400
Provision for service benefits and long service awards	1,720	1,167
Government grant	109,789	–
Audit fees:		
Paid to auditors of the Company	116	122
Non-audit fees:		
Paid to auditors of the Company	87	37

Excluding the Government grant (COVID-19 related) of \$109,789,000 (2019 : \$NIL), the Group would have recorded Operating Loss of \$29,806,000 (2019 : Operating Profit of \$103,486,000).

24 NET INCOME FROM INVESTMENTS

	The Group	
	2020	2019
	\$'000	\$'000
Interest income from bank and short-term deposits	263	134
Interest income from net investment on sublease	9	3
Total	272	137

NOTES TO THE FINANCIAL STATEMENTS

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25 FINANCE COSTS

	The Group	
	2020	2019
	\$'000	\$'000
Interest expense on lease liabilities	2,111	2,341
Interest expense on bank loans	1,136	1,908
Total	3,247	4,249

26 TAX (CREDIT) EXPENSE

	The Group	
	2020	2019
	\$'000	\$'000
Current taxation	23,166	28,623
Deferred tax (Note 12)	(25,115)	(10,537)
Total	(1,949)	18,086

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2019 : 17%) to profit before taxation as a result of the following differences:

	The Group	
	2020	2019
	\$'000	\$'000
Profit before taxation	77,008	99,374
Taxation charge at statutory rate	13,091	16,894
(Non-taxable) allowable items	(15,710)	897
Tax-exempt income	(17)	(17)
Under provision of deferred tax in prior years	687	312
	(1,949)	18,086

27 EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group’s net profit attributable to shareholders of the Company for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	2020	2019
Profit attributable to shareholders of the Company (\$'000)	78,957	81,288
Weighted average number of ordinary shares in issue ('000)	311,865	311,825
Basic earnings per share (in cents)	25.32	26.07

Fully diluted earnings per share is the same as the basic earnings per share as there is no dilutive shares outstanding at the end of financial year ended 31 December 2020 and 31 December 2019.

28 BUSINESS SEGMENT INFORMATION

The Group operates principally in Singapore.

Following the developments in the public transport industry, the Group’s business segment information reported to the Group’s chief operating decision maker for purposes of resource allocation and assessment of segment performance are based on the following:

- (a) Public Transport Services: Income is generated substantially from the provision of bus and rail services to commuters travelling on public transport systems.
- (b) Other Commercial Services: Income is generated substantially through –
 - (i) advertisements on buses and trains and at bus interchanges and rail stations; and
 - (ii) rental collections from commercial and shop space at bus interchanges and rail stations.

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group’s Profit or Loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and vehicles, premises and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire vehicles, premises and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accruals.

NOTES TO THE FINANCIAL STATEMENTS

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28 BUSINESS SEGMENT INFORMATION (CONT'D)

	Public Transport Services \$'000	Other Commercial Services \$'000	Total \$'000
31 December 2020			
REVENUE	1,195,799	35,148	1,230,947
RESULTS			
Segment results	56,872	23,111	79,983
Net income from investments			272
Finance costs			(3,247)
Profit before taxation			77,008
Tax credit			1,949
Profit after taxation			78,957
OTHER INFORMATION			
Additions of vehicles, premises and equipment	14,198	1,047	15,245
Depreciation expense	107,436	1,610	109,046
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Segment assets	1,008,330	20,615	1,028,945
Unallocated corporate assets			110,856
Consolidated total assets			1,139,801
LIABILITIES			
Segment liabilities	380,672	25,301	405,973
Unallocated corporate liabilities			146,802
Consolidated total liabilities			552,775

28 BUSINESS SEGMENT INFORMATION (CONT'D)

	Public Transport Services \$'000	Other Commercial Services \$'000	Total \$'000
31 December 2019			
REVENUE	1,383,259	61,962	1,445,221
RESULTS			
Segment results	61,948	41,538	103,486
Net income from investments			137
Finance costs			(4,249)
Profit before taxation			99,374
Taxation			(18,086)
Profit after taxation			81,288
OTHER INFORMATION			
Additions of vehicles, premises and equipment	30,243	1,368	31,611
Depreciation expense	102,521	1,549	104,070
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Segment assets	1,063,037	22,927	1,085,964
Unallocated corporate assets			51,321
Consolidated total assets			1,137,285
LIABILITIES			
Segment liabilities	386,918	28,995	415,913
Unallocated corporate liabilities			194,631
Consolidated total liabilities			610,544

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

29 LEASE LIABILITIES

The Group as lessee

	The Group	
	2020 \$'000	2019 \$'000
Maturity analysis:		
Within one year	14,009	13,485
In the second to fifth year inclusive	58,160	59,991
After five years	4,654	17,113
	76,823	90,589
Less: Future finance charges	(5,297)	(7,413)
	71,526	83,176
Analysed as:		
Current	12,215	11,375
Non-current	59,311	71,801
	71,526	83,176

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The total cash outflow for leases (including short-term leases and leases of low value assets) amount to \$11.3 million (2019: \$10.2 million).

As at 31 December 2020, the Group is committed to \$44,800 (2019 : \$93,000) for leases exempted under SFRS(I) 16.

30 OPERATING LEASE ARRANGEMENTS

The Group as lessor

Operating leases, in which the Group is the lessor, relate to rental of spaces and floor areas at bus interchanges, bus depots and train stations. The properties are managed and maintained by the Group.

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Maturity analysis of operating lease payments:				
Within one year	16,801	16,876	13,413	13,941
In the second to fifth year inclusive	13,317	15,479	9,758	12,067
Total	30,118	32,355	23,171	26,008

31 CAPITAL COMMITMENTS

As at 31 December 2020, the Group and the Company have the following capital commitments contracted for but not provided for in the Financial Statements:

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Purchase of vehicles, premises and equipment	25,257	31,847	24,026	29,819

32 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	The Group		The Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Financial assets				
Amortised cost	358,919	253,172	647,336	504,342
Financial instruments designated in hedge accounting relationships:				
Hedging instrument	–	843	–	428
Financial liabilities				
Amortised cost	263,922	317,067	226,454	277,084
Financial instruments designated in hedge accounting relationships:				
Hedging instrument	–	508	–	404

(b) Financial risk, management policies and objectives

The main areas of financial risk faced by the Group are foreign currency exchange rate risk, interest rate risk, credit risk, liquidity risk and fuel price risk. The Group recognises that management of financial risk is an important aspect in its drive towards creating shareholders' value. It is the Group's policy not to participate in speculative financial instruments. The Group oversees financial risk management and regularly reviews its policy governing risk management practices.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS

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32 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

- (b) Financial risk, management policies and objectives (cont'd)

Foreign exchange rate risk management

The Group is exposed to currency risk as a result of its purchases of spare parts, fuel and any other purchases where the currency denomination differs from its functional currency (Singapore dollars). Its exposures include United States Dollar ("USD"), Swedish Kroner ("SEK"), Euro ("EUR"), Japanese Yen ("JPY"), Malaysian Ringgit ("MYR") and Sterling Pound ("GBP"). The Group manages its foreign exchange exposure through active currency management using hedging instruments such as forwards and options where necessary.

Foreign currency sensitivity

Based on sensitivity analysis performed, the exposure to changes in foreign exchange rates is minimal and hence the resulting impact on profit or equity of the Group is insignificant.

Interest rate risk management

The Group's primary interest rate risk relates to borrowings, investments in fixed income securities and deposits. The Group uses hedging instruments such as interest rate swaps and caps, where necessary, to achieve the desired interest rate profile in its effort to manage interest rate risk.

Summary quantitative data of the Group's interest-bearing financial instruments are disclosed in Section (e) of this note.

Interest rate sensitivity

Based on sensitivity analysis performed at end of the reporting period, the exposure to changes in interest rates is minimal and hence the resulting impact on the profit or Other Comprehensive Income of the Group is insignificant.

Credit risk management

The Group has minimal credit risk arising from its public transport operations as the credit risk that arises from its public transport operations is mainly from LTA and commuters who use the contactless smart card where cash is collected upfront. The remaining credit risk from advertisement and rental revenue is controlled via upfront deposits or strict credit terms and regular monitoring of advertisers' and tenants' financial standing. The Group enters into treasury transactions only with creditworthy institutions. Its investments in fixed income instruments are above investment grade as assigned by international credit-rating agencies. Cash and deposits are kept with reputable financial institutions. There is no significant concentration of credit risk. In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivables from the date credit was initially granted up to the reporting date and expected credit losses as at end of the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the rate of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, where relevant.

The carrying amount of financial assets represents the Group's maximum exposure to credit risk as disclosed in the notes to the Financial Statements.

32 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk, management policies and objectives (cont'd)

Liquidity risk management

The Group regularly reviews its liquidity position comprising free cash flows from its operations and credit lines from banks to ensure its ability to access funding at any time at the best possible rates.

Fuel price risk management

Fuel, comprising diesel and electricity, is part of the operating cost of the Group. The Group seeks to hedge the price risk associated with its fuel needs and uses hedging instruments, where necessary, to achieve the desired hedge outcome.

Following the transition to the BCM, the fuel indexation in the contracts with LTA provides a natural hedge to the diesel price risk. In view of this, the fuel price risk faced by the Group relates mainly to electricity. Based on sensitivity analysis performed and taking into account the fuel hedges in place, as at end of the reporting period, every one percentage point change in the rates of electricity using the closing rates as at end of the reporting period as a basis will impact the Group's annual electricity costs by \$312,000 (2019 : \$300,000). The sensitivity analysis assumes that consumption is held constant at the same level as in 2020.

Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, short term loans and other liabilities approximate the respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the Financial Statements.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) quoted prices in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (Level 3).

The fair values of the Group's investments are classified into Level 1. The Group's hedging instruments are classified into Level 2. None of the fair value of the financial instrument is classified in Level 3. There are also no transfers between Levels 1 and 2 of the fair value hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

32 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Hedging instruments

	The Group		The Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Financial assets				
At fair values:				
Fuel hedges	–	843	–	428
Financial liabilities				
At fair values:				
Foreign exchange hedges	–	508	–	404

The Group utilises hedging instruments to hedge significant future transactions and cash flows.

The Group and the Company use fuel hedges contract to hedge against fuel price risks. These arrangements are designed to address fuel price exposure and are accounted for as cash flow hedges.

The Group and the Company use forward contracts and options to manage their exposure to foreign exchange risks. These arrangements are designed to address foreign exchange risk on future purchases of goods and are accounted for as cash flow hedges.

At the end of the reporting year, the Group and the Company has no outstanding fuel hedge (2019: \$9,454,000).

At the end of the reporting year, the Group and the Company has no outstanding foreign exchange hedge (2019: \$28,064,000).

The Group's hedging instruments are measured at fair value whereby future cash flows are estimated based on contracted rates and observable forward rates at the end of the reporting period, discounted at a rate that reflects the credit risk of the various counterparties.

At the end of the prior period, the fair value of the Group and Company's hedging instruments, based on market prices for equivalent instruments at the end of the reporting year, comprised \$335,000 and \$24,000 respectively of assets matched by an equivalent fair value adjustment on cash flow hedges in Other Comprehensive Income.

32 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's capital management objectives are to safeguard its ability to continue as a going concern and to maximise shareholder value. Management monitors the gross and net gearing of the Group and its implication on weighted average cost of capital in deciding the optimal capital structure. These objectives determine the Group's decisions on the amount of dividends to be paid to shareholders and the sources of capital to be raised, be it equity or debt. The Group's debt capital refers to borrowings comprising loans under Note 13 while equity refers to total equity.

No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 2019.

(e) The following are the expected contractual undiscounted cash outflows (including interest payments) of the Group's and the Company's financial liabilities:

	Carrying amount \$'000	Contractual cash flows			Effective interest rate %
		Total \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	
2020					
Short Term Bank Loans					
– Unsecured	25,000	25,050	25,050	–	–
					0.81
2019					
Long Term Bank Loans					
– Unsecured	75,000	76,001	76,001	–	–
					1.91

33 DIVIDENDS

(a) During the financial year, the Company paid dividends as follows:

	2020 \$'000	2019 \$'000
Tax-exempt one-tier final dividend in respect of the previous financial year:		
– 5.90 cents (2019 : 7.10 cents) per ordinary share	18,400	22,139
Tax-exempt one-tier interim dividend in respect of the current financial year:		
– NIL cents (2019 : 7.15 cents) per ordinary share	–	22,298
Total	18,400	44,437

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

33 DIVIDENDS (CONT'D)

- (b) Subsequent to the end of the financial year, the Directors of the Company recommended that a tax-exempt one-tier first and final dividend of 6.30 cents per ordinary share totalling \$19,647,000 (2019 : \$18,400,000) be paid for the financial year ended 31 December 2020. The dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and hence the proposed dividend has not been accrued as a liability for the current financial year.

During the financial year, no interim dividend was declared (2019: 7.15 cents per ordinary share). A first and final dividend of 6.30 cents per ordinary share has been proposed for the financial year ended 31 December 2020. Total distributions paid in respect of the financial year ended 31 December 2019 was 13.05 cents per ordinary share.

34 LICENCE FOR RAIL SERVICES

North-East MRT System, Punggol LRT System and Sengkang LRT System

With effect from 1 April 2018, the Company was granted a new licence to operate the Licensed Systems under the New Rail Financing Framework ("NRFF") for a period of 15 years. If the Company applies for an extension, LTA may extend the term of the new licence for a further five years subject to terms and conditions as LTA may impose and the Company may accept.

The NRFF is an asset-light model whereby the LTA will make the capital investments in operating assets and thereby retain the ability and flexibility to decide on the additions, renewals and replacements and undertake long term planning for the rapid transit system network. It allows the LTA to respond more promptly to commuter needs, while relieving the Company of the cost of asset renewal and upgrade, and of procuring additional operating assets when ridership demand increases, in order to meet service level and reliability standards. The NRFF was first implemented in 2011 when the Company was awarded the tender for the Downtown Line.

With the transition to the NRFF, the Company will no longer need to buy over the first set of operating assets from the LTA. Going forward, LTA will also own and pay for the operating assets, including additions, renewals and replacements. In conjunction with the transition to the NRFF, the Company had entered into Sale and Purchase Agreements with the LTA on 14 February 2018 for the sale of certain operating assets required for the operation of the Licensed Systems which were purchased by the Company prior to the transition. The aggregate consideration for the sale was based on the respective net book values of such assets on the date of transfer amounted to \$29,210,000.

In exchange for the right to operate, maintain and derive revenue from the Licensed Systems, the Company will pay an annual licence charge to the LTA over the licence period. The licence charge structure under the NRFF provides for some sharing between the Company and the LTA of revenue risks under the Fare Revenue Shortfall Sharing as well as profit sharing via an Earnings Before Interest and Tax Cap/Collar. These are explained below:

- (i) Fare Revenue Shortfall Sharing ("FRSS")

The licence charge structure has a FRSS mechanism which offers some level of protection against revenue risks arising from uncertainties in ridership and fares. Under this mechanism, if the actual revenue falls short of the target revenue by 2% to 6%, LTA will share 50% of the shortfall. If the shortfall between the actual revenue and the target revenue exceeds 6%, LTA will bear 75% of the incremental revenue shortfall beyond 6%.

34 LICENCE FOR RAIL SERVICES (CONT'D)

(ii) Earnings Before Interest and Tax ("EBIT") Cap / Collar

The licence charge structure provides for profit sharing via an EBIT cap and collar mechanism whereby LTA shares in the upside of the EBIT above the cap as well as the downside risks below the collar. If the EBIT margin is lower than 3.50%, LTA will share 50% of the shortfall. LTA's sharing of the shortfall is limited by the amount of licence charge payable by the Company for the year. If the EBIT margin exceeds the cap of 5%, the excess will be shared via a tiered structure, whereby 85% to 95% of the incremental EBIT above the 5% cap will be shared with LTA.

LTA's sharing under the FRSS and/or the EBIT Cap/Collar is limited by the amount of licence charge payable by the Company for the year.

In addition, the LTA may reimburse or be reimbursed by the Company when new regulatory changes initiated by LTA after the transition lead to changes in operating costs or revenue. Regulatory changes that may impact operating costs or revenue include modifications to operating performance standards for the rail lines, maintenance performance standards for the operating assets, key performance indicators or codes of practice and changes in rentable and advertising spaces available for generating non-fare revenue.

Downtown Line MRT System

A licence dated 19 December 2013 was issued by LTA to the subsidiary of the Company under which the subsidiary of the Company is licensed to operate the Downtown Line MRT System.

The licence sets out the conditions governing the operation of the Downtown Line MRT System and includes, among others, the following:

- (a) The licence is for a period of 19 years commencing from 20 December 2013. LTA may, if it deems fit, renew the licence for such further period with revised terms and conditions of the renewed licence.
- (b) The licence fee payable to LTA is prescribed under the subsidiary legislation of the Rapid Transit Systems Act during the Licence Term.
- (c) The subsidiary of the Company shall pay LTA a licence charge which consists of Fixed Charge and Revenue Share Charge. A yearly Fixed Charge is payable from financial year 2019 to end of licence period. If the Operating Surplus minus the Fixed Charge for a financial year is more than the Threshold Profit, the subsidiary of the Company shall pay Revenue Share Charge.
- (d) After the commencement of revenue service of the last stage, the subsidiary of the Company shall pay LTA a Cash-Bid Amount if the Net Operating Surplus for a financial year is more than the Threshold Profit.
- (e) All Operating Assets shall remain the property of LTA except for Spares, Special Tools, Non-Proprietary Items and End Devices purchased by the subsidiary of the Company during the Licence Term.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

35 CONTRACTS UNDER THE BUS CONTRACTING MODEL (“BCM”)

The Company entered into public bus services contracts (collectively known as the “Negotiated Contract”) with LTA for the operation of public bus services under the BCM. The Negotiated Contract was effective from 1 September 2016 following the expiry of the Bus Service Operating Licence on 31 August 2016. Under the Negotiated Contract, the Company operates a total of 8 bus packages with an average contract period of 7 years. The respective contracted expiry dates of the 8 bus packages (subject to any further extension that may be granted at the sole discretion of LTA) are as follows: Bukit Merah (2018), Sengkang-Hougang (2021), Bedok (2023), Jurong West (2024), Tampines (2024), Serangoon-Eunos (2025), Clementi (2025) and Bishan-Toa Payoh (2026).

As part of the Negotiated Contract, the Company leases its fleet of close to 2,900 buses to LTA. In consideration of the Company using its fleet for the provision of the bus services, LTA pays a leasing fee based on the depreciation of the buses over the statutory lifespan. LTA also pays a leasing fee for the use of the other existing assets of the Company (bus depot and related equipment) based on the depreciation of such assets.

Subsequent to the Negotiated Contract, the Company was awarded the Seletar Bus Package in April 2017 and the Bukit Merah Bus Package (the first among the 8 bus packages within the Negotiated Contract to expire) in February 2018 respectively through the tender process conducted by LTA. Both bus packages secured through the tender process have a contract period of five years which can be extended by another two years. The Seletar and Bukit Merah Bus Packages had commenced operations from March 2018 and November 2018 respectively.

Including the two bus packages secured through tender, the Company operates a total of 9 bus packages which cover a total of 226 bus services, 7 bus depots, 1 bus park, 17 bus interchanges and 14 bus terminals. The fleet size required to operate the 9 packages is around 3,500 buses.

Under the BCM, LTA retains all fare revenue collected from the provision of the bus services. Revenue for the Company is derived from the provision of bus services which comprises service fee and leasing fee. The service fee is indexed to changes in wage levels, inflation and fuel costs. In addition, the Company retains revenue from other commercial services comprising advertising and rental.

In addition to operating and managing bus services to specified performance standards, the Company’s responsibilities include the following:

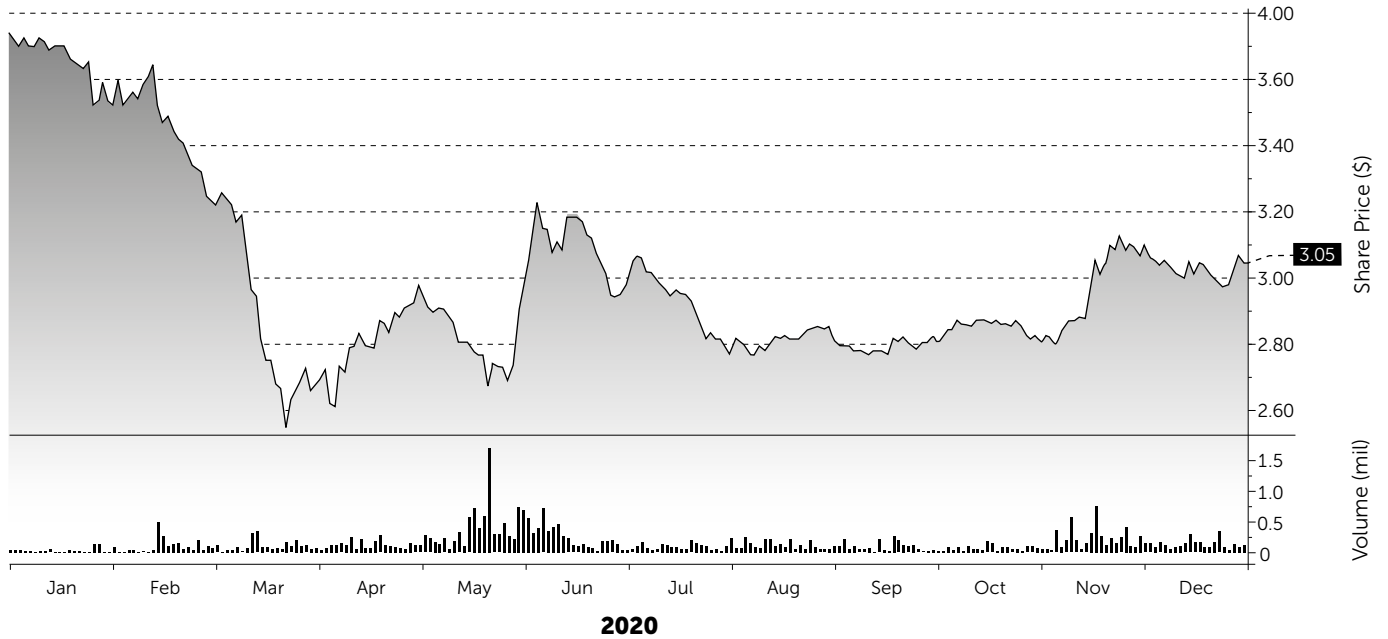
- (a) Operate, manage and maintain the buses and their on-board equipment;
- (b) Operate, and maintain the bus interchanges, bus depots including the equipment and systems therein;
- (c) Charge and collect fares as approved by the Public Transport Council, on behalf of LTA, for travel on the bus services;
- (d) Provide bus service information at all bus stops and bus interchanges served by the bus services; and
- (e) Provide customer management services, such as lost and found service, and a hotline for commuter feedback and enquiries.

36 CONTINGENT EVENT

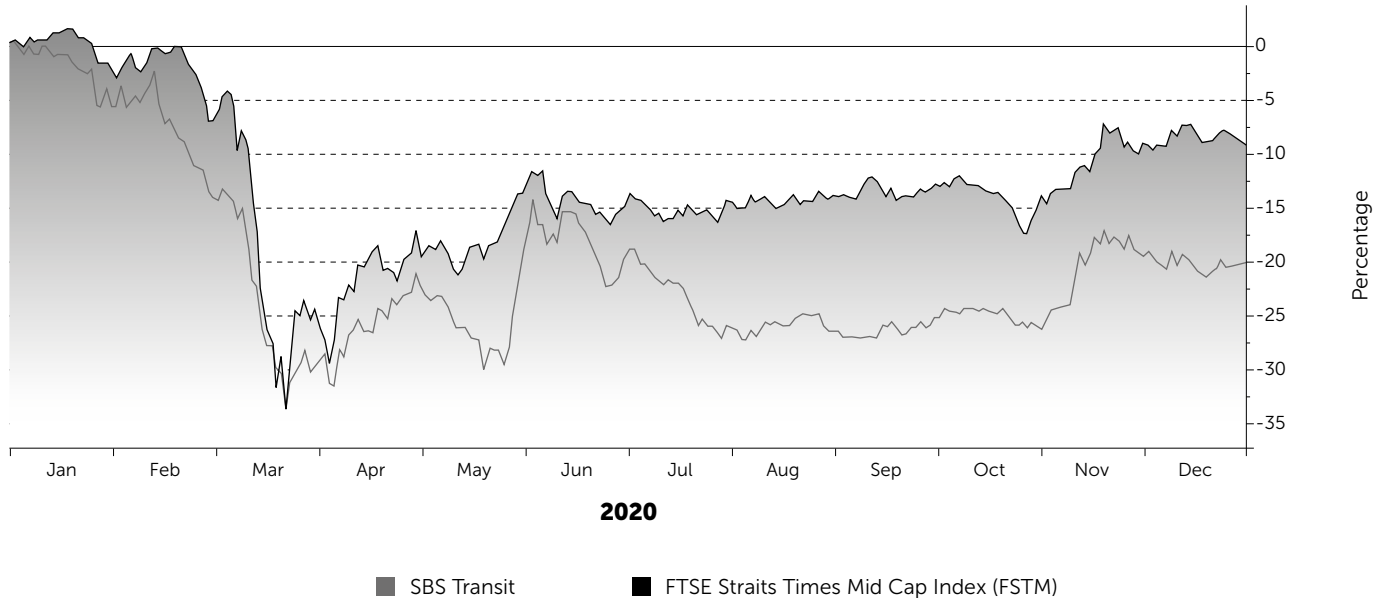
13 Bus Captains commenced legal proceedings against the Company between 20 September 2019 and 1 March 2020 in relation to, inter alia, working hours, rest days, overtime pay and allowances. At the date of this report, the Company is in the midst of legal proceedings. As at 31 December 2020, Management is of the view that no provision is required with regard to the above.

SHARE PRICE MOVEMENT CHART

SBS TRANSIT'S SHARE PRICE MOVEMENT AND VOLUME TURNOVER



COMPARISON OF PERFORMANCE OF SBS TRANSIT'S SHARE PRICE AND THE FTSE STRAITS TIMES MID CAP INDEX (FSTM)



Source: Bloomberg Finance L.P.

SHAREHOLDINGS STATISTICS

AS AT 1 MARCH 2021

Issued and Fully Paid-Up Capital	:	S\$100,498,983
No. of Shares Issued	:	311,864,766
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) Vote Per Share

The Company does not hold any Treasury Shares and Subsidiary Holdings.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 1 MARCH 2021

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	26	0.13	621	0.00
100 – 1,000	4,189	21.15	2,634,145	0.85
1,001 – 10,000	15,037	75.93	28,139,872	9.02
10,001 – 1,000,000	541	2.73	20,424,226	6.55
1,000,000 & Above	12	0.06	260,665,902	83.58
TOTAL	19,805	100.00	311,864,766	100.00

LIST OF TWENTY (20) LARGEST SHAREHOLDERS

(As recorded in the Depository Register as at 1 March 2021)

	Name of Shareholder	No. of Shares	% ⁽¹⁾
1	COMFORTDELGRO CORPORATION LIMITED	232,125,512	74.43
2	DBS NOMINEES PTE LTD	8,950,505	2.87
3	RAFFLES NOMINEES (PTE) LIMITED	3,974,724	1.27
4	CITIBANK NOMINEES SINGAPORE PTE LTD	3,433,643	1.10
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,215,500	0.71
6	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,905,500	0.61
7	OCBC NOMINEES SINGAPORE PTE LTD	1,715,900	0.55
8	MAYBANK KIM ENG SECURITIES PTE.LTD	1,568,100	0.50
9	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,379,773	0.44
10	ABN AMRO CLEARING BANK N.V.	1,187,000	0.38
11	THAM KIM FAY OR KWA AI TEE JEANNE	1,176,800	0.38
12	HSBC (SINGAPORE) NOMINEES PTE LTD	1,032,945	0.33
13	PHILLIP SECURITIES PTE LTD	865,400	0.28
14	IFAST FINANCIAL PTE LTD	746,500	0.24
15	CHANGI BUS COMPANY (PRIVATE) LIMITED	691,548	0.22
16	TAN KUANGXU	439,000	0.14
17	PANG CHEOW JOW	400,000	0.13
18	UOB KAY HIAN PTE LTD	363,400	0.12
19	JUSIN PRIVATE LIMITED	300,000	0.10
20	LEE WEI SHENG OR LAW HUI MIN (LIU HUIMIN)	300,000	0.10
	TOTAL:	264,771,750	84.90

Notes:

⁽¹⁾ The percentage of shareholding is calculated based on 311,864,766 issued shares of the Company as at 1 March 2021.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholder as at 1 March 2021)

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
COMFORTDELGRO CORPORATION LIMITED	232,125,512	74.43	–	–

Notes:

⁽¹⁾ The percentage is calculated based on 311,864,766 issued shares of the Company as at 1 March 2021.

COMPLIANCE WITH RULE 723 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) LISTING MANUAL

Based on information available and to the best knowledge of the Company as at 1 March 2021, approximately 25.53% of the ordinary shares of the Company are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

SBS TRANSIT LTD

(Incorporated in the Republic of Singapore)
(Co. Reg. No.: 199206653M)

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting (the "**AGM**") of SBS Transit Ltd. (the "**Company**") will be held on Thursday, 29 April 2021 at 10.00 a.m. via electronic means and at:

AUDITORIUM
COMFORTDELGRO HEADQUARTERS
205 BRADDELL ROAD
SINGAPORE 579701

The AGM is for the purpose of transacting the following business:

ORDINARY BUSINESS:

To consider and, if thought fit, to pass the following Resolutions:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the Financial Year ended 31 December 2020 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a tax-exempt one-tier final dividend of 6.30 cents per ordinary share in respect of the Financial Year ended 31 December 2020. **(Resolution 2)**
3. To approve the payment of Directors' fees of \$517,465 for the Financial Year ended 31 December 2020. (FY2019: \$508,737) **(Resolution 3)**
4. To re-elect Professor Lim Seh Chun as a director on the following terms: **(Resolution 4)**
 - Professor Lim is an Independent Non-Executive Director who is retiring pursuant to Regulation 100 of the Company's Constitution and, being eligible, has offered himself up for re-election. He will cease to be designated as independent as of 1 January 2022 in accordance with Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which will come into effect on 1 January 2022), unless both Resolution 4 and 5 are passed.
 - If both Resolution 4 and Resolution 5 are passed, Professor Lim shall continue to be designated as an Independent Non-Executive Director from 1 January 2022 and for the duration specified in Resolution 5.
 - If only Resolution 4 is passed but Resolution 5 is not passed, Professor Lim shall continue to be designated as an Independent Non-Executive Director up to and including 31 December 2021 and shall thereafter be re-designated as a Non-Independent Non-Executive Director as of and from 1 January 2022.

[Please refer to Explanatory Note (a)]

5. Subject to and contingent upon Resolution 4 being passed, pursuant to Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will come into effect on 1 January 2022), to re-elect Professor Lim Seh Chun as an Independent Non-Executive Director on the following terms: **(Resolution 5)**
- If passed, this Resolution shall remain in force until Professor Lim's retirement or resignation as director, or the conclusion of the annual general meeting of the Company in 2024, whichever is the earliest.
 - For the purposes of this Resolution, the Directors and the Chief Executive Officer of the Company and their respective associates (as defined in the Listing Manual of the SGX-ST): (i) shall abstain from voting; and (ii) must not accept appointment as proxies unless specific instructions as to voting are given. Any votes cast by such persons in contravention of the foregoing shall be disregarded for the purposes of determining if this Resolution has been passed in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST.
[Please refer to Explanatory Note (a)]
6. To note the retirement of Mr Lim Jit Poh as Director of the Company upon the conclusion of this AGM.
[Please refer to Explanatory Note (b)]
7. To note the retirement of Mr John De Payva as a Director of the Company upon conclusion of this AGM.
[Please refer to Explanatory Note (c)]
8. To note the retirement of Mr Lim Siang Hoe, Benny as a Director of the Company upon conclusion of this AGM.
[Please refer to Explanatory Note (d)]
9. To re-appoint Messrs Deloitte & Touche LLP as Auditors and authorise the Directors to fix their Remuneration. **(Resolution 6)**

SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Resolutions:

ORDINARY RESOLUTIONS:

10. **EXECUTIVE SHARE SCHEME** **(Resolution 7)**
- That:
- (a) a new share award scheme to be known as the "SBS Executive Share Scheme" (the "**Scheme**"), under which awards ("**Awards**") of fully-paid shares will be granted, free of charge, to eligible participants under the Scheme, the rules and summary details of which are set out in the circular dated 25 March 2021 ("**Circular**"), be and is hereby approved and adopted with effect from the date of the passing of this Resolution;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the directors of the Company ("**Directors**") be and are hereby authorised to:
- (i) establish and administer the Scheme; and
 - (ii) modify and/or alter the Scheme at any time and from time to time, provided that such modifications and/or alterations are effected in accordance with the provisions of the Scheme, and do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the Scheme; and
- (c) the Directors be and are hereby authorised to grant Awards in accordance with the provisions of the Scheme and to issue and/or transfer from time to time such number of fully paid-up shares in the capital of the Company ("**Shares**") as may be required to be issued and/or transferred pursuant to the vesting of Awards under the Scheme, provided that:
- (i) the total number of new Shares which shall be issued pursuant to Awards granted under the Scheme shall not exceed five per cent (5%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding the relevant date of the Award; and
 - (ii) the aggregate number of Shares for which an Award may be granted on any date under the Scheme, when added to the aggregate number of Shares that are issued and/or issuable in respect of:
 - (A) all Awards granted under the Scheme; and
 - (B) all Shares, options or awards granted under any other share option or share scheme of the Company then in force (if any),

shall be subject to any applicable limits prescribed under the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Listing Manual**").
[Please refer to Explanatory Note (e)]

11. **SHARE BUYBACK MANDATE**

(Resolution 8)

That:

- (a) for the purposes of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"), the authority conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereinafter defined) at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) on-market purchases ("**Market Purchases**"), effected on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme or schemes as defined in Section 76C of the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of Companies Act and the Listing Manual as may for the time being be applicable, be and is hereby approved generally and unconditionally (the **"Share Buyback Mandate"**);

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next AGM is held or required to be held by law to be held; and
 - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated;
- (c) in this Resolution:

"Maximum Limit" means that number of Shares representing not more than ten per cent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings); and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, one hundred and five per cent (105%) of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent (120%) of the Average Closing Price,

where:

"Relevant Period" means the period commencing from the date on which this Resolution is passed and expiring on the date the next AGM is held or required by law to be held, whichever is earlier, after the date of this Resolution;

"Average Closing Price" means the average of the closing market prices of a Share traded on the SGX-ST over the last five (5) Market Days (a **"Market Day"** being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

NOTICE OF ANNUAL GENERAL MEETING

“Day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

[Please refer to Explanatory Note (f)]

RECORD AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 7 May 2021, at 5 p.m. for the purposes of determining Shareholders’ entitlements to the proposed tax-exempt one-tier final dividend of 6.30 cents per ordinary share for the Financial Year ended 31 December 2020.

Duly completed and stamped transfers received by the Company’s Share Registrar, B.A.C.S. Private Limited, 8, Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 7 May 2021 will be registered to determine Shareholders’ entitlements to the final dividend. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 7 May 2021 will be entitled for the proposed final dividend.

The final dividend, if approved by the Shareholders at the Twenty-Eighth Annual General Meeting of the Company, will be paid on 19 May 2021.

BY ORDER OF THE BOARD

Angeline Joyce Lee Siang Pohr
Joint Company Secretary
Singapore

25 March 2021

NOTES:

General

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative arrangements for Meetings for Companies, Variable Capital Companies, Business Trust, Unit Trust and Debenture Holders) Order 2020 (the “**Order**”), the Company is permitted to hold physical meetings with strict adherence to safe management measures. The AGM will be held both physically at 205 Braddell Road, Singapore 579701 and by way of electronic means.
2. Alternative arrangements relating to attendance at the AGM, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM are set out in this Notice of AGM. This Notice of AGM may also be accessed at the Company’s website at www.sbstransit.com.sg and will also be made available on SGXNET.

Pre-registration

1. To minimise physical interactions and COVID-19 transmission risk, the number of shareholders allowed to attend the AGM in person will be kept at 25. Shareholders who wish to attend the AGM in person or virtually via webcast should pre-register at www.conveneagm.sg/SBS_AGM2021 by **10.00 am on Monday, 26 April 2021** to enable the Company to verify their status as shareholders.
2. Following the verification, confirmed shareholders will receive an email by **Tuesday, 27 April 2021**, notifying if they will be able to attend the AGM in person, or virtually using the account credentials created during pre-registration. Please do not disclose your login details to any other persons who are not entitled to attend the AGM. Your presence via the live webcast shall be taken as attendance at the AGM.
3. Shareholders who hold their shares through relevant intermediaries, including CPF and SRS investors, who wish to participate in the AGM via the live webcast should approach their respective relevant intermediaries (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

Submission of questions

1. Shareholders who wish to ask questions relating to the resolutions to be tabled for approval at the AGM must do so in advance via signing in to the pre-registration site. Alternatively, shareholders may email their questions in advance to IR@comfortdelgro.com, together with their full name and NRIC/FIN/Company Registration Number, whichever is applicable.
2. All questions must be submitted by **10.00 am on Monday, 26 April 2021**.

NOTICE OF ANNUAL GENERAL MEETING

Voting

1. Shareholders (whether individual or corporate), either attending in person or via the live webcast, must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM.
2. Where a shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF or SRS approved nominees to submit their votes not less than 7 working days before the AGM by **10.00 am on Tuesday, 20 April 2021**.
4. The proxy form for the AGM may be accessed at the Company's website at **www.sbstransit.com.sg/agm2021 proxyform**, and on SGXNET. The electronic proxy form is also available on the Company's AGM pre-registration site, **www.conveneagm.sg/SBS_AGM2021**.
5. The proxy form must be submitted in the following manner:
 - a. If submit by post, be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701; or
 - b. If submitted by electronic mail, be sent to **agm2021@sbstransit.com.sg**; or
 - c. If submitted electronically, be lodged at the Company's AGM pre-registration site, **www.conveneagm.sg/SBS_AGM2021**.in either case, by **10.00 am on Monday, 26 April 2021**
6. The instrument appointing the Chairman of the meeting as proxy must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Shareholders will not be able to vote through the live webcast and can only vote via their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

Annual Report and other documents

The Annual Report for the financial year ended 31 December 2020 and the Circular dated 25 March 2021 in relation to the proposed adoption of the SBS Executive Share Scheme and the proposed adoption of the Share Buy Back Mandate have been uploaded on SGXNET on 25 March 2021 and may be accessed via SGXNET and also the Company's website at **www.sbstransit.com.sg**.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any actions, proceedings, penalties, liabilities, claims, demands, costs, expenses, losses and damages suffered or incurred by the Company as a result of the member's breach of warranty.

EXPLANATORY NOTES:

ORDINARY BUSINESS:

- (a) Ordinary Resolution 4 and Ordinary Resolution 5 relate to Professor Lim Seh Chun's⁽¹⁾ re-election as a director of the Company and his continued designation as an Independent Non-Executive Director. As of 1 January 2022, Professor Lim would have been a Director of the Company for an aggregate period of more than 9 years and will cease to be regarded as independent on such date pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which will come into effect on 1 January 2022), unless Resolution 4 and Resolution 5 are both passed.

If Resolution 4 and Resolution 5 are both passed, Professor Lim will continue to be designated as an Independent Non-Executive Director of the Company for the duration specified in Resolution 5.

If only Resolution 4 is passed but Resolution 5 is not passed, Professor Lim shall continue to be designated as an Independent Non-Executive Director of the Company up to and including 31 December 2021, and shall thereafter be re-designated as a Non-Independent Non-Executive Director as of and from 1 January 2022.

If Resolution 4 is not passed, Resolution 5 will not be put to the vote at the Annual General Meeting in the interest of efficiency.

The Nominating Committee and the Board have determined that Professor Lim Seh Chun has remained objective and independent in Board deliberations. His vast experience enables him to provide the Board and the various Board Committees on which he has been serving, with pertinent experience and competence to facilitate sound decision making. His length of service does not in any way interfere with his exercise of independent judgement nor hinder his ability to act in the best interest of the Company. The Board is of the view that Professor Lim Seh Chun is able to continue to discharge his duties independently with integrity and competence.

- (b) Mr Lim Jit Poh will, upon his retirement as a Director of the Company, cease to be Chairman of the Board and the SBS Tender Committee, and a member of the Nominating Committee and the Remuneration Committee.

NOTICE OF ANNUAL GENERAL MEETING

- (c) Mr John De Payva will, upon his retirement as a Director of the Company, cease to be a member of the Remuneration Committee and the Service Quality Committee.
- (d) Mr Lim Siang Hoe, Benny will, upon his retirement as a Director of the Company, cease to be a member of the Audit and Risk Committee and the Nominating Committee.

⁽¹⁾ Detailed information on the Director who are proposed to be re-elected can be found under the sections entitled "**Board of Directors**", "**Directors' Particulars**" and "**Additional Information on Directors Seeking Re-election**" in the 2020 Annual Report of the Company.

SPECIAL BUSINESS:

- (e) Ordinary Resolution 7, if passed, will adopt the Scheme in the manner as set out in the Circular. The Company therefore wishes to adopt the Scheme, subject to, and upon, approval of shareholders being obtained for the Scheme at this AGM. The rationale for the adoption of the Scheme, details of and a summary of the principal rules of the Scheme are set out in the Circular.
- (f) Ordinary Resolution 8, if passed, will empower the Directors to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) Shares on the terms of the Share Buyback Mandate as set out in the Circular.

The Company may use internal sources of funds to finance its purchases or acquisitions of Shares. The Directors do not propose to exercise the Share Buyback Mandate to such extent that it would result in any material adverse effect on the listing status of the Shares on the SGX-ST, liquidity and/or the orderly trading of the Shares and/or the financial position of the Group. The amount of financing required for the Company to purchase its Shares pursuant to the Share Buyback Mandate and the impact on the Company's financial position, cannot be realistically ascertained as at the date of this Notice as this will depend on factors such as the aggregate number of Shares purchased and the purchase prices paid at the relevant times.

An illustration of the financial impact of the purchase or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate on the Audited Financial Statements of the Group for the Financial Year ended 31 December 2020 is set out in the Circular.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate at short notice up to the day of the AGM.

Shareholders are advised to closely monitor announcements made by the Company on SGXNET.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

The following additional information on Professor Lim Seh Chun who is seeking re-election as Director of the Company at the 28th Annual General Meeting to be held on 29 April 2021, is to be read in conjunction with his biography on page 55.

	LIM SEH CHUN (Lead Independent Non-Executive Director)
Country of principal residence	Singapore
The Board's comments on this appointment	Prof Lim is an expert in mechanical engineering. He understands the Group's challenges within the volatile and complex global economic landscape and will continue to enhance Board deliberations and help Management progress with its growth vision.
Working experience and occupations(s) during the past 10 years	<p><u>Current Directorships:</u></p> <p>1. SBS Transit Ltd*</p> <p><u>Directorship of other Non-listed Company:</u></p> <p>1. Singapore School of Science and Technology, Chairman, Board of Directors.</p> <p><u>Current Principal Commitments:</u></p> <p>1. Singapore University of Technology and Design (SUTD) – Associate Provost for Student Affairs (2014 – till present)</p> <p><u>Past 10 years Directorships:</u></p> <p>Nil</p>
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer (Yes or No)	Yes

* Listed Company

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	LIM SEH CHUN (Lead Independent Non-Executive Director)
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No

LIM SEH CHUN (Lead Independent Non-Executive Director)	
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere.	
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

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SBS TRANSIT LTD

(Incorporated in the Republic of Singapore)

(Co. Reg. No.: 199206653M)

**PROXY FORM
ANNUAL GENERAL MEETING****IMPORTANT**

1. The twenty-eighth Annual General Meeting (the "AGM") of the Company is being convened and held both physically at 205 Braddell Road, Singapore 579701 and by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternatives Arrangements for Meetings for Companies, Variable Capital Companies, Business Trust and Debenture Holders) Order 2020.
2. Due to the Government's prevailing regulations to prevent the spread of COVID-19, the number of member allowed to attend the AGM in person is kept at 25 and the remaining is to attend via live webcast. A member (whether individual or corporation) must appoint the Chairman of the Meeting as his/her proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
3. CPF/SRS investors who intend to exercise the voting rights attached to their SBS Transit Ltd shares purchased using their CPF monies are requested to contact their respective CPF/SRS Approved Nominees.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 25 March 2021.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as proxy to attend, speak and vote on his/her/its behalf at the AGM.

I/We _____ (Name) _____ (NRIC/Passport Number)

of _____ (Address)

being a member/members of SBS Transit Ltd (the "**Company**") hereby appoint the Chairman of the Annual General Meeting ("**AGM**" or "**Meeting**"), as *my/our proxy to attend, speak and to vote for *me/us on *my/our behalf, at the 28th AGM of the Company to be held at Singapore the Auditorium of ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Thursday, 29 April 2021 at 10:00 a.m. and at any adjournment thereof to vote for, against or abstain from the Resolutions to be proposed at the AGM as indicated hereunder.

* Delete where inapplicable

If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the box provided. If you wish the Chairman of the Meeting as your proxy to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of shares in the relevant boxes provided below. Alternatively, if you wish the Chairman of the Meeting as your proxy to abstain from voting for the relevant Resolution, please either tick (✓) within the box or indicate the number of shares in the relevant box provided.

No.	Resolutions	No. of Votes For	No. of Votes Against	No. of Votes Abstained
Ordinary Business				
1.	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2020			
2.	Declaration of Final Dividend for the year ended 31 December 2020			
3.	Approval of Directors' Fees amounting to \$517,465 for year ended 31 December 2020			
4.	Re-election of Professor Lim Seh Chun as a Director and his continued appointment as an Independent Non-Executive Director			
5.	Approval of Professor Lim Seh Chun's continued appointment as an Independent Non-Executive Director by shareholders (excluding Directors, Chief Executive Officer and their associates)			
6.	Re-appointment of Auditors and authorising Directors to fix their remuneration			
Special Business				
7.	Authority to issue shares under the SBS Executive Share Scheme			
8.	Adoption of Share Buy-Back Mandate			

Dated this _____ day of _____ 2021

Total Number of Shares Held in (Note 1) :	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) / Common Seal**IMPORTANT : PLEASE READ NOTES OVERLEAF**

NOTES

1. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members of the Company, he/she should insert that number of shares. If the member has shares entered against his/her name in the Depository Register and registered in his/her name in the Register of Members, he/she should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. Due to the Government's prevailing regulations to prevent the spread of COVID-19, members who attend the meeting physically must appoint the Chairman of the Meeting as proxy in order to vote.
3. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
4. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF or SRS approved nominees to submit their votes not less than 7 working days before the AGM **by 10.00 am on 20 April 2021**.
5. A member who is a relevant intermediary is entitled to vote at the AGM must appoint the Chairman of the Meeting to vote at the Meeting.
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter. 50 of Singapore.
6. The Chairman of the Meeting, as proxy, need not be a member of the Company.
7. The proxy form must be submitted in the following manner:
 - a. If submitted by post, be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701; or
 - b. If submitted by electronic mail, be sent to **agm2021@sbstransit.com.sg**; or
 - c. If submitted electronically, be lodged at the Company's AGM pre-registration site, **www.conveneagm.sg/SBS_AGM2021**.in either case, **by 10.00 am on Monday, 26 April 2021**.
8. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject the instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line

Affix
postage
stamp

THE COMPANY SECRETARY

SBS Transit Ltd
205 Braddell Road
Singapore 579701

This flap is for sealing. Glue all sides firmly. Stapling and spot sealing are disallowed.

Glue all sides firmly. Stapling and spot sealing are disallowed.

Glue all sides firmly. Stapling and spot sealing are disallowed.

**PLEASE NOTE THAT THE TWENTY-EIGHTH ANNUAL
GENERAL MEETING OF SBS TRANSIT LTD WILL BE HELD ON
THURSDAY, 29 APRIL 2021 AT 10.00AM VIA ELECTRONIC
MEANS AND AT:**

AUDITORIUM
COMFORTDELGRO HEADQUARTERS
205 BRADDELL ROAD
SINGAPORE 579701



SBS Transit Ltd

205 Braddell Road
Singapore 579701

Mainline (65) 6284 8866
Facsimile (65) 6287 0311
www.sbstransit.com.sg
Company Registration No. 199206653M

CIRCULAR DATED 25 MARCH 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is circulated to the shareholders of SBS Transit Ltd (the "**Company**") together with the annual report for the financial year ended 31 December 2020.

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

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

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

The legal adviser appointed by the Company to advise it on the proposed adoption of the SBS Executive Share Scheme (as defined herein) and the Share Buyback Mandate (as defined herein) is Rubicon Law LLC.



SBS TRANSIT LTD

(Company Registration Number: 199206653M)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO:

- (1) THE PROPOSED ADOPTION OF THE SBS EXECUTIVE SHARE SCHEME; AND**
- (2) THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE.**

Important Dates and Times:

Last date and time for lodgment of Proxy Form	:	Monday, 26 April 2021 at 10 a.m.
Date and time of Annual General Meeting	:	Thursday, 29 April 2021 at 10 a.m.
Place of Annual General Meeting	:	205 Braddell Road, Singapore 579701

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

<i>"2021 AGM"</i>	:	The forthcoming annual general meeting of the Company to be held on 29 April 2021
<i>"ACRA"</i>	:	The Accounting and Corporate Regulatory Authority
<i>"AGM"</i>	:	The annual general meeting of the Company
<i>"Annual Report"</i>	:	The annual report of the Company for the financial year ended 31 December 2020
<i>"Associate"</i>	:	(a) In relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family;(ii) 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(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent (30%) or more; and (b) in relation to a substantial shareholder or a Controlling Shareholder (being a company) 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 thirty per cent (30%) or more
<i>"Approval Date"</i>	:	The date of the 2021 AGM at which the Share Buyback Mandate is approved
<i>"Audited Financial Statements"</i>	:	Has the meaning ascribed to it in paragraph 8.5 of this Circular
<i>"Auditors"</i>	:	The auditors of the Company for the time being
<i>"Average Closing Price"</i>	:	Has the meaning ascribed to it in paragraph 8.2 of this Circular
<i>"Award Date"</i>	:	In relation to an Award, the date on which the Award is granted pursuant to the rules of the Scheme
<i>"Award Letter"</i>	:	A letter in such form as the Remuneration Committee shall approve, confirming an Award granted to a Scheme Participant by the Remuneration Committee
<i>"Awards"</i>	:	Awards of Shares granted pursuant to the rules of the Scheme
<i>"Board"</i>	:	The Board of Directors of the Company for the time being
<i>"CDP"</i>	:	The Central Depository (Pte) Limited

DEFINITIONS

<i>"Companies Act"</i>	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
<i>"Company"</i>	:	SBS Transit Ltd
<i>"Constitution"</i>	:	The constitution of the Company, as amended, modified or supplemented from time to time
<i>"Control"</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>"Controlling Shareholder"</i>	:	A person who: (a) holds directly or indirectly fifteen per cent (15%) or more of the total voting rights in the Company (excluding Treasury Shares). The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises Control over the Company
<i>"day of the making of the offer"</i>	:	Has the meaning ascribed to it in paragraph 8.2 of this Circular
<i>"Director(s)"</i>	:	The Director(s) of the Company for the time being
<i>"EPS"</i>	:	Earnings per Share
<i>"FRS"</i>	:	Financial Reporting Standards issued by the Accounting Standards Council
<i>"FY"</i>	:	The financial year ended or ending 31 December, as the case may be
<i>"Group"</i>	:	The Company and its subsidiaries
<i>"Latest Practicable Date"</i>	:	1 March 2021, being the latest practicable date prior to the printing of this Circular
<i>"Listing Manual" or "Listing Rules"</i>	:	The listing manual of the SGX-ST, or the rules contained therein, as may be amended, modified or supplemented from time to time
<i>"Market Day"</i>	:	A day on which the SGX-ST is open for trading in securities
<i>"Market Purchases"</i>	:	Has the meaning ascribed to it in paragraph 8.2(d) of this Circular
<i>"Maximum Price"</i>	:	Has the meaning ascribed to it in paragraph 8.2 of this Circular
<i>"Minister for Finance"</i>	:	The Minister for Finance of the Republic of Singapore for the time being
<i>"New Shares"</i>	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of the Awards granted under the Scheme

DEFINITIONS

<i>"NTA"</i>	:	Net tangible assets
<i>"Off-Market Purchases"</i>	:	Has the meaning ascribed to it in paragraph 8.2(e) in this Circular
<i>"Performance Period"</i>	:	The period prescribed by the Remuneration Committee during which the conditions, including Performance Targets, shall be satisfied
<i>"Performance Targets"</i>	:	The performance targets prescribed by the Remuneration Committee to be fulfilled by a Scheme Participant
<i>"Record Date"</i>	:	Has the meaning ascribed to it in paragraph 3.6 of this Circular
<i>"related expenses"</i>	:	Has the meaning ascribed to it in paragraph 8.2 of this Circular
<i>"Relevant Period"</i>	:	The period commencing from the Approval Date and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier
<i>"Remuneration Committee"</i>	:	The Remuneration Committee of the Company
<i>"Scheme"</i>	:	The proposed SBS Executive Share Scheme to be adopted by the Company, the terms of which are set out in Annex A to this Circular
<i>"Scheme Participant"</i>	:	A person who is selected by the Remuneration Committee to participate in the Scheme in accordance with the rules thereof
<i>"Senior Employee"</i>	:	An employee of the Group holding the rank of Assistant Vice President and above
<i>"SFA"</i>	:	The Securities and Futures Act (Chapter 289 of Singapore), as amended, modified or supplemented from time to time
<i>"SGX-ST"</i>	:	Singapore Exchange Securities Trading Limited
<i>"Share Buyback Mandate"</i>	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual
<i>"Share Purchase"</i>	:	The purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate
<i>"Shareholders"</i>	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" in relation to Shares held by CDP shall mean the persons named as depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
<i>"Shares"</i>	:	Ordinary shares in the share capital of the Company
<i>"SIC"</i>	:	Securities Industry Council
<i>"subsidiary holdings"</i>	:	Has the meaning ascribed to it under the Listing Manual
<i>"Substantial Shareholder"</i>	:	A Shareholder who has an interest in not less than five per cent (5%) of the issued Shares

DEFINITIONS

- "Take-over Code"* : The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
- "Treasury Shares"* : The Shares held in treasury by the Company
- "Vesting Period"* : The period during which an Award may vest
- "S\$"* : The lawful currency of the Republic of Singapore
- "%" or "per cent"* : Percentage or per centum

The terms *"depositor"* and *"Depository Register"* shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term *"subsidiary"* shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

SBS TRANSIT LTD

(Company Registration Number: 199206653M)
(Incorporated in the Republic of Singapore)

Board of Directors:

Mr. Lim Jit Poh	Non-Independent Non-Executive Chairman
Mr. Yang Ban Seng	Non-Independent Non-Executive Deputy Chairman
Professor Lim Seh Chun	Lead Independent Non-Executive Director
Ms. Chua Mui Hoong	Independent Non-Executive Director
Mr. John De Payva	Independent Non-Executive Director
Ms. Susan Kong Yim Pui	Independent Non-Executive Director
Ms. Lee Sok Koon	Independent Non-Executive Director
Mr. Lim Siang Hoe, Benny	Independent Non-Executive Director
Dr. Tan Kim Siew	Independent Non-Executive Director
Professor Yu Ching Man	Independent Non-Executive Director

Registered Office:

205 Braddell Road
Singapore 579701

25 March 2021

To: The Shareholders of SBS Transit Ltd

Dear Sir/Madam,

(1) THE PROPOSED ADOPTION OF THE SBS EXECUTIVE SHARE SCHEME; AND
(2) THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

- 1.1 The purpose of this Circular is to provide the Shareholders with information relating to, and to seek the approval of the Shareholders, for:
- (a) the proposed adoption of the Scheme; and
 - (b) the proposed adoption of the Share Buyback Mandate.
- 1.2 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

LETTER TO SHAREHOLDERS

2. THE PROPOSED SBS EXECUTIVE SHARE SCHEME

2.1 Background

The Company proposes to seek the approval of Shareholders at the 2021 AGM for the adoption of an executive share award scheme to be named the “**SBS Executive Share Scheme**”. The Scheme is devised to attract, incentivise and motivate Senior Employees to ensure that the Company continues to have a strong leadership team with a sustainable talent pipeline. The Scheme is also intended to provide an incentive for Senior Employees to deliver stretched performance and strategic contributions to enhance long term Shareholders’ value. The Company does not have any other existing share option scheme, performance share plan, or share incentive scheme in force, and the Company does not have any past schemes that were terminated.

2.2 Role and Composition of the Remuneration Committee

The Remuneration Committee, whose primary function is to assist the Board in reviewing remuneration matters, shall be the designated body responsible for administering the Scheme.

In compliance with the requirements of the Listing Rules, any Scheme Participant who is a member of the Remuneration Committee shall not be involved in its deliberations or decisions in respect of Awards to be granted to or held by that member of the Remuneration Committee or his Associates.

2.3 Rationale for the Scheme

The Scheme seeks to restructure the Company’s existing compensation package applicable to Senior Employees, to better align with long-term shareholder value. The Scheme will provide flexibility in acknowledging and securing the contributions of Senior Employees who are essential to the future and sustainability of the Group. The objectives of the Scheme are:

- (a) to make the existing remuneration sufficiently competitive for the Company to retain employees whose contributions are essential to the long-term growth and profitability of the Group;
- (b) to foster greater ownership and align the interests of employees with that of Shareholders, and thereby motivate the employees to achieve and maintain a high level of performance and contribution to the Group;
- (c) to attract and recruit potential employees with relevant skills, competencies and potential to join the Group and create greater value for Shareholders; and
- (d) to recognise the contributions made by the Scheme Participants to the success of the Group.

The Scheme allows the award of fully paid Shares to Scheme Participants as a reward for the contribution or performance of the Scheme Participants in lieu of paying bonus fully in cash or as an incentive upon achieving certain Performance Targets aligned with long-term shareholder value or for such other purpose as the Remuneration Committee may determine pursuant to the rules of the Scheme.

The Company believes that the Scheme will more effectively motivate Scheme Participants to work towards determined goals or to reward and provide recognition to Scheme Participants who have rendered tremendous contributions to the Group, than merely having pure cash bonuses.

The Scheme helps to fulfil the Company’s primary long-term objective of motivating deserving and eligible Scheme Participants to optimise their performance standards and efficiency and to maintain a high level of performance and contribution. The Scheme also further motivates employees that the Company regards as integral to the Group to strive for superior performance and to deliver long-term shareholder value.

LETTER TO SHAREHOLDERS

3. SUMMARY OF RULES OF THE SCHEME

3.1 Eligibility of Scheme Participants

Subject to the absolute discretion of the Remuneration Committee and paragraph 3.2 below, only Senior Employees are eligible to participate in the Scheme. Group Non-Executive Directors, Directors and employees of the Company's parent company and the subsidiaries of the Company's parent company, and Controlling Shareholders and/or their Associates shall not be eligible to participate in the Scheme.

Senior Employees shall be eligible to participate in the Scheme provided that, as of the Award Date, such persons:

- (a) have attained the age of 21 years;
- (b) are not undischarged bankrupts and have not entered into any compositions with their respective creditors; and
- (c) must have been in the employment of the Group and is not serving a notice of termination of employment.

3.2 Conditions Attached to Awards

The Awards represent the right of a Scheme Participant to receive fully paid Shares free of charge.

The Remuneration Committee may attach such relevant conditions to the Awards as it may determine at its absolute discretion, including but not limited to the satisfaction of Performance Targets and applicable Performance Periods and/or a vesting schedule pursuant to which Awards shall vest in accordance with the Vesting Period(s), if any. If conditions are attached to the Awards, the Shares will only vest or be issued upon the satisfaction of such conditions.

3.3 Provisions for the Grant and Vesting of Awards

Subject to limitations under the rules of the Scheme, the selection of a Scheme Participant and the number of Shares which are the subject of each Award to be granted to each Scheme Participant under the Scheme shall be determined at the absolute discretion of the Remuneration Committee. The Remuneration Committee may take into consideration, *inter alia*, factors such as the Scheme Participant's rank, job performance during the relevant evaluation period, capability, creativity, entrepreneurship, innovativeness, scope of responsibility, skills set, potential for future development, leadership in an operating or business unit, and contribution to the success and development of the Group, as well as prevailing market and economic conditions. In the case where Awards are tied to Performance Targets, the Remuneration Committee may also take into consideration the effort required to achieve the Performance Target within the Performance Period.

The Remuneration Committee shall, in its absolute discretion, determine in relation to each Award to be granted to a Scheme Participant:

- (a) the date on which the Award will be granted;
- (b) the number of Shares which are the subject of the Award;
- (c) the vesting schedule of the Award (if any);
- (d) the conditions that will apply and the periods over which the conditions are measured or tested such as Performance Target(s) and the Performance Period(s) during which the Performance Target(s) are to be satisfied;
- (e) the extent to which the Shares under that Award shall vest at the end of the applicable Performance Periods and/or the Vesting Period(s), if any; and
- (f) any other conditions and/or requirements which the Remuneration Committee may decide in relation to that Award.

LETTER TO SHAREHOLDERS

The proportion of Shares granted under the Scheme will be determined at the discretion of the Remuneration Committee, who may take into account factors such as the Scheme Participant's capability, scope of responsibility, skill, contribution to the Group and vulnerability to leaving the employment of the Group, and prevailing market and economic conditions. In deciding the number of Shares to be granted to a Scheme Participant, the Remuneration Committee may also consider the compensation and/or benefits to be given to the Scheme Participant under the Scheme and such other share-based incentive schemes of the Company, if any. The Remuneration Committee may also set specific criteria and Performance Targets for each of the Company's business units, taking into account factors such as (i) the Company's and the Group's business goals and directions for each financial year; (ii) the Scheme Participant's actual job scope and duties; and (iii) prevailing market and economic conditions. If there are Performance Targets tied to the Awards, the Remuneration Committee may determine in its absolute discretion whether the Performance Targets have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares comprised in such Awards to be released, subject to the terms of the Awards.

The Remuneration Committee may grant Awards at any time, except that no Award shall be granted during the period of two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of the Company's half year and full year financial statements (if not required to announce quarterly financial statements). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested, and hence any Shares comprised in such Awards may only be delivered, on or after the second Market Day from the day on which the aforesaid announcement is made. An Award Letter confirming the Award and specifying, *inter alia*, in relation to the Award, conditions that will apply, including but not limited to, the Performance Target(s) and the Performance Period, will be sent to each Scheme Participant as soon as reasonably practicable after the making of an Award.

Awards are personal to the Scheme Participant to whom it is given and shall not be transferred (other than to a Scheme Participant's personal representative on the death of the Scheme Participant), charged, assigned, pledged or otherwise disposed of, unless with the prior approval of the Remuneration Committee.

3.4 Special Provisions

Notwithstanding that all or only some conditions to which an Award is subject are satisfied, special provisions for the vesting and lapsing of such Award may apply in certain circumstances, including the following:

- (a) the decision of the Remuneration Committee, in its absolute discretion, to revoke or annul such Award;
- (b) the termination of employment of a Scheme Participant;
- (c) the ill health, injury, disability or death, redundancy or retirement of a Scheme Participant;
- (d) the bankruptcy of a Scheme Participant;
- (e) the misconduct or breach of the terms of employment on the part of the Scheme Participant, as determined by the Remuneration Committee in its absolute discretion; and
- (f) a take-over, winding-up or reconstruction of the Company.

LETTER TO SHAREHOLDERS

3.5 Size and Duration of Scheme

The total number of Shares which shall be issued pursuant to Awards granted under the Scheme shall not exceed five per cent (5%) of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) on the day preceding the Award Date. Given that this Scheme only applies to Senior Employees, the Company is of the view that a Scheme size of five per cent (5%) of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) would be sufficient.

The aggregate number of Shares for which an Award may be granted on any date under the Scheme, when added to the aggregate number of Shares that are issued and/or issuable in respect of:

- (a) all Awards granted under the Scheme; and
- (b) all Shares, options or awards granted under any other share option or share scheme of the Company then in force (if any),

shall be subject to any applicable limits prescribed under the Listing Manual.

The number of existing Shares which may be purchased from the market for delivery upon vesting of the Awards granted under the Scheme will be subject to the applicable limits under the Companies Act, Listing Manual and any share buyback mandates that are in place during the time at which the Scheme is in force.

The Scheme shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of ten (10) years commencing on the date on which the Scheme is adopted by Shareholders in general meeting, provided always that the Scheme may continue beyond the aforesaid period of time with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Scheme, any Award made to Scheme Participants prior to such expiry or termination will continue to remain valid.

3.6 Operation of the Scheme

Subject to prevailing legislation, the requirements of the Listing Manual and guidelines issued by the SGX-ST, the Company will have the flexibility to deliver Shares to Scheme Participants upon vesting of their Awards, either by way of an issue of New Shares deemed to be fully paid upon their issuance and allotment and/or by way of the transfer of Treasury Shares (acquired by way of a purchase of existing Shares from the market for delivery to Scheme Participants pursuant to the Companies Act, Listing Manual and any share buyback mandates that are in force). The financial effects of the issuance of New Shares and/or the transfer of Treasury Shares to Scheme Participants upon vesting of the Awards are set out in paragraph 4 of this Circular.

In determining whether to issue New Shares or purchase existing Shares, the Company shall have the right to take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or transferring existing Shares.

New Shares which are issued and allotted and/or Treasury Shares which are transferred by the Company upon the vesting of an Award shall be subject to all the provisions of the Constitution, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant vesting date of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. For the purposes of this paragraph, "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

LETTER TO SHAREHOLDERS

4. FINANCIAL EFFECTS OF THE SCHEME

Details of the costs to the Company of granting Awards pursuant to the Scheme are as follows:

4.1 Potential Costs of Awards

Based on the FRS, no cash outlays would be expended by the Company at the time Awards are issued by it (as compared with cash bonuses). However, the Company would recognise an expense in the financial statements based on the fair value of the Award at the grant date.

Scheme Participants will receive Shares in settlement of the Awards and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the income statement over the Vesting Period of an Award and a corresponding credit to reserve account. For Awards granted, the total amount of charge over the Vesting Period is based on the market price at the date of grant adjusted to take into account the terms and conditions upon which the Awards were granted. Before the end of the Vesting Period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the income statement is made. This accounting treatment has been referred to as the "modified grant date method", because the number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually vest, but no adjustment is made to changes in the fair value of the Shares since the date of grant.

The amount charged to the income statement would be the same whether the Company settles the Awards using New Shares or existing Shares (i.e. the equity settlement). In the case of Awards, the amount of the charge to the income statement also depends on whether or not the Performance Target attached to an Award is a "market condition", that is, a condition which is related to the market price of the Shares. If the Performance Target is not a market condition, the fair value of the Shares granted at the date of grant is used to compute the amount to be charged to the income statement at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, if the Awards do not ultimately vest due to a failure to meet the Performance Target, the amount charged to the income statement would be reversed at the end of the Vesting Period.

4.2 Share Capital

The Scheme will result in an increase in the Company's issued share capital when New Shares are issued to Scheme Participants pursuant to the grant of Awards. This increase will in turn depend on, *inter alia*, the number of Shares comprised in the Awards, and the prevailing market price of the Shares on the SGX-ST. However, there will be no change to the Company's issued share capital where Awards are satisfied by Treasury Shares held by the Company, or where the Awards are not vested.

4.3 Earnings per Share

The Scheme will have a dilutive effect on the Company's consolidated EPS following the increase in the Company's issued share capital to the extent that New Shares are issued pursuant to the Scheme. There will be no change to the Company's consolidated EPS where Awards are satisfied by Treasury Shares held by the Company, or where the Awards are not vested.

4.4 Net Tangible Assets

The grant of Awards under the Scheme is likely to result in a charge to the Company's income statement over the period from the date of the grant of the Awards to the vesting date of the Awards. The amount of the charge will be computed in accordance with FRS 102. If New Shares are issued to Scheme Participants, there would be no effect on the NTA of the Company.

LETTER TO SHAREHOLDERS

5. ADJUSTMENTS AND ALTERATIONS UNDER THE SCHEME

The following describes events under, and provisions relating to, alterations of the Scheme.

5.1 Variation of Capital

- (a) If a variation in the issued share capital of the Company (whether by way of a bonus issue, capitalisation of profits or reserves, rights issue, reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or issues for cash or for shares or otherwise) shall take place, then:
- (i) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
 - (ii) the class and/or number of Shares over which future Awards may be granted under the Scheme,
- may, at the option of the Remuneration Committee, be adjusted in such manner as the Remuneration Committee may determine to be appropriate.
- (b) Unless the Remuneration Committee considers an adjustment to be appropriate:
- (i) the issue of securities as consideration for an acquisition or a private placement of securities; or
 - (ii) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force,
- shall not normally be regarded as a circumstance requiring adjustment.
- (c) Notwithstanding the provisions of paragraph 5.1(a) above:
- (i) no such adjustment shall be made if, as a result, the Scheme Participant receives a benefit that a Shareholder does not receive; and
 - (ii) any determination by the Remuneration Committee as to whether to make any adjustment, and if so, the manner in which such adjustment should be made, must (except in relation to a bonus issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- (d) Any increase in the issued share capital of the Company as a consequence of the delivery of Shares pursuant to the vesting of Awards from time to time by the Company or through any other share-based incentive schemes implemented by the Company will also not be regarded as a circumstance requiring adjustment.
- (e) Upon any adjustment required to be made pursuant to the rules of the Scheme, the Company shall notify the Scheme Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued and/or delivered pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.

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5.2 Modifications or Alterations to the Scheme

- (a) The rules of the Scheme may be modified and/or altered from time to time by a resolution of the Remuneration Committee, subject to compliance with the Listing Manual and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Scheme Participants who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in value of all the Shares which would be issued and/or delivered pursuant to the Awards under the Scheme.

No alteration shall be made to the rules of the Scheme to the advantage of the holders of the Awards except with the prior approval of Shareholders in general meeting.

- (b) The Remuneration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the rules or provisions of the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- (c) Written notice of any modification or alteration made in accordance with this paragraph 5.2 shall be given to all Scheme Participants.

6. DISCLOSURE IN ANNUAL REPORTS

6.1 The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Scheme continues in operation:

- (a) the names of the members of the Remuneration Committee administering the Scheme;
- (b) in respect of the following Scheme Participants:
- (i) Directors; and
- (ii) Scheme Participants (other than those in paragraph 6.1(b)(i) above) who have been granted Awards under the Scheme and/or received Shares pursuant to the release of Awards granted under the Scheme which, in aggregate, represent five per cent (5%) or more of the total number of Shares available under the Scheme, the following information:
- (A) the name of the Scheme Participant;
- (B) the following particulars relating to Awards granted under the Scheme:
- (1) the number of Shares comprised in Awards granted to the Scheme Participant during the financial year under review (including terms);
- (2) the aggregate number of Shares comprised in Awards granted to the Scheme Participant since commencement of the Scheme to the end of the financial year under review;

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- (3) the aggregate number of Shares comprised in Awards granted to the Scheme Participant that have vested since commencement of the Scheme to the end of the financial year under review; and
- (4) the aggregate number of Shares comprised in Awards granted to the Scheme Participant that are outstanding as at the end of the financial year under review; and
- (c) any other information required to be so disclosed pursuant to the Listing Manual and all other applicable laws and requirements,

provided that if any of the above requirements is not applicable, an appropriate negative statement shall be included therein.

7. LISTING OF NEW SHARES

7.1 On 9 March 2021, the Company received from the SGX-ST the in-principle approval for the listing and quotation of the New Shares on the SGX-ST, subject to the following conditions:

- (a) the independent Shareholders' approval for the Scheme being obtained at the 2021 AGM; and
- (b) the Company's compliance with the SGX-ST's listing requirements and guidelines.

7.2 Shareholders should note that the in-principle approval is not to be taken as an indication of the merits of the Scheme, the New Shares, the Company and/or its subsidiaries.

8. ADOPTION OF THE PROPOSED SHARE BUYBACK MANDATE

8.1 Rationale

The Company proposes to seek Shareholders' approval for the adoption of the Share Buyback Mandate to give the Directors the flexibility to undertake Share Purchases at any time subject to market conditions, during the period that the Share Buyback Mandate is in force, with the objective of increasing Shareholders' value and to improve, *inter alia*, the return on equity of the Group and to facilitate the acquisition of Treasury Shares for the purpose of the Scheme.

A Share Purchase at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Shares purchased or acquired under the Share Buyback Mandate can also be held by the Company as Treasury Shares to satisfy the Company's obligations to furnish Shares to participants in the Scheme from time to time.

The Directors believe that the Share Buyback Mandate provides the Company with another mechanism to facilitate the return of surplus cash over and above its ordinary working capital requirements and possible investment needs of the Group in an expedient, effective and cost-efficient manner to Shareholders. Share Purchases will also provide the Directors with greater flexibility over the Company's share capital structure.

LETTER TO SHAREHOLDERS

Shareholders can be assured that Share Purchases by the Company would be made in circumstances where it was considered to be in the best interests of the Company. The Directors will decide whether to effect the Share Purchases via Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. While the Share Buyback Mandate would authorise a Share Purchase up to the said ten per cent (10%) limit during the period described in paragraph 8.2 below, it should be noted that Share Purchases may not be carried out to the full ten per cent (10%) limit as authorised. The Directors do not propose to carry out Share Purchases to an extent that would, or in circumstances that might, result in a material adverse effect on the listing status of the Shares on the SGX-ST, liquidity and/or the orderly trading of the Shares and/or the financial position of the Group.

8.2 **The Terms of the Share Buyback Mandate**

The authority for and limitations placed on Share Purchases by the Company under the Share Buyback Mandate are summarised below:

Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

The total number of Share Purchases during the Relevant Period is limited to that number of Shares representing not more than ten per cent (10%) of the total number of issued Shares as at the Approval Date (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the amount of issued Shares as altered). For the purposes of calculating the percentage of issued Shares above, any of the Shares which are held as Treasury Shares and subsidiary holdings will be disregarded.

For illustrative purposes only, based on 311,864,766 Shares in issue (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the 2021 AGM, and that the Company does not reduce its share capital, not more than 31,186,476 Shares (representing ten per cent (10%) of the issued and paid-up Shares (excluding Treasury Shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate during the Relevant Period.

Duration of Authority

Share Purchases may be made, at any time and from time to time, on and from the Approval Date up to the earliest of:

- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which the Share Purchases pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by the Shareholders in general meeting.

Manner of Purchase of Shares

Share Purchases may be made by way of, *inter alia*:

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- (d) on-market purchases ("**Market Purchases**"), effected on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (e) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme or schemes as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions, which are not inconsistent with the Share Buyback Mandate, the Listing Rules 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 of the following conditions:

- (f) offers for the Share Purchases shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (g) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (h) the terms of all the offers are the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;
 - (ii) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Rules provide that, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders which must contain at least the following information required under the Companies Act:

- (i) the terms and conditions of the offer;
- (j) the period and procedures for acceptances;
- (k) the reasons for the proposed Share Purchases;
- (l) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (m) whether the Share Purchases, if made, could have any effect on the listing of the Shares on the SGX-ST;
- (n) details of any Share Purchases made by the Company in the previous twelve (12) months (whether by way of Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (o) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

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Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses (collectively, "**related expenses**")) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (p) in the case of a Market Purchase, one hundred and five per cent (105%) of the Average Closing Price (as defined hereinafter); and
- (q) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent (120%) of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expense of the purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share traded on the SGX-ST over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

"**day of making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

8.3 **Status of Purchased Shares under the Share Buyback Mandate**

Status of Purchased Shares

A Share purchased or acquired by the Company is, unless held as a Treasury Share in accordance with the Companies Act, treated as cancelled immediately on purchase or acquisition. On such cancellation, all rights and privileges attached to the Share will expire and the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company.

Purchased Shares Held as Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

- (a) Maximum holdings

The number of Shares held as Treasury Shares cannot at any time exceed ten per cent (10%) of the total number of issued Shares at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within six (6) months or such further periods as ACRA may allow.

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(b) Voting and other rights

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of 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 or larger amount is allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

Where Shares purchased or acquired by the Company are held as Treasury Shares, the Company may at any time but subject always to the Take-over Code:

- (i) sell the Treasury Shares for cash;
- (ii) transfer the Treasury Shares for the purposes of or pursuant to an employees' share scheme, whether for employees, Directors or other persons;
- (iii) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares; or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such Treasury Shares, the purpose of such sale, transfer, cancellation and/or use of such Treasury Shares, the number of Treasury Shares which have been sold, transferred, cancelled and/or used, the number of Treasury Shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of Treasury Shares against the total number of issued shares (of the same class as the Treasury Shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

As at the Latest Practicable Date, the Company does not hold any of its Shares as Treasury Shares.

8.4 Source of Funds for Share Buyback

The Company may only apply funds for the purchase or acquisition of the Shares in accordance with the Constitution and the applicable laws in Singapore.

Pursuant to the Constitution and the Companies Act, any payment made by the Company in consideration for the purchase or acquisition of its own Shares may only be made out of the Company's capital or profits so long as the Company is solvent.

The Company may use internal and external sources of funds to finance the Company's Share Purchases. The Directors will only make Share Purchases in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

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8.5 Financial Effects of the Share Buyback Mandate

The financial effects on the Company and the Group arising from the Share Purchases will depend on, *inter alia*, the number of Shares purchased or acquired, whether such purchase or acquisition is made out of capital and/or profits of the Company, the consideration paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as Treasury Shares.

The financial effects on the Company and the Group, based on the audited financial statements of the Group for the financial year ended 31 December 2020 (the "**Audited Financial Statements**"), are based on the following principal assumptions:

(a) Purchase or acquisition out of capital and/or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent.

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

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

(b) Maximum Price paid for Shares purchased or acquired

Based on 311,864,766 issued Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date, the purchase or acquisition by the Company of ten per cent (10%) of such Shares will result in the purchase or acquisition of 31,186,476 Shares.

Assuming that the Company purchases or acquires the 31,186,476 Shares at the Maximum Price, the maximum amount of funds required is approximately:

- (i) in the case of Market Purchases of Shares, S\$97,707,229.31 based on S\$3.133 for one (1) Share (being the price equivalent to five per cent (5%) above the Average Closing Price of the Shares traded on the SGX-ST over the last five (5) consecutive Market Days immediately preceding the Latest Practicable Date); and
- (ii) in the case of Off-Market Purchases of Shares, S\$111,678,770.56 based on S\$3.581 for one (1) Share (being the price equivalent to twenty per cent (20%) above the Average Closing Price of the Shares traded on the SGX-ST over the last five (5) consecutive Market Days immediately preceding the Latest Practicable Date).

For illustrative purposes only, on the basis of the assumptions set out above as well as the following:

- (a) the Share Purchases had taken place on 1 January 2020;
- (b) there was no issuance of Shares after the Latest Practicable Date;
- (c) the Share Purchases are assumed to be financed by internal and external funding of the Group; and

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- (d) related expenses incurred for the Share Purchases are assumed to be insignificant and have been disregarded for the purpose of computing the financial effects,

the financial effects on the Audited Financial Statements are set out below.

	Group			Company		
	Before Share Purchase	After Share Purchase (By way of Market Purchases)	After Share Purchase (By way of Off-Market Purchases)	Before Share Purchase	After Share Purchase (By way of Market Purchases)	After Share Purchase (By way of Off-Market Purchases)
As at 31 December 2020						
Profit after income tax attributable to owners of the Company (S\$'000)	78,957	78,957	78,957	119,391	119,391	119,391
Share capital (S\$'000)	100,499	100,499	100,499	100,499	100,499	100,499
Other reserves ⁽¹⁾ (S\$'000)	40,265	40,265	40,265	40,265	40,265	40,265
Treasury shares (S\$'000)	–	(97,707)	(111,679)	–	(97,707)	(111,679)
Accumulated profits (S\$'000)	446,262	446,262	446,262	710,747	710,747	710,747
Perpetual capital securities (S\$'000)	–	–	–	–	–	–
Non-controlling interests (S\$'000)	–	–	–	–	–	–
Shareholders' funds ⁽²⁾ (S\$'000)	587,026	489,319	475,347	851,511	753,804	739,832
NTA (S\$'000) ⁽³⁾	587,026	489,319	475,347	851,511	753,804	739,832
Current assets (S\$'000)	487,563	439,856	425,884	744,620	696,913	682,941
Current liabilities (S\$'000)	386,795	386,795	386,795	341,758	341,758	341,758
Total borrowings ⁽⁴⁾ (S\$'000)	25,000	75,000	75,000	25,000	75,000	75,000
Number of issued Shares ('000)	311,865	280,679	280,679	311,865	280,679	280,679
Weighted average number of Shares ('000)	311,865	280,679	280,679	311,865	280,679	280,679
Financial ratios						
NTA/Share (cents) ⁽⁵⁾	188	174	169	273	269	264
Gearing ratio ⁽⁶⁾	4.4%	15.7%	16.2%	3.0%	10.1%	10.3%
Current ratio (times)	1.26	1.14	1.10	2.18	2.04	2.00
EPS (cents)	25.32	28.13	28.13	38.28	42.54	42.54

Notes:

- ⁽¹⁾ Other reserves include general reserve, capital reserve, share option reserve and currency translation reserve.
- ⁽²⁾ Shareholders' funds means the aggregate amounts of share capital, perpetual capital securities, other reserves, accumulated profits and non-controlling Shareholders.
- ⁽³⁾ NTA means total assets less total liabilities less goodwill on consolidation.
- ⁽⁴⁾ Total borrowings means the aggregate of bank loans (excluding lease liabilities arising from adoption of SFRS(I) 16).
- ⁽⁵⁾ NTA/Share is computed based on NTA divided by the number of issued Shares.
- ⁽⁶⁾ Gearing ratio represents the ratio of total borrowings to shareholders' funds.

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Shareholders should note that the pro forma financial effects set out above are for illustrative purposes only (based on the aforementioned assumptions). In particular, it is important to note that the above pro forma financial analysis is based on the historical numbers for the financial year ended 31 December 2020 and is not necessarily representative of future financial performance.

It should be noted that although the Share Buyback Mandate would authorise the Company to purchase or acquire up to ten per cent (10%) of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent (10%) of the issued Shares. In addition, the Company may cancel or hold in treasury all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share Purchase before execution.

8.6 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications or who may be subject to tax outside Singapore should consult their own professional advisers.

8.7 Listing Rules

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares, and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

The notification of such Share Purchases to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe, which includes details such as the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Shares, the total consideration paid for the Shares and the number of issued Shares after purchase. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any Share Purchases at any time after a price sensitive development has occurred or has been the subject of consideration and/or a decision of the Board, until the price sensitive information has been publicly announced. In particular, in line with Rule 1207(19) of the Listing Manual, the Company will not deal with any Shares during the period commencing one (1) month before the announcement of the Company's half year and full year financial statements.

The Listing Manual requires a listed company to ensure that at least ten per cent (10%) of any class of its listed securities must be held by public Shareholders. As at the Latest Practicable Date, the Company has 311,864,766 Shares, and 79,614,254 Shares representing approximately 25.53% of the total issued Shares are held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake Share Purchases through Market Purchases up to the full ten per cent (10%) limit without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading and its listing status.

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8.8 Take-Over Obligations pursuant to the Take-over Code

Appendix 2 to the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

(a) Obligation to Make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, 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:

- (i) the following companies:
 - (A) a company;
 - (B) the parent company of (A);
 - (C) the subsidiaries of (A);
 - (D) the fellow subsidiaries of (A);
 - (E) the associated companies of any of (A), (B), (C) or (D);
 - (F) companies whose associated companies include any of (A), (B), (C), (D) or (E); and
 - (G) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

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- (v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of:
 - (A) the adviser and the persons controlling, controlled by or under the same control as the adviser; and
 - (B) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent (10%) or more of the client's equity share capital;
- (vi) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (vii) partners; and
- (viii) the following persons and entities:
 - (A) an individual;
 - (B) the close relatives of (A);
 - (C) the related trusts of (A);
 - (D) any person who is accustomed to act in accordance with the instructions of (A);
 - (E) companies controlled by any of (A), (B), (C) or (D); and
- (ix) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 to the Take-over Code.

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(c) Effect and Application of Rule 14 and Appendix 2 to the Take-over Code

In general terms, the effect of Rule 14 of and Appendix 2 to the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties, being in aggregate less than thirty per cent (30%) before such purchase or acquisition, would increase to thirty per cent (30%) or more, or if the voting rights of such Directors and their concert parties fall between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent (1%) in any period of six (6) months.

Under Appendix 2 to the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to thirty per cent (30%) or more, or, if such Shareholder holds between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Based on the interests of the Substantial Shareholders in Shares recorded in the register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate of the maximum limit of ten per cent (10%) of its total number of issued Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

8.9 Shares Purchased by the Company

The Company has not made any buybacks of its Shares in the twelve (12) months preceding the Latest Practicable Date.

8.10 Reporting Requirements

Within thirty (30) days of the passing of a Shareholders' resolution to approve the Share Buyback Mandate, the Company shall lodge a copy of such resolution with ACRA. The Company shall also lodge a notice of purchase or acquisition with ACRA within thirty (30) days of a Share Purchase. Such notification is to include details such as the date of the Share Purchase, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before and after the Share Purchase, the amount of consideration paid by the Company for the Share Purchase, whether the Shares were purchased out of the profits or the capital of the Company, and such other particulars that might be prescribed.

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9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the Directors do not have any interests in the Shares. The interests of the Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed	
	Number of Shares	% of total issued Shares ⁽¹⁾	Number of Shares	% of total issued Shares ⁽¹⁾
Substantial Shareholders				
ComfortDelGro Corporation Limited	232,125,512	74.43	–	–

Notes:

⁽¹⁾ The percentage is calculated based on 311,864,766 issued Shares as at the Latest Practicable Date.

10. DIRECTORS' RECOMMENDATIONS

10.1 Scheme

Having fully considered, *inter alia*, the terms and rationale of the Scheme, the Board believes that the Scheme is in the best interests of the Company and its Shareholders. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 7 in relation to the Scheme to be proposed at the forthcoming 2021 AGM.

10.2 Share Buyback Mandate

Having fully considered, *inter alia*, the terms and rationale of the Share Buyback Mandate, the Board believes that the Share Buyback Mandate is in the best interests of the Company and its Shareholders. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 8 in relation to the Share Buyback Mandate to be proposed at the forthcoming 2021 AGM.

11. ANNUAL GENERAL MEETING

The 2021 AGM, notice of which is set out in the Annual Report, will be held on 29 April 2021 at 10 a.m., 205 Braddell Road, Singapore 579701 for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice of the AGM.

12. ACTIONS TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the 2021 AGM and wishes to appoint a proxy to attend and vote in his place or on his behalf, he should complete, sign and return the proxy form appended in the Annual Report in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 205 Braddell Road, Singapore 579701 not less than 72 hours before the time appointed for holding the 2021 AGM.

The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the 2021 AGM if he subsequently wishes to do so. In such an event, the proxy form shall be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder entitled to attend the 2021 AGM and to speak and vote at the 2021 AGM unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP at least 72 hours before the AGM.

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13. ABSTENTION FROM VOTING

To the extent required by the Listing Rules, Shareholders who are entitled to participate in the Scheme shall also abstain from voting on Ordinary Resolution 7 in relation to the Scheme, and shall not accept appointments as proxies for voting in respect of such Ordinary Resolution unless specific instructions have been given in the proxy instrument on how the Shareholder(s) appointing them wish their votes to be cast. There are no Associates of Directors and/or Controlling Shareholders who are required to abstain from voting.

14. DIRECTORS' RESPONSIBILITY STATEMENT

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

15. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 205 Braddell Road, Singapore 579701 during normal business hours from the date of this Circular up to and including the date of the 2021 AGM:

- (a) the Constitution;
- (b) the Annual Report 2020; and
- (c) the Rules of the SBS Executive Share Scheme.

Yours faithfully
For and on behalf of the Board of Directors of
SBS TRANSIT LTD

Lim Jit Poh
Chairman

25 March 2021

ANNEX A

RULES OF THE SBS EXECUTIVE SHARE SCHEME

1. NAME OF THE SCHEME

This share award scheme shall be called the "SBS Executive Share Scheme".

2. DEFINITIONS

Unless the context otherwise requires, the following words and expressions shall have the following meanings:

<i>"Associate"</i>	:	(a) In relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family;(ii) 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(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent (30%) or more; and
		(b) in relation to a substantial shareholder or a Controlling Shareholder (being a company) 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 thirty per cent (30%) or more
<i>"Auditors"</i>	:	The auditors of the Company for the time being
<i>"Award Date"</i>	:	In relation to an Award, the date on which the Award is granted pursuant to the Rules
<i>"Award Letter"</i>	:	A letter in such form as the Remuneration Committee shall approve, confirming an Award granted to a Scheme Participant by the Remuneration Committee
<i>"Awards"</i>	:	Awards of Shares granted pursuant to the Rules
<i>"Board"</i>	:	The Board of Directors of the Company for the time being
<i>"CDP"</i>	:	The Central Depository (Pte) Limited
<i>"Companies Act"</i>	:	The Companies Act (Chapter 50 of Singapore), as amended, modified or supplemented from time to time
<i>"Company"</i>	:	SBS Transit Ltd
<i>"Constitution"</i>	:	The constitution of the Company, as amended, modified or supplemented from time to time

ANNEX A

<i>"Control"</i>	:	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>"Controlling Shareholder"</i>	:	A person who: (a) holds directly or indirectly fifteen per cent (15%) or more of the total number of issued shares excluding treasury shares and subsidiary holdings in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises Control over a company
<i>"CPF"</i>	:	Central Provident Fund
<i>Director(s)"</i>	:	The Director(s) of the Company for the time being
<i>"Group"</i>	:	The Company and its subsidiaries
<i>"Listing Manual" or "Listing Rules"</i>	:	The listing manual of the SGX-ST, or the rules contained therein, as may be amended, modified or supplemented from time to time
<i>"Market Day"</i>	:	A day on which the SGX-ST is open for trading in securities
<i>"New Shares"</i>	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of the Awards granted under the Scheme
<i>"Performance Period"</i>	:	The period prescribed by the Remuneration Committee during which the conditions, including Performance Targets, shall be satisfied
<i>"Performance Targets"</i>	:	The performance targets prescribed by the Remuneration Committee to be fulfilled by a Scheme Participant
<i>"Remuneration Committee"</i>	:	The remuneration committee of the Company
<i>"Rules"</i>	:	The rules of the Scheme, as amended, modified or supplemented from time to time
<i>"Scheme"</i>	:	The SBS Executive Share Scheme
<i>"Scheme Participant"</i>	:	A person who is selected by the Remuneration Committee to participate in the Scheme in accordance with the Rules
<i>"Senior Employee"</i>	:	An employee of the Group holding the rank of Assistant Vice President and above
<i>"SFA"</i>	:	The Securities and Futures Act (Chapter 289 of Singapore), as amended, modified or supplemented from time to time
<i>"SGX-ST"</i>	:	Singapore Exchange Securities Trading Limited

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“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “ Shareholders ” in relation to Shares held by CDP shall mean the persons named as depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
“Share(s)”	:	Ordinary share(s) in the share capital of the Company
“subsidiary holdings”	:	Has the meaning ascribed to it under the Listing Manual
“Treasury Shares”	:	The Shares held in treasury by the Company
“Vesting Period”	:	The period during which an Award may vest, if any
“%” or “per cent”	:	Percentage or per centum

The terms “*depositor*”, “*Depository Register*” and “*depository agent*” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “*subsidiary*” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in the Rules to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or the Listing Manual or any modification thereof and used in the Rules shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

3. OBJECTIVES

The objectives of the Scheme are:

- (a) to make the existing remuneration sufficiently competitive for the Company to retain employees whose contributions are essential to the long-term growth and profitability of the Group;
- (b) to foster greater ownership and align the interests of employees with that of Shareholders, and thereby motivate the employees to achieve and maintain a high level of performance and contribution to the Group;
- (c) to attract and recruit potential employees with relevant skills, competencies and potential to join the Group and create greater value for Shareholders; and
- (d) to recognise the contributions made by the Scheme Participants to the success of the Group.

The Scheme allows the award of fully paid Shares to Scheme Participants as a reward for the contribution or performance of the Scheme Participants in lieu of paying bonus fully in cash or as an incentive upon achieving certain Performance Targets aligned with long-term shareholder value or for such other purpose as the Remuneration Committee may determine pursuant to the Rules.

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4. ELIGIBILITY OF SCHEME PARTICIPANTS

- 4.1 Subject to the absolute discretion of the Remuneration Committee and Rule 4.2 below, only Senior Employees are eligible to participate in the Scheme. Group Non-Executive Directors, Directors and employees of the Company's parent company and the subsidiaries of the Company's parent company, and Controlling Shareholders and/or their Associates shall not be eligible to participate in the Scheme.
- 4.2 Senior Employees shall be eligible to participate in the Scheme provided that, as of the Award Date, such persons:
- (a) have attained the age of 21 years;
 - (b) are not undischarged bankrupts and have not entered into any compositions with their respective creditors; and
 - (c) must have been in the employment of the Group and is not serving a notice of termination of employment.
- 4.3 Subject to the Companies Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted from time to time (if applicable), the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Remuneration Committee.

5. LIMITATIONS UNDER THE SCHEME

- 5.1 The total number of Shares which shall be issued pursuant to Awards granted under the Scheme shall not exceed five per cent (5%) of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) on the day preceding the Award Date.
- 5.2 The aggregate number of Shares for which an Award may be granted on any date under the Scheme, when added to the aggregate number of Shares that are issued and/or issuable in respect of:
- (a) all Awards granted under the Scheme; and
 - (b) all Shares, options or awards granted under any other share option or share scheme of the Company then in force (if any),

shall be subject to any applicable limits prescribed under the Listing Manual.

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6. GRANT OF AWARDS

- 6.1 Subject to the Rules, the selection of a Scheme Participant and the number of Shares which are the subject of each Award to be granted to each Scheme Participant under the Scheme shall be determined at the absolute discretion of the Remuneration Committee. The Remuneration Committee may take into consideration, *inter alia*, factors such as the Scheme Participant's rank, job performance during the relevant evaluation period, capability, creativity, entrepreneurship, innovativeness, scope of responsibility, skills set, potential for future development, leadership in an operating or business unit and contribution to the success and development of the Group, as well as prevailing market and economic conditions. In the case where Awards are tied to Performance Targets, the Remuneration Committee may also take into consideration the effort required to achieve the Performance Target within the Performance Period.
- 6.2 The Remuneration Committee shall, in its absolute discretion, determine in relation to each Award to be granted to a Scheme Participant:
- (a) the date on which the Award will be granted;
 - (b) the number of Shares which are the subject of the Award;
 - (c) the vesting schedule of the Award (if any);
 - (d) the conditions that will apply and the periods over which the conditions are measured or tested such as Performance Target(s) and the Performance Period(s) during which the Performance Target(s) are to be satisfied;
 - (e) the extent to which the Shares under that Award shall vest at the end of the applicable Performance Periods and/or the Vesting Period(s), if any; and
 - (f) any other conditions and/or requirements which the Remuneration Committee may decide in relation to that Award.
- 6.3 Upon its decision to grant the Award, the Remuneration Committee shall as soon as reasonably practicable send to the Scheme Participant an Award Letter confirming such Award and specifying the above.
- 6.4 Awards are personal to the Scheme Participant to whom it is given and shall not be transferred (other than to a Scheme Participant's personal representative on the death of the Scheme Participant), charged, assigned, pledged or otherwise disposed of, unless with the prior approval of the Remuneration Committee.
- 6.5 The Remuneration Committee may grant Awards at any time, except that no Award shall be granted during the period of two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of the Company's half year and full year financial statements (if not required to announce quarterly financial statements). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested, and hence any Shares comprised in such Awards may only be delivered, on or after the second Market Day from the day on which the aforesaid announcement is made.

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7. VESTING OF AWARDS

- 7.1 The Awards may be vested at the end of the applicable Vesting Period, if any, or upon satisfaction of the conditions as determined by the Remuneration Committee in its discretion and Shares comprised in such Awards may be issued and/or delivered to such Scheme Participant. If there are Performance Targets tied to the Awards, the Remuneration Committee may determine in its absolute discretion whether the Performance Targets have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares comprised in such Awards to be released, subject to the terms of the Awards.
- 7.2 Notwithstanding that all or only some conditions to which an Award is subject are satisfied, special provisions for the vesting and lapsing of such Award may apply in certain circumstances, including the following:
- (a) the decision of the Remuneration Committee, in its absolute discretion, to revoke or annul such Award;
 - (b) the termination of employment of a Scheme Participant;
 - (c) the ill health, injury, disability or death, redundancy or retirement of a Scheme Participant;
 - (d) the bankruptcy of a Scheme Participant;
 - (e) the misconduct or breach of the terms of employment on the part of the Scheme Participant, as determined by the Remuneration Committee in its absolute discretion; and
 - (f) a take-over, winding-up or reconstruction of the Company.
- 7.3 Upon the occurrence of any of the events specified in Rule 7.2(a), Rule 7.2(b), or Rule 7.2(e), any unvested Award then held by the Scheme Participant shall immediately lapse without any claim whatsoever against the Company and/or the Group.
- 7.4 If a Scheme Participant ceases to be in the employment of the Group before the Awards held by that Scheme Participant has vested by reason of any of the events specified in Rule 7.2(c), the Remuneration Committee may, in its absolute discretion, determine any of the following:
- (a) some or all of the Scheme Participant's unvested Awards will vest to the extent that the conditions have been satisfied; or
 - (b) preserve all or part of the Scheme Participant's unvested Awards until the end of the relevant Vesting Period.
- 7.5 Upon the occurrence of any of the events specified in Rule 7.2(d) or Rule 7.2(f), the Remuneration Committee will consider, at its discretion, whether or not to release any such Award, and will take into account all circumstances on a case by case basis, including (but not limited to) the contributions made by the Scheme Participant.
- 7.6 Save as provided and for the avoidance of doubt, the Shares under an Award shall nevertheless be released to a Scheme Participant for as long as he has satisfied the conditions, including any Performance Targets, to which the Award is subject and notwithstanding a transfer of his employment within any company in the Group or any apportionment of any Performance Target within any company in the Group. In addition, in such circumstances, if a Scheme Participant dies before the Shares under his Award are released, the Shares under such Award shall be given to the personal representatives of the Scheme Participant.
- 7.7 If any unvested Award of a Scheme Participant lapses pursuant to this Rule 7 or as determined by the Remuneration Committee in its discretion, such unvested Award then held by such Scheme Participant shall immediately lapse without any claim whatsoever against the Company and/or the Group.

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8. TAKE-OVER AND WINDING UP OF THE COMPANY

- 8.1 Notwithstanding Rule 7 but subject to Rule 8.5, in the event of a take-over offer being made for the Shares, a Scheme Participant shall be entitled to the Shares under the Awards provided that where the Awards are subject to conditions, including Performance Targets, such conditions have been satisfied for the corresponding Performance Period. For the avoidance of doubt, the vesting of such Awards will not be affected by the take-over offer.
- 8.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Scheme Participant who has satisfied the conditions, including his Performance Target (if any), shall be entitled, notwithstanding the provisions under this Rule 8 but subject to Rule 8.5, to any Shares under the Awards so determined by the Remuneration Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.
- 8.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that Shares may not have been released to the Scheme Participants, shall be deemed or become null and void.
- 8.4 In the event of a members' voluntary winding-up (other than for the purposes of, or in connection with, an amalgamation or reconstruction), the Shares under the Awards shall be released to the Scheme Participant for so long as, in the absolute determination by the Remuneration Committee, the Scheme Participant has met the conditions, including Performance Targets (if any), prior to the date on which the members' voluntary winding-up is deemed to have commenced or is effective in law.
- 8.5 If in connection with the making of a general offer referred to in Rule 8.1 or the scheme referred to in Rule 8.2 or the winding-up referred to in Rule 8.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Scheme Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Awards shall be made.

9. ALLOTMENT OR TRANSFER OF SHARES

- 9.1 Where New Shares are to be allotted and issued upon the vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares.
- 9.2 New Shares and/or Treasury Shares which are the subject of an Award shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Scheme Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank, in each case, as designated by that Participants.
- 9.3 New Shares issued and allotted upon the vesting of an Award and Treasury Shares transferred by the Company upon the vesting of an Award shall be subject to all the provisions of the Constitution, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant vesting date of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

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10. ADJUSTMENT EVENTS

10.1 If a variation in the issued share capital of the Company (whether by way of a bonus issue, capitalisation of profits or reserves, rights issue, reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or issues for cash or for shares or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the Scheme,

may, at the option of the Remuneration Committee, be adjusted in such manner as the Remuneration Committee may determine to be appropriate.

10.2 Unless the Remuneration Committee considers an adjustment to be appropriate:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities; or
- (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force,

shall not normally be regarded as a circumstance requiring adjustment.

10.3 Notwithstanding the provisions of Rule 10.1 above:

- (a) no such adjustment shall be made if as a result, the Scheme Participant receives a benefit that a Shareholder does not receive; and
- (b) any determination by the Remuneration Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a bonus issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

10.4 Any increase in the issued share capital of the Company as a consequence of the delivery of Shares pursuant to the vesting of Awards from time to time by the Company or through any other share-based incentive schemes implemented by the Company will also not be regarded as a circumstance requiring adjustment.

10.5 Upon any adjustment required to be made pursuant to this Rule 10, the Company shall notify the Scheme Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued and/or delivered pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.

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11. ADMINISTRATION OF THE SCHEME

- 11.1 The Scheme shall be administered by the Remuneration Committee duly authorised and appointed by the Board, in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that, in compliance with the requirements of the Listing Rules, any Scheme Participant who is a member of the Remuneration Committee shall not be involved in its deliberations or decisions in respect of Awards to be granted to or held by that member of the Remuneration Committee or his Associates.
- 11.2 The Remuneration Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as they think fit, including but not limited to:
- (a) imposing restrictions on the number of Awards that may be vested within each financial year; and
 - (b) amending conditions including Performance Targets if by so doing, it would be a fairer measure of performance for a Scheme Participant or for the Scheme as a whole.
- 11.3 Any decision of the Remuneration Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final and binding, including but not limited to any decisions pertaining to the number of Shares to be vested, or to disputes as to the interpretation of the Scheme or any rule, regulation or procedure thereunder or as to any rights under the Scheme.

12. NOTICES AND ANNUAL REPORT

- 12.1 Any notice required to be given by a Scheme Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.
- 12.2 Any notices or documents required to be given to a Scheme Participant or any correspondence to be made between the Company and the Scheme Participant shall be given or made by the Remuneration Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Scheme Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.
- 12.3 The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Scheme continues in operation:
- (a) the names of the members of the Remuneration Committee administering the Scheme;
 - (b) in respect of the following Scheme Participants:
 - (i) Directors; and
 - (ii) Scheme Participants (other than those in Rule 12.3(b)(i) above) who have been granted Awards under the Scheme and/or received Shares pursuant to the release of Awards granted under the Scheme which, in aggregate, represent five per cent (5%) or more of the total number of Shares available under the Scheme,

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the following information:

- (A) the name of the Scheme Participant;
- (B) the following particulars relating to Awards granted under the Scheme:
 - (1) the number of Shares comprised in Awards granted to the Scheme Participant during the financial year under review (including terms);
 - (2) the aggregate number of Shares comprised in Awards granted to the Scheme Participant since commencement of the Scheme to the end of the financial year under review;
 - (3) the aggregate number of Shares comprised in Awards granted to the Scheme Participant that have vested since commencement of the Scheme to the end of the financial year under review; and
 - (4) the aggregate number of Shares comprised in Awards granted to the Scheme Participant that are outstanding as at the end of the financial year under review; and
- (C) any other information required to be so disclosed pursuant to the Listing Manual and all other applicable laws and requirements,

provided that if any of the above requirements is not applicable, an appropriate negative statement shall be included therein.

13. MODIFICATIONS AND ALTERATIONS OF THE SCHEME

- 13.1 The Rules may be modified and/or altered from time to time by a resolution of the Remuneration Committee, subject to compliance with the Listing Manual and such other regulatory authorities as may be necessary.
- 13.2 However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Scheme Participants who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in value of all the Shares which would be issued and/or delivered pursuant to the Awards under the Scheme.
- 13.3 No alteration shall be made to the Rules to the advantage of the holders of the Awards except with the prior approval of Shareholders in general meeting.
- 13.4 The Remuneration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST where required) amend or alter the Rules in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST where required).
- 13.5 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Scheme Participants.

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14. TERMS OF OFFICE OR EMPLOYMENT UNAFFECTED

- 14.1 The Scheme or any Award shall not form part of any contract of employment between the Company or any subsidiary (as the case may be) and any Scheme Participant and the rights and obligations of any individual under the terms of office or employment with such company within the Group shall not be affected by his participation in the Scheme or any right which he may have to participate in it or any Award which he may hold and the Scheme or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

15. DURATION OF THE SCHEME

- 15.1 The Scheme shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of ten (10) years commencing on the date on which the Scheme is adopted by Shareholders in general meeting, provided always that the Scheme may continue beyond the aforesaid period of time with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 15.2 Notwithstanding the expiry or termination of the Scheme, any Award made to Scheme Participants prior to such expiry or termination will continue to remain valid.
- 15.3 The Scheme may be terminated at any time by the Remuneration Committee or by resolution of Shareholders in general meeting subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Awards shall be vested by the Company thereunder.

16. TAXES

- 16.1 All taxes (including income tax) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Scheme Participant under the Scheme shall be borne by that Scheme Participant.

17. COSTS AND EXPENSES

- 17.1 Each Scheme Participant shall be responsible for all fees (if any) relating to or in connection with the allotment, issue and/or delivery of any Shares pursuant to the Awards in CDP's name, the deposit of share certificate(s) with CDP, the Scheme Participant's securities account with CDP, or the Scheme Participant's securities sub-account with a CDP depository agent or CPF investment account with a CPF agent bank and all taxes referred to in Rule 16 which shall be payable by the relevant Scheme Participant.
- 17.2 Save for the taxes referred to in Rule 16 and such other costs and expenses expressly provided in the Rules to be payable by the Scheme Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

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18. DISCLAIMER OF LIABILITY

18.1 Notwithstanding any provisions herein contained, the Board, the Remuneration Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing and/or delivering the Shares or applying for or procuring the listing and quotation of the Shares on the SGX-ST in accordance with Rule 9.2.

19. DISPUTES

19.1 Any disputes or differences of any nature arising hereunder shall be referred to the Remuneration Committee and its decision shall be final and binding in all respects.

20. CONDITION OF AWARDS

20.1 Every Award shall be subject to the condition that no Shares would be issued and/or delivered pursuant to the vesting of any Award if such issue and/or delivery would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue and/or delivery of Shares under the Scheme.

21. GOVERNING LAW

21.1 The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Scheme Participants, by accepting Awards in accordance with the Scheme, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT (CHAPTER 53B OF SINGAPORE)

22.1 No person other than the Company or a Scheme Participant shall have any right to enforce any provision of the Scheme or any Award by virtue of the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore).

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