

SBS TRANSIT LTD
(Company Registration No.: 199206653M)
(Incorporated in the Republic of Singapore)

**MINUTES OF THE TWENTY-SEVENTH ANNUAL GENERAL MEETING (“AGM”) OF
SBS TRANSIT LTD (“COMPANY”) HELD ON THURSDAY, 21 MAY 2020 AT 10.00
A.M. BY ELECTRONIC MEANS**

Present

Board of Directors:

Mr Lim Jit Poh : Chairman
Mr. Cheng Siak Kian : Acting Chief Executive Officer, Acting
Chief Executive Officer (Acting CEO)

Board of Directors - Via Video Link:

Mr Yang Ban Seng : Executive Deputy Chairman
Prof Lim Seh Chun : Director, Lead Independent Director
Ms Kong Yim Pui, Susan : Director
Ms Lee Sok Koon : Director
Ms Chua Mui Hoong : Director
Mr John De Payva : Director
Mr Lim Siang Hoe Benny : Director
Dr Tan Kim Siew : Director
Prof Yu Ching Man : Director

In Attendance:

Mr Yeo Tee Yeok, Edwin : Joint Company Secretary

Management / Invitees / Shareholders – Via Webcast:

As per Attendance List.

Commencement of Meeting

At 10.00 a.m., Chairman took the Chair and called the Meeting to order after having ascertained that a quorum was present.

Chairman said that due to the Covid-19 situation, the Company is conducting this Annual General Meeting by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Covid-19 Order").

Chairman said that the Notice of the original AGM scheduled on 23 April 2020 which was dated 24 March 2020 ("Original Notice") had been sent to all Shareholders with the Annual Report in digital format posted on the Company's website on the same day. The Original Notice was also published in The Business Times on 24 March 2020.

Chairman explained that in light of the tightened safe-distancing measures issued by the Ministry of Health in relation to the COVID-19 situation in Singapore, the AGM originally scheduled on 23 April 2020 was deferred to today, 21 May 2020, and that the Notice of today's AGM dated 28 April 2020 ("Notice") had been issued and published on the SGXNET as well as on the Company's website, in accordance with the provisions of the "Covid-19 Order".

Chairman took the Notice as read.

Chairman informed the Meeting that all motions at the Meeting would be put to vote by way of a poll, and voting had been done by way of proxy votes received in advance. Chairman also informed the Meeting that he had been appointed as proxy for all the shareholders who had sent in their votes via proxy, and would be voting in accordance with the instructions as stated in the proxy forms received by the Company.

Chairman informed the Meeting that the Company had received questions from Shareholders and the Securities Investors Association of Singapore (SIAS) and that the Company had grouped them by subject and would comment on them under the relevant Agenda items. Chairman also informed the meeting that the Company would not be able to respond to some of these questions as they pertained to highly confidential financial information which the Company would not be able to share given the competitive business environment it operated in, and also because in some cases, any answer provided might be construed as a profit forecast.

Chairman then proceeded with the business of the Meeting.

Item 1: Adoption of Audited Financial Statements, Directors' Statement and Auditors' Report

Chairman said that the first item on the Agenda was to receive and adopt the Audited Financial Statements for the Financial Year ended 31 December 2019 together with the Directors' Statement and Auditors' Report.

Chairman then handed the meeting to Mr. Cheng Siak Kian, the Company's Acting CEO, to address questions received that were relevant to Agenda item 1.

Acting CEO said that the Company had two business segments, namely Public Transport Services covering both bus and rail operations and Other Commercial Services covering advertising and rental of space in stations and interchanges.

As stated at past AGMs, the Company combined bus and rail into one Public Transport Services segment for competitive reasons, as Bus and Rail businesses were not granted by the authorities, but awarded for successful bids in open competitive tenders. In Bus, tenderers would be drawn from both local and international players. The Company was currently the only local listed public transportation company with full disclosures of our financials, and therefore could not divulge information and data that would give competitors an advantage. Not all of the Company's competitors were publicly listed and hence the Company had no knowledge of their performance. The Company could not possibly compete with a handicap. Hence it would be better from a competition perspective and for the Company's survival that Bus and Rail were combined into one Public Transport Services segment.

Acting CEO added that the Bus Contracting Model was coming to four years old. The Company had been the market leader with just over 61% of the market share. The Bus Contracting Model is asset light, and the Company would not be responsible for fare revenue and are instead paid service fees based on mileage operated. Hence the revenue risk is minimal.

Acting CEO said that besides operating the services well, the Company had participated in a number of projects to ensure that it would be future ready. In 2019, in the area of Autonomous Bus operation, the Company participated in the three-month long public trial of driverless buses on Sentosa Island with ST Engineering ("Sentosa AV Trial"). In addition to the Sentosa AV Trial, the Company also operated another AV trial with ST Engineering at Jurong Island. The Company also participated in LTA's On-Demand Public Bus trial for five services for the Joo Koon and Marina-Downtown areas.

Acting CEO said that in Rail, there were only two local operators, and that the Company would continue to bid for new contracts. He said that the Company had encountered problems with lower-than-expected ridership and had incurred losses. He said that the authorities were aware of the Company's plight. Average daily ridership for the Company's rail business had continued to grow at a modest rate of 3.9% prior to COVID-

19. The Company's rail market share based on the total train network in Singapore stood at 36.3%.

In train service reliability, there were no major disruptions on NEL and DTL in 2019. Both lines exceeded the one million Mean Kilometre Between Failure or MKBF target set by the Minister for Transport. The MBKF is an internationally accepted benchmark for rail reliability performance and it calculates the mean distance travelled before a train fault lasting more than 5 minutes.

Acting CEO said that for both Bus and Rail tenders, the Company believed that its competitive advantage lay in its deep understanding of the local operating environment as well as the benefits the Company was able to reap from economies of scale. The Company's proven past track record in Bus and Rail operations would put it in good stead in future tenders.

Responding to various questions related to the impact of COVID-19 on the Company's operations, Acting CEO said that public transport ridership had dropped more than 80% since the start of the Circuit Breaker period compared to pre-Covid-19, as schools closed and the majority of workplaces stayed shuttered. Selected bus services, mainly those serving the CBD or recreational places, had been suspended during the CB period and there was a corresponding drop in advertising placements due to lower footfall. Revenue from buses would be impacted by the service fees received as a result of the reduced mileage operated, while revenue from trains would be affected by the lower fares collected.

Acting CEO said that the safety and health of the staff, commuters and tenants remained the Company's top priority. Notwithstanding the reduction in ridership, the Company had largely maintained trains and bus service capacity and headways to ensure safe distancing amongst commuters. The Company also ensured that all the necessary safety measures recommended by the Authorities were put in place for both staff and commuters, including safe distancing measures, stepped up cleaning of trains, buses and premises and furnishing masks and personal hand sanitisers to all staff. For non-frontline staff, the Company had implemented work-from-home arrangement where possible, and in areas where they were required to work in the depots, appropriate segregation and safe distancing measures had been put in place.

Financially, the Company continued to keep a close watch on costs and cashflow and had deferred non-critical capital expenditure, as well as following up closely on trade receivables. Senior Management has taken a 10% pay-cut and the Board had reduced its fees by 20% with effect from 2020.

Acting CEO added that the Company had also provided accommodation to affected Malaysian colleagues due to Malaysia Movement Control Order (MCO) to minimise disruption to public transport services. Prior to the Malaysia MCO, these Malaysian colleagues resided in Malaysia and travelled to Singapore on a daily basis.

He said that full rental rebates have given to tenants during the Circuit Breaker period with partial offset from property tax rebates from the Government.

Acting CEO said that, for the time being, the impact on rail business was partly cushioned from the broad-based Government relief measures such as the Job Support Scheme, property tax rebates and waiver of the foreign worker levy. However, as highlighted by Minister for Transport in Parliament on 5 May 2020, “if the impact is drastic, the current financing model for public transport may have to be updated appropriately”.

He said that Management would continue to watch and respond to the evolving Covid-19 crisis and make the necessary changes to cost structures and the organisation in accordance to the post Covid-19 business environment.

Acting CEO then handed proceedings back to the Chairman to speak about the Company’s plans post-COVID-19.

Speaking about the Company’s plans post COVID-19, Chairman noted that many were concerned with what would happen after COVID-19. Though the Company had decided to stop quarterly reporting, because of the present global health and economic crisis, the Company would release some indications of its first quarter performance together with the outcomes of today’s AGM after market closed. The results cover January to March 2020. The first local case of Covid-19 was only reported on 23 January 2020, hence the effect for 1Q2020 was just the beginning. The real effect would come in the second quarter of 2020. The Company would release the half-year results in August 2020.

Chairman said that business would not be the same as before the crisis. Events were unfolding day by day. As a regulated business, the Company would be dictated by government policies, and no one could say for sure whether it was going to be a U, V, W or L shaped recovery. But based reports in the main stream media, businesses were struggling, especially those in the aviation, hospitality, tourism and transportation sectors. High unemployment would be expected. Bankruptcies are in the pipelines. How long these would drag on would depend on whether a vaccine would be discovered or even not discovered. The Company had already seen the wide use of technology in everyday life. Putting on masks to move around might be the norm. Working from home might take up a sizeable of human time and thus reduce demand for public transport. Travelling abroad and globalisation might be guarded.

Chairman said that there were far too many variables for the Company to plan ahead accurately, but it still had to anticipate the changes to meet the new challenges. Management and the Board had been and would be spending considerable length of time to ponder over these critical issues. The Company’s existence can be threatened at worst. At best, the Company has to adjust its strategies to find its new roles.

Chairman then said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That the Audited Financial Statements for the Financial Year ended 31 December 2019 together with the Directors’ Statement and Auditors’ Report submitted to this Meeting be adopted.”

There were 243,576,289 votes representing 100.00% in favour of the Resolution and 0 votes or 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 2: Declaration of Final Dividend

Chairman said that Item 2 of the Agenda was to declare a final dividend.

Responding to questions received on the subject of dividends, Chairman said the Company’s dividend policy of distributing at least 50% of its profit and retaining the rest for expansion remained unchanged. He added that there was no reason to rule out script dividend which would preserve cash, and it might be adopted if the need arose.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That a tax-exempt one-tier final dividend of 5.90 cents per ordinary share in respect of the financial year ended 31 December 2019, as proposed by the Board of Directors be paid on 8 June 2020 to members whose names appear on the Register of Members as at 5.00 p.m. on 1 June 2020.”

There were 243,576,289 votes representing 100.00% in favour of the Resolution and 0 votes or 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 3: Directors’ Fees

Chairman said that Item 3 of the Agenda was to approve Directors’ Fees.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That the amount of \$508,737 proposed as Directors’ Fees for the Financial Year ended 31 December 2019 be approved.”

There were 243,576,289 votes representing 100.00% in favour of the Resolution and 0 votes or 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 4: Re-election of Mr Yang Ban Seng as a Director

Chairman said that pursuant to Regulation 100 of the Company's Constitution, three Directors would retire by rotation at the Meeting. They were Mr Yang Ban Seng, Ms Susan Kong and Ms Lee Sok Koon.

Chairman said that pursuant to Regulation 106 of the Company's Constitution, two Directors would retire at this Meeting. They were Ms Chua Mui Hoong and Dr Tan Kim Siew.

Chairman said that the retiring Directors had offered themselves for re-election.

Responding to questions received regarding Directors' succession and selection, Chairman said that the Company had initiated its Directors' succession plans four years ago. He said that the Company believed very strongly that in the nature of the regulated land transport business, its Board composition should be tripartite in form.

Chairman said that the Company has no difficulty in identifying retired top civil servants to join the Company's Board. They are well known figures. The Company also has no difficulty identifying people from the labour movement to join the Company's Board as the Company has had a long history working closely with the Union in all the years it has been in operation. From the industry, the Company has a wide network to identify potential Board members. There would be no necessity to use an executive search firm to undertake this exercise of identifying directors. However, in recruiting senior management appointments, the Company does use the services of these firms.

On the question of Chairman renewal, Chairman said that even though ComfortDelGro Corporation Limited is the largest shareholder with 74.5% of the shares, it only had two Directors on the Company's Board out of a total of 10 Directors. The respective positions are Chairman and Deputy Chairman. Because they are not independent, there is a Lead Independent Director. Chairman said that as long as ComfortDelGro remained a major significant shareholder, it would continue to have nominees for the positions of Chairman and Deputy Chairman. The renewals of the persons would be renewals of the persons nominated by ComfortDelGro.

Chairman said that Item 4 of the Agenda was to re-elect Mr Yan Ban Seng as a Director of the Company.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

"That Mr Yang Ban Seng who retires at this AGM be re-elected a Director of the Company."

There were 243,545,889 votes representing approximately 99.99% in favour of the Resolution and 30,400 votes or approximately 0.01% against the Resolution.

Chairman declared the Resolution duly carried.

Item 5: Re-election of Ms Susan Kong Yim Pui as a Director

Chairman said that Item 5 of the Agenda was to re-elect Ms Susan Kong Yim Pui as a Director of the Company.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That Ms Susan Kong Yim Pui who retires at this AGM be re-elected a Director of the Company.”

There were 243,576,289 votes representing 100.00% in favour of the Resolution and 0 votes or 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 6: Re-election of Ms Lee Sok Koon as a Director

Chairman said that Item 6 of the Agenda was to re-elect Ms Lee Sok Koon as a Director of the Company.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That Ms Lee Sok Koon who retires at this AGM be re-elected a Director of the Company.”

There were 243,576,289 votes representing 100.00% in favour of the Resolution and 0 votes or 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 7: Re-election of Ms Chua Mui Hoong as a Director

Chairman said that Item 7 of the Agenda was to re-elect Ms Chua Mui Hoong as a Director of the Company.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That Ms Chua Mui Hoong who retires at this AGM be re-elected a Director of the Company.”

There were 243,576,289 votes representing 100.00% in favour of the Resolution and 0 votes or 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 8: Re-election of Dr Tan Kim Siew as a Director

Chairman said that Item 8 of the Agenda was to re-elect Dr Tan Kim Siew as a Director of the Company.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That Dr Tan Kim Siew who retires at this AGM be re-elected a Director of the Company.”

There were 243,576,289 votes representing 100.00% in favour of the Resolution and 0 votes or 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 9: Re-appointment of Auditors

Chairman said that Item 9 of the Agenda was to re-appoint the Auditors. Messrs Deloitte & Touche LLP, the Auditors of the Company, had expressed their willingness to accept re-appointment.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That Messrs Deloitte & Touche LLP be re-appointed Auditors of the Company until the next Annual General Meeting at a fee to be agreed between the Directors and Auditors.”

There were 243,576,289 votes representing 100.00% in favour of the Resolution and 0 votes or 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Closure of Meeting

With the Agenda for the Meeting fully dealt with, Chairman declared the Meeting closed at 10.26 a.m.

Chairman said the Company's usual practice is for Directors and Senior Management to meet and interact with Shareholders after the AGM, and expressed his regret that, owing to the ongoing COVID-19 situation, they were unable to do so today. He thanked all Shareholders for their cooperation, patience and understanding.

Certified as a correct record of the proceedings of the Meeting.

Lim Jit Poh
Chairman