



**SBS TRANSIT LTD**

(Company Registration No.199206653M)  
(Incorporated in the Republic of Singapore)

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**ANNUAL GENERAL MEETING TO BE HELD ON 28 APRIL 2022  
COMPANY'S RESPONSES TO SHAREHOLDERS' QUESTIONS**

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The Board of Directors (the "**Board**") of SBS Transit Ltd (the "**Company**") wishes to thank all shareholders of the Company for submitting in advance, questions relating to the Resolutions as set out in the Notice of the Annual General Meeting ("**AGM**") to be held on 28 April 2022 at 10.00 a.m. and the Company's Annual Report for the financial year ended 31 December 2021 (the "**Annual Report**").

The list of questions and responses is as attached in Annex A.

**BY ORDER OF THE BOARD  
SBS TRANSIT LTD**

Angeline Joyce Lee Siang Pohr  
Company Secretary

26 April 2022

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## **ANNEX A**

In answering the submitted questions, we have grouped them into similar questions/topics as follows:

**Q1 How do higher fuel and electricity prices affect SBS Transit under LTA's rail financing/bus contracting model? Does SBS Transit receive any compensation from LTA if energy costs increase?**

**How has the oil price impacted Operational cost?**

A1 Energy prices have differing impacts on our bus and rail operations. The contracting/financing models for bus and rail are different so there are different exposures to the group for fuel and electricity respectively. Fuel is indexed on a monthly basis for bus service fee contracts with Land Transport Authority (LTA). For rail, the annual fare review takes into consideration an annual energy index and fare revisions are subject to Public Transport Council's decision.

**Q2 Could the management share what is the proforma result for FY 2021 and FY 2019, if NRFF2 had taken place in the beginning of 2021 and 2019?**

A2 Due to commercial sensitivity, we cannot disclose the pro-forma impact for 2019 or 2021. As disclosed in our announcement of 11 November 2021, if the DTL Transition had completed on 1 January 2020, being the beginning of the most recently completed financial year ended 31 December 2020, it would have resulted in savings of licence charges of approximately S\$20m for the financial year ended 31 December 2020, for the SBST Group under NRFF (Version 2).

**Q3 Under the BCM, LTA would pay for the service fee is indexed to changes in wage levels, inflation and fuel costs. How frequent does LTA review changes wage levels, inflation and fuel costs? When was the last review?**

A3 Under the bus service fees contract, fuel is indexed monthly while wage index and consumer price index (CPI) are indexed annually. The annual indexation for wages and CPI takes place on the anniversary date of each individual bus contract year.

**Q4 SBST reported the cash of \$204m and no borrowings as of 31 Dec 2021. May I know Management plan of the cash?**

A4 We are operating in a regulated environment that provides bus and rail services. Our cash requirement to cover our operating expenses fluctuates from \$100m to \$180m per month. Currently, the Covid-19 pandemic is not yet over and rail ridership has yet to return to pre-pandemic levels. In addition, there are cost pressures arising from rising electricity prices and rising cost of manpower and

supplies. In the past 2 years, the government's help in the form of the Jobs Support Scheme greatly helped in our cashflow. We are thankful for the Scheme which has since ended in August 2021.

While we are seeing the steady return to normalcy with the stabilisation of the Covid-19 situation in Singapore, we are mindful that there remains risk of new variants which may disrupt the pace of the full re-opening of the economy. Hence management will continue to take a prudent approach in maintaining a sufficient level of cash to support the daily operations of the company.

In view of the cash requirement volatility and the uncertainty and risks cited above, Management will adopt a prudent cash management approach. Any temporary excess cash balances will be kept in short-term fixed deposits.

**Q5 Has ridership improved substantially since relaxation of Covid restrictions? If so, has the company bottom line improved correspondingly?**

A5 Rail ridership has recovered to 65%-70% of pre-COVID levels as of end 1Q2022 compared to 60%-65% as of end 2021.

While ridership has improved gradually, the increase in fare revenue is not sufficient to offset the escalating increase in energy cost due to the increase in electricity price.

**Q6 What is the average age of SBS Transit's bus captains/drivers? Has SBS Transit been successful in attracting younger Singaporeans to join the company as bus drivers?**

A6 The average age of an SBST's BC is 48 years old. To attract Singaporeans to join us as bus captains, we have over the years raised starting salaries and given additional increments for local applicants with heavy vehicle driving experience, in addition to sign-on bonuses. We have also enhanced career progression opportunities and provided alternative career paths for local BCs who perform well to move into other roles, including Executive level appointments.

**Q7 Any intent to go into autonomous bus and electric buses more by nudging LTA MOT with more funding support on the hard assets?**

A7 Buses are now owned by the government and the speed of the procurement and deployment of electric and autonomous buses is determined by the Authorities.

We have been getting ourselves ready in operating autonomous buses and electric buses.

In 2021, we took delivery of 10 electric buses from the LTA, bringing the total number of green vehicles in our fleet to 55. This comprised 30 electric buses and 25 hybrid ones.

We also operated a commercial on-demand shuttle bus service using autonomous buses (AV) on Jurong Island for three months until end April 2021. Prior to this, we were involved in the trial of operating these vehicles with ST Engineering where our BCs served as safety drivers to take over the wheel in case of emergencies. Meanwhile, we are also participating in a consortium with ST Engineering Autonomous Solutions, which had submitted a bid for an AV project, in a Call for Collaboration announced by the LTA and the Economic Development Board.

**Q8 Will electric buses be more economical to run than diesel power ones. When are they due to go on the roads?**

A8 Generally, electric buses are more economical to run than diesel ones. We currently operate 30 electric buses on a trial basis. However, it is still early days to comment on long term maintenance cost of electric buses due to the small fleet that we currently operate. Any future increase in the electric fleet is decided by LTA.

**Q9 Please do not buy China built buses. They are poorly built. The buses rattle a lot of bumpy roads and some are about to fall apart not long after put into operation.**

A9 The purchase of buses, including the make and model, is decided by LTA as the buses are owned by LTA.

**Q10 With the appointment of Mr Cheng Siak Kian as Comfortdelgro Group Deputy Chief Executive Officer, when is the plan for him to step down as CEO of SBS Transit? If not, how will he juggle between the responsibilities of the two listed companies? What is the transition plan to identify successor for Mr Cheng as the CEO for SBS Transit?**

A10 There is no immediate plan for Mr Cheng to step down as CEO of SBS Transit. He will concurrently hold both positions until a suitable successor for SBS Transit has been identified.

As part of SBS Transit's plans to strengthen the management bench strength, and lend greater focus to its two core businesses of serving the travel needs of the commuting public, we have initiated several management changes including appointing two new chief executive officers (CEOs) to head its core bus and rail businesses as part of its planned succession strategy. Mr Lim Tien Hock is appointed as CEO Bus Business and Mr Jeffrey Sim Vee Ming is appointed as CEO Rail Business. With the two CEOs driving our core businesses, we believe we will be better placed to steer the company ahead in a competitive business environment.