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CHAIRMAN'S STATEMENT

GLOBAL CHANGES

(I) TRADE, ECONOMY AND POLITICS

The trade war between the United States of America (USA) and the People's Republic of China (China) which I mentioned in my Statement last year accelerated throughout 2020 and even extended from the macro to the micro level affecting Chinese technology companies in the USA. There were attempts to sanction, curtail and scrutinise their business activities and in some cases, even threats made to expel and delist their shares from exchanges in the USA.

Though the United Kingdom (UK) had left the European Union (EU) in January 2020, the protracted and fraught negotiations on the trade agreement were only concluded towards the end of 2020. It is a Free Trade Agreement of "zero-tariff-zero-quota" deal.

There was also a shadow trade war between China and Australia. The relations between the two countries have since deteriorated. Diplomatic and trade relations between the two countries have sunk to their lowest levels.

Nearer home, the geopolitical tension started to feature more loudly in the South China Sea with the USA trying to exert greater influence. Domestic issues in Hong Kong and Taiwan appeared to be targets of contention. So were the territorial disputes between China and a few member states of the Association of South East Asian Nations (ASEAN).

(II) COVID-19 CRISIS

Against that political background, the world was also confronted by a global pandemic the likes of which have not been seen for over a century. From China in December 2019, we in Singapore experienced the effect at the end of January 2020. Our major overseas operations in the UK and Australia followed suit.

Global business took a deep dive. Lockdowns and the near-suspension of international cross-border travel were the order of the day with businesses almost at a standstill. Second, third and fourth waves of the spread of the virus also occurred.

A number of vaccines have been developed and a few have been in use since the end of 2020.

As at early-March 2021, it has caused 2.6 million recorded deaths with many more unrecorded. Global economic output is at least 7% lower than it would have been, the biggest slump since the second World War. Unemployment and retrenchments have been on the rise. Large and established companies in the aviation sector, especially airlines and tourist-related entities, have been very badly affected by the pandemic. The International Air Transport Association has forecast that the return of business to pre-pandemic levels would only be expected in 2024. Even then, economic recovery is expected to be weak, gradual and uneven. Government assistance, provided in practically every country during the crisis, is expected to continue to help the population and the industry face the challenges.

(III) CURRENCY

Currency exchange rates were in favour of the Singapore Dollar as seen by these numbers of average rates of our three operating currencies for the respective years:

	2020	2019	VARIANCE
1 Sterling Pound	S\$1.7695	S\$1.7413	+1.6%
1 Renminbi	S\$0.1999	S\$0.1975	+1.2%
1 Australian Dollar	S\$0.9515	S\$0.9484	+0.3%

CORPORATE GOVERNANCE

(I) CODE OF CORPORATE GOVERNANCE (CODE 2018)

The implementation of Rule 210(5)(d)(iii) of the SGX-ST's Listing Manual in respect of the nine-year rule for independent directors will come into effect on 1 January 2022, and directors who have served a total of nine or more years in their tenure as of that date will be designated as non-independent unless prior approvals have been obtained from Shareholders. We have three Directors out of 10 in ComfortDelGro Corporation Limited, three out of 10 in SBS Transit Ltd

CHAIRMAN'S STATEMENT

(two of whom are retiring at the upcoming 2020 Annual General Meeting (AGM)) and two out of 10 in VICOM Ltd that fall in this category.

In the 12th Annual Governance and Transparency Index Survey 2020 which assesses listed companies on corporate governance disclosures and practices, as well as timeliness, accessibility and transparency of their financial results announcements, our three listed companies continued to do well. In fact, they all ranked within the top 20 companies – translating into the top 3% of all the 577 listed companies in 2020.

ComfortDelGro's score advanced to 110 from 103 in 2019, SBS Transit jumped to 106 from 87 and VICOM reached 107 from 101. The average for all the listed companies was 67.9, a meaningful improvement from 59.3, a year ago. All our three companies also improved their respective rankings: ComfortDelGro 13th (2019: 14th), SBS Transit 17th (2019: 40th) and VICOM 16th (2019: 17th).

A new committee, the Digitalisation Committee, was established at the Board level in 2020, in addition to the existing Investment Committee and the three mandated committees of Audit and Risk, Remuneration, and Nominating. The Board and these committees conduct their own evaluations yearly. The Board also adopted a Code of Business Conduct and a Whistle Blowing Policy. All these measures are in place to ensure that we operate at the highest standards of governance.

(II) SINGAPORE STOCK EXCHANGE (SGX)

We continued to be one of the 30 stocks of the Straits Times Index (ST Index) in 2020. Unfortunately, we were dropped from the MSCI Singapore Index. In terms of market capitalisation, out of 706 listed companies on the SGX as at 31 December 2020, we were ranked as follows: ComfortDelGro 37th (2019: 33rd), SBS Transit 88th (2019: 91st) and VICOM 101st (2019: 125th). Our market capitalisations were S\$3,618.4 million, S\$950.9 million and S\$765.9 million respectively. For ComfortDelGro, there was a significant drop of S\$1,537.1 million or 29.8% and this was mainly due to the adverse effect

of the pandemic on all our businesses, both locally and abroad. SBS Transit also suffered a dip of S\$243.5 million or 20.4%, falling below the S\$1 billion-mark which was attained last year. VICOM, however, saw a rise of S\$80.7 million or 11.8%. This could probably be due to the effect of its share split.

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 AGMs were held virtually through electronic means. It was not entirely satisfactory as we were not able to mingle with our Shareholders after the meetings as we had done in the past. There were also no follow-up questions after each advanced question was answered. Come 30 April 2021, we will be conducting AGM proceedings via webcast and in-person so that there will be some interaction between the Shareholders and the Board. Subject to 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.

(III) COUNCIL FOR BOARD DIVERSITY

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 all our three listed companies is of the order of 30%, well above the target stipulated by the Council.

(IV) DIRECTORS

Our director renewal process, which began in 2017, has taken its planned path well. Only two out of seven founding directors including me are still with the Board. The Board is well balanced in terms of tenure, age, gender and cultural ethnicity. They are experts in a whole gamut of key fields, including artificial intelligence, internet technology,

accountancy, law and sustainability. They are also well represented in terms of tripartite experience from the government, labour and business sectors. Coupled with these qualities, our Directors are also well equipped in international business experience.

With the nine-year rule coming into effect in January 2022, Ms Adeline Sum and I will be offering ourselves for re-election at the forthcoming AGM in April 2021 as independent directors for continuity. Ms Lilian Tham and Mr Mark Greaves will be retiring under our usual Constitutional regulations. They will also seek re-elections at the forthcoming AGM. I seek your support in our re-elections of the four retiring Directors.

We shall be having our Biennial Retreat in 2021. This is very timely in light of COVID-19. Significant topics like new business models, the enhanced role of technology, the expanded role of government, the impact of international relations, the future of globalisation, working arrangements and future black swans including pandemics will be reviewed and debated.

(V) AUDIT AND RISK COMMITTEE (ARC)

I continued my practice of meeting up with the External Auditors together with the three Chairpersons of our three ARCs in the absence of Management staff. Our staff continued to provide the necessary support, assistance and cooperation to facilitate their work. With most of our staff working from home and restrictions on global travel, the Internal Audit team had to rely more on technology and innovative ways to conduct their checks.

Consequently, some overseas internal audit activities were outsourced to reputable firms in the various locations. Despite these handicaps, we managed to conduct 32 internal audit checks, 10 of which were on our overseas entities. No major issues surfaced out of these internal audits.

(VI) INVESTOR RELATIONS (IR)

Despite the curtailment of business activities and constraints in physical meetings, our IR unit continued to be active with 13 research houses tracking

our stocks and producing some 120 reports. There were also six virtual investor conferences and non-deal roadshows.

Some of the major issues surfaced included non-declaration of interim dividend, continued loss on the Downtown Line (DTL) and impairments to our Singapore and overseas taxi businesses. There was also interest shown in our future touching on such subjects as our progress in investments in technology, impact of electric vehicles (EVs) and autonomous vehicles (AVs) and transformation made so far.

ECOSYSTEM

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.



CHAIRMAN'S STATEMENT

For our planet and mankind to survive, sustainability has to be taken seriously and acted on urgently. Part of the sustainability ecosystem rests on our shoulders given the nature of our business. Mankind's actions have had a significant adverse impact on the environment and we have already started to feel the consequences. COVID-19 has taught us the crucial importance of these interrelated chains of actions for our existence and survival. We therefore decided to feature this phenomenon in our annual report.

LAND TRANSPORT DEVELOPMENT

(I) ELECTRIC VEHICLES

It was announced in the Singapore Budget 2021 that S\$30 million would be set aside over the next five years for EV related initiatives. Measures include narrowing the cost differential between EVs and combustion engine vehicles as well as proliferating charging points in private premises. We are phasing out our diesel taxis and have replaced them with hybrids to reduce our carbon footprint whilst taking advantage of tax concessions. We are also involved in electric taxi and bus trials and have two electric charging stations set up. Interestingly, Hyundai has decided to set up a plant in Singapore to produce EVs.

The Land Transport Authority (LTA) of Singapore, which owns all the public buses in Singapore, has committed to buying green buses henceforth – with a view to have the entire fleet of public buses run on cleaner energy by 2040. Presently, there are 5,800 public buses where 40 are fully electric buses and 50 are hybrids on the road. We run 20 electric and 25 hybrid buses. On infrastructure, the Government will work with the private sector to roll out more EV charging points, notably in public carparks. A tender has been called to install 628 such points. We will participate in the tender. By 2030, there will be 28,000 points from the present 1,600.

We have been operating electric buses in London since 2016. There are 90 of them running on two routes. Soon we will have hydrogen-driven vehicles on trial too. Australia does not have any EVs yet but we operate 40 Euro-6 hybrid buses there, which is Australia's largest fleet to-date. Plans are afoot to introduce EVs and possibly hydrogen buses soon.

In China, the Central Government has stated that all replacement taxis must be electric-driven. Not all cities have adhered to this policy guideline given the high cost of EVs. Operators tend to go the EV route when there are subsidies provided by the local Authorities since rental rates for EVs are no different from diesel or Compressed Natural Gas (CNG) taxis. Consequently, the take up rate of EVs has been slow. We have 946 electric taxis out of our total fleet of 9,391 vehicles. We will increase the fleet size as and when the vehicles are due for replacements.

(II) AUTONOMOUS VEHICLES

Of our three pilot 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 as an initiative under the national Emerging Stronger Taskforce. We are involved with ST Engineering in these two projects. The third was with EasyMile of France at the National University of Singapore, which ended its passenger service trial in January 2021. The experience gained will put us in good stead for future tenders in this area.

(III) RAIL DEVELOPMENT

The Singapore Authorities are fully aware that the two rail operators are incurring huge losses in their operations. We continue to engage the Authorities in seeking a review of the business model. It is going to be more difficult in 2021 as fares will not be increased given the COVID-19 situation. Hopefully, ridership will increase with the economy opening up more amidst the vaccine rollout.

Despite the challenges in the rail business, the Group continues to see potential in this sector overseas – especially in developed countries and ASEAN countries with densely populated urban cities. In this respect, we have signed an agreement with RATP Développement S.A. (RATP Dev), a French Government-owned company and the largest rail operator in Paris, to jointly tender for rail projects. For starters, we will jointly bid for two new rail lines in Paris and new business opportunities.

We have also invited SMRT Corporation Ltd to tender for a rail project in Sydney, partnering an Australian company, UGL, a services specialist subsidiary of CIMIC Group. In addition, we have also tendered with UGL for an existing rail business in Auckland, New Zealand.

(IV) RIDE HAILING DISRUPTORS

The two ride-hailing pioneer disruptors, Uber Technologies, Inc. and Lyft, Inc. of USA, though listed, are trading well below their IPO (Initial Public Offer) prices. The former is also struggling with its global battles while the latter has yet to venture abroad.

In South East Asia, Grab Holdings Inc. and GOJEK are still in fund-raising stage and have yet to be listed. Competition between them is still intense with Grab venturing into food delivery and fintech services and GOJEK in both transport and food delivery.

In China, Didi Chuxing Technology Co., and Meituan operate reasonably well with the traditional taxis. It is reported that they are also toying with the idea of seeking public listings.

In Australia, start-ups like Ola and GoCatch are struggling to find their niche. In the UK, Uber continued to dominate the ride-hailing market but has yet to make any inroads outside of the capital City. Ola, a newcomer is still struggling to gain market share as the market has shrunk as a result of COVID-19.

(V) PRIVATE HIRE

In Singapore, the Point-to-Point Passenger Transport Industry Act, which aims to level the playing field between traditional taxi and private hire came into effect on 30 October 2020. The LTA now requires private hire drivers to be Singaporeans of at least 30 years of age – a move that aligns with that of the taxi industry. The competitive field between taxi and private hire is thus gradually levelled. The difference still lies in the age and frequency of inspections of the vehicles.

SINGAPORE BUSINESSES

We continued to have 12 business interests in 2020. These are (i) Scheduled Bus, (ii) Unscheduled Bus, (iii) Rail, (iv) Taxi, (v) Car Rental and Private Hire, (vi) Engineering, (vii) Fuel Sale and Electric Charging, (viii) Driver Education, (ix) Vehicle Testing, (x) Technical Testing, (xi) Vehicle and Outdoor Advertising and (xii) Insurance Broking.

2020 was unprecedented in business activities. The occurrence of COVID-19 changed the entire atmosphere of business undertakings. Not only was the Circuit Breaker and lockdowns implemented within Singapore, extreme restrictions on cross-border travels were also imposed. It was indeed a nightmare. Work from home was a new phenomenon and separate teams working in separate locations was practised. Mask wearing, temperature checking and general cleanliness were also practised.

Against such a backdrop, the Singapore Government provided S\$100 billion worth of aid to all the companies and self-employed persons. These were essentially in the form of Jobs Support Scheme in which Government supported staff salaries from 25% to 75% depending on the nature of the business. Other operating costs incurred in respect of rental reliefs were also provided. The returns expected of the Government were to avoid staff retrenchments, to restructure and transform companies and businesses and to train, retrain and upgrade staff.

CHAIRMAN'S STATEMENT

(I) SCHEDULED & UNSCHEDULED BUS

In Scheduled Bus, we operated 226 services with 3,193 scheduled buses out of a holding fleet of 3,531 buses in 2020. On trial were 25 hybrid buses and 20 EVs.

As reported in my Statement last year, we submitted bids for two parcels under the new cluster system. The objective of cluster tendering was to give smaller operators an opportunity to win and level the playing field between large and small operators.

Though we made lowest bids for both the individual and combined parcels, we lost out. An existing foreign operator, Tower Transit of Australia, with their only one parcel being included in the tender, submitted the next lowest combined bid, and was awarded. The difference in price was S\$22.0 million or 2.2% over the five-year period.

Tower Transit Singapore has therefore increased its portfolio to two parcels. SMRT, being the operator of the other tendered parcel, lost out. In the market place today, we are still the major operator with nine parcels or about 61% of the market share, SMRT and Tower Transit are now next with two parcels each and Go-Ahead Singapore Pte Ltd, the second foreign operator, has only one parcel.

In Unscheduled Bus operations, we continued to be the leading operator with 333 buses. We provided services to schools, companies, tour groups and large-scale public events like the National Day Parade and General Election 2020. Our aim is to leverage technologies and data by fully digitising all our business and operation processes to re-position ourselves as a high-tech mobility solution provider.

(II) RAIL

We continue to operate 83km of rail networks in Singapore – the North East Line (NEL), DTL and the Sengkang-Punggol Light Rail Transit (SPLRT) systems. This is about 30.6% of current market. At the peak of the 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. In 2020, DTL achieved a Mean Kilometre Between Failure (MKBF) of 2.09 million train-km while NEL clocked 2.04 million train-km, both of which outperformed the nationwide MRT network's average of 1.45 million train-km. The SPLRT achieved 426,000 train-km compared to the LRT's network average of 227,000 train-km.

As mentioned earlier, we intend to grow our rail business significantly. In this respect, we had signed an agreement with RATP Dev, a French Government owned company and the largest train operator in Paris, to tender for new business opportunities in Singapore.

A more detailed report of these two business areas (Scheduled Bus and Rail) can be found in our subsidiary, SBS Transit's Annual Report.

(III) TAXI, CAR RENTAL AND PRIVATE HIRE

Taxi was the hardest hit of our businesses during the ongoing COVID-19 crisis. Earnings of hirers and taxi drivers were hit badly so much so that quite a significant number of them has exited the industry. Ever since the start of the pandemic, we have been monitoring the daily takings and health of our drivers and working closely with them to supplement their income. We also subsidised their rental – even waiving rental completely during the two Circuit Breaker months. As a result, we registered our first ever loss during the year. Our fleet as at December 2020 had been reduced to 9,447, a drop of 11.7% from December 2019, compared to the industry's drop of 13.6%. However, we are still the market leader with 61.2% of the market share in operating fleet, as of October 2020.

The Point-to-Point Passenger Transport Industry Act came into force on 30 October 2020. Four companies, including us, were granted the Ride-hail Service Operator Licence (RSOL) while the six

existing taxi operators had their existing licences automatically converted to Street-hail Service Operator Licences (SSOL). Previously, all taxis could use the services of RSOL except ours which was confined to our own taxis. One taxi operator with 129 EVs is reported to be leaving the market, reducing the number of operators to five.

The Car Rental business also suffered setbacks. We are building up our fleet of private hire vehicles in tandem with the implementation of the Point-to-Point Passenger Transport Industry Act and the intention of the Authorities to further level the playing field between traditional taxis and private hire vehicles.

Our prime mover business, which we started up in 2019, is performing well. The fleet of five will be further expanded.

(IV) ENGINEERING AND FUEL SALES

The reduction of our taxi fleet also affected this aspect of our business. However, we continue to undertake engineering services for external clients.

The volume of diesel sales was reduced with the gradual phase out of our diesel taxi fleet. About 42.4% of our taxi fleet is now diesel-powered. Even as diesel sales dropped, our petrol sales increased. Our two electric charging stations were installed for the electric taxis that we have on trial as well as for members of the public who own EVs. We shall bid for the recent announcement by the Urban Development Authority to install 628 charging points within public car parks.

(V) DRIVER EDUCATION

This business sector was performing well with strong demand for its new Simulator Centre until the Circuit Breaker period which saw the school close its doors for two months. Training has now resumed and is back to normal.

(VI) VEHICLE AND TECHNICAL TESTING

COVID-19 also forced the Vehicle Inspection business to slow down for a while. The personal mobility devices (PMD) testing, which was slated for

commencement in April 2020, was delayed till September 2020. The Private Hire Vehicle Testing, which was to commence in July 2020, has been shelved for now. We continued to be the leader in the Vehicle Testing business with a market share of 75.2% (2019: 74.0%).

Technical Testing was very badly affected by COVID-19 and lockdowns. The availability of foreign workers in our employment was also a major issue. Without Government financial assistance, this business would have incurred an operating loss for the year.

Renovation work on our newly acquired premises was delayed by about six months because of COVID-19. It will be completed in the second quarter of 2021.

A more detailed report of the two businesses of Vehicle Testing and Technical Testing can be found in our subsidiary, VICOM's Annual Report.

(VII) VEHICLE ADVERTISING AND INSURANCE BROKING

Again, the taxi fleet reduction, coupled with a poor economy, negatively affected advertising sales. Until such time when the economy recovers, this sector will continue to face challenges.

The reduction in our taxi fleet also affected our insurance broking business. We are exploring a foray into the adjacent B2C market.

The year under review had not been very good for our businesses in Singapore, mainly due to COVID-19. We took advantage of the opportunity to consolidate our efforts, reflect and recalculate our position.

The Government had been very sympathetic and helpful through its various assistance schemes and generous supplementary Budgets.

On our part, the safety and security of our workforce, commuters and business partners ranked as our top priorities.

CHAIRMAN'S STATEMENT

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The Bus Contracting Model helped us greatly but the Rail Model made it more difficult for us as a result of the Circuit Breaker and lockdowns. Hardest hit was our taxi hirers who are our business partners. Just as the Government helped us to protect jobs and business, we tried our best to help our hirers protect their livelihood. At its worst during the Circuit Breaker period, we waived all our rental charges. We contributed close to S\$120 million in rental rebates.

Staff also played their part. Senior staff took a 10% pay cut for five months, Managing Director and Group Chief Executive Officer (MD/Group CEO) took a higher 15% reduction while our three listed Boards of Directors took the highest 20% cut in their directors' fees.

OVERSEAS BUSINESSES

(A) DEVELOPMENT

We continued to operate seven major business areas overseas in 2020. These are (i) Public Transport Services (bus and coach), (ii) Taxi and Taxi Circuit, (iii) Car Rental and Private Hire, (iv) Non-Emergency Ambulance Services, (v) Bus Depot, (vi) Driving Education and (vii) Vehicle and Outdoor Advertising. We also have a small testing laboratory. The number of overseas countries remained unchanged at six with major destinations being Australia, the UK, and China and minor investment sites being Ireland, Vietnam and Malaysia.

Australia continued to be the leading country in our overseas investment portfolio. We are consolidating the bus business and putting in concerted effort to expand the taxi business in locations where it has been deregulated, especially Melbourne and Perth.

In the UK, we continued to look aggressively at the bus business in larger counties outside London in a bid to complement our existing operations in London.

We made one important acquisition in Wirral, near Liverpool – a £7 million taxi and private hire company with 714 vehicles. Together with our existing taxi fleet of 392 vehicles, we are now the largest such operator in Liverpool.

We plan to expand our rail business. In this respect we partnered French Government-owned company, RATP Dev, to tender for new rail projects in Paris. We also partnered Australian company, UGL, to tender for rail projects in Sydney, Australia and Auckland, New Zealand.

(B) OPERATIONS

Just as it did on our Singapore operations, the pandemic wreaked havoc on our overseas operations too. China was the first to be hit but recovered in the last quarter of the year. The UK, with its unending Brexit issue, coupled with the COVID-19 problems, fared very badly. This was especially so for the Coach business which caters to tourists, both internationally and domestically. Australia suffered two major setbacks in the bushfires and the pandemic crisis. However, it managed to meet the difficulties well. The other two smaller overseas locations in Vietnam and Malaysia showed no further progress.

(I) AUSTRALIA

Our Australian operations, which are headquartered in Melbourne, comprise mainly a well-structured Bus business and a Taxi business which is facing some challenges. Plans are afoot to unlock the Australian assets for a more aggressive expansion.

We continue to have four business interests: Scheduled and Unscheduled Bus, Non-Emergency Patient Transport Services, Taxi and Taxi Circuit and Vehicle Advertising. We are in New South Wales, Victoria, Northern Territory, Queensland, Western Australia and Australian Capital Territory. Despite the unfortunate bushfires and the pandemic crisis, Australia was the best performing overseas location in 2020.

CHAIRMAN'S STATEMENT

The Scheduled Bus business is doing well but the Unscheduled Charter Bus business is facing difficulties. We have 2,606 buses, which is about 73.8% of Singapore's fleet size. Close to 84% of our buses operate on contract routes. We have been busy with tendering for new routes, especially those that are being privatised by the Authorities in Sydney. Some of our existing contracts are also being negotiated for extensions.

In Non-Emergency Patient Transport Services, synergies have been achieved with co-locations in available bus depot sites. Our in-house workshops have also been busy equipping ambulances where before this was outsourced. We have 202 vehicles in Melbourne, Sydney and Perth. In locations where we are presently not providing the services and where we have our bus operations, we are seeking approvals from the local Authorities to offer our services.

We are slowly building up our own taxi fleet. We have a total size of 397 vehicles compared to earlier years where we were just a taxi circuit operator. Today, we are in both these business undertakings. It is our plan to expand further as a significant fleet owner like we are in Singapore.

Our Vehicle Advertising business is headquartered in Sydney and leverages on our entire fleet as an advertising platform.

(ii) UNITED KINGDOM/IRELAND

We continue to have four business interests: Scheduled Bus, Coach, Taxi Circuit and private hire and are in five cities: Aberdeen, Cardiff, Glasgow, Liverpool and London.

Our Scheduled Bus business in London, Metroline Limited, operates 95 services with 1,592 buses including 90 EVs. There are plans to operate hydrogen-run vehicles in 2021. We have a market share of 17.4%. Our London fleet is about 45.1% of Singapore's and 61.1% of Australia's. We are the third largest operator in

London after UK's Go-Ahead Group plc at 24.2% and Germany's Arriva plc at 17.8%. Trailing us are UK's Stagecoach Group plc, France's RATP Group, Dutch firm Abellio UK and Australia's Tower Transit.

Our Coach business, as expected, did not do well in 2020 because of the pandemic crisis. The domestic coach service within Scotland and the inter-city services were hit by the lockdowns and border closures. Similarly, our coach services in Wales and London West Bus also performed poorly. It was the same situation in Ireland.

In the Taxi Circuit and Private Hire sector, Cityfleet Networks Limited in London and Aberdeen were the casualties of the pandemic crisis. So was Flightlink International Limited, our private hire arm in London. However, our Liverpool circuit together with the newly acquired Argyle Satellite in Wirral, performed satisfactorily.

(iii) PEOPLE'S REPUBLIC OF CHINA

We continue to have four business interests: Taxi, Bus Station, Driving School and Car Rental. We also continue to operate in nine cities: Beijing, Shenyang and Jilin City in the North, Guangzhou and Nanning in the South, Shanghai, Suzhou and Nanjing in the East and Chengdu in the West.

Our biggest and most significant investment is in Taxi where we are operating in eight cities except Guangzhou. Though we have 10,931 taxi licences, 9,391 are utilised, 8,694 vehicles are hired out, giving an unhired rate of about 7.4%.

We are still the leading overseas taxi operator in China. Our rankings in the various cities remain unchanged, being the leaders in Shenyang, Nanning and Jilin City, second in Chengdu, third in Beijing and fourth in Nanjing. Taxi operations continue to face competition from private hire vehicles although the Authorities have taken steps to regulate the industry.

Our Bus Station and Driving Schools took a hit as a result of the pandemic as lockdowns were imposed. In the case of the Bus Station, passenger and bus traffic continued to drop despite the fact that seven competing stations closed down. Our Car Rental business in Chengdu is being wound down.

Doing business in China is becoming more challenging as the country makes progress. Our earlier advantages are slowly being eroded. We are still exploring more business in the taxi sector, perhaps in second or third tier cities or towns.

(IV) ASEAN: VIETNAM AND MALAYSIA

The taxi industry in Ho Chi Minh City is performing poorly because there is quite simply a gross oversupply of vehicles. Together with Private Hire Vehicles which have flooded the market, the number of vehicles has quadrupled in the last five years. Taxi fares are regulated and fixed while private hire fares are dynamic. We are facing great difficulty to survive. It is likely that we will exit the business soon. The Car Leasing business in Kuala Lumpur, Malaysia, continues to face challenges. We are also handicapped being a non-Bumiputra company and government contracts are out of our reach.

MANPOWER

Staff well-being, both mental and physical, was a key concern as the pandemic raged. At the beginning of the crisis, Singapore assumed the lead role in ordering and stockpiling the essential health and safety items including face masks. In the early days of the pandemic, Singapore was able to despatch supplies to our businesses in China, the UK and Australia as they ran low. Later, when our Singapore operations fell short of supplies, the reverse became true. It is times of crisis where the value of teamwork and the strength of a global presence becomes obvious.

Despite all our efforts at keeping our staff and drivers safe, we had 14 fatalities in the Group as a result of COVID-19 –

two in Singapore and 12 in the UK. Every assistance was extended to the bereaved families.

In the unusual situation where the Johor-Singapore Causeway was suddenly closed, our Malaysian staff who commuted daily to work chose to stay behind in Singapore to run our services. We sprang into action and managed to secure hotel accommodation for them, making sure that the sudden move which essentially tore them from their families back home was as painless as possible.

The Group's manpower strength in 2020 was 23,721 compared to 24,329 in 2019, a drop of 608 or 2.5%. In terms of nationalities, Singaporeans continued to be the highest at 31.1%. Our next door neighbour, Malaysia, was next at 19.6%. The next three categories are from our overseas investment countries: British 15.8%, Australians 14.3% and PRC nationals 6.8%. The average staff cost per day is S\$4.3 million, a drop of 10.2% from 2019.

Three new senior staff were recruited in 2020. One is to head our newly created Digitalisation Unit. The other is an Australian and will handle Business Development and Bus Tendering. The third is to assume the Group Human Resource position. Practically all Group Officers under the late Founding MD/ Group CEO had retired or left us. A new team is in fact in place to drive the Group forward. More recruitments are expected in the years ahead to fill the gaps and new openings presented by the changed business activities.

As the global pandemic crisis ground almost all our businesses to a halt, the financial assistance provided by the respective governments proved to be invaluable. In turn, we offered financial assistance to our taxi hirers so that they could continue to survive. In the final analysis, it was a collective effort that kept the ecosystem going without any staff retrenchments.

CHAIRMAN'S STATEMENT

FINANCE

Because of the COVID-19 crisis, Management undertook a worst case scenario planning exercise with respect to cash flows and kept the Board of Directors fully updated. Business Units were advised not to commit any capital expenditure items which were not mission critical. The objective was to conserve cash. Even mid-year interim dividends for all our three listed companies were not declared. On top of that, Senior staff ranked Vice-President and above took a 10% pay cut for five months while MD/Group CEO took a higher 15% reduction. Directors of our three listed companies took a 20% cut in their annual directors' fees. This is how we lead by example.

The 2020 financial results therefore could not be better than or even close to the 2019 levels. In fact, the Group incurred an operating loss of S\$46.2 million compared to an operating profit of S\$415.8 million previously if Government grants were not included. This is the first time the Group has registered an operating loss since incorporation in 2003. I expect that Shareholders will understand that these are extraordinary times.

Group revenue for 2020 was S\$3.2 billion, a decline of S\$672.5 million or 17.2% from 2019. Including Government grants, Group operating profit was S\$123.1 million – a far cry from 2019's S\$415.8 million – a reduction of S\$292.7 million or 70.4%. A substantial amount was incurred in supporting our taxi hirers through rental waivers and subsidising accommodation for our Malaysian staff who had to stay behind in Singapore. Most of our businesses registered an operating loss. Hence Group profit before tax dived precipitously to S\$117.2 million, S\$289.4 million or 71.2% lower than 2019's figure of S\$406.6 million. Similarly, profit attributable to shareholders also fell by S\$203.3 million or 76.7% to S\$61.8 million.

Overseas revenue represented 45.2% of Group revenue. This is 3.1 percentage points higher than 2019. However, Overseas operating profit was 14.7% of Group operating profit. This is 19.0 percentage points lower than 2019.

Public Transport Services (Bus, Coach and Rail) continued to be the leading sector in generating Group revenue. Its contribution of 79.5% is 5.7 percentage points higher than 2019. The next sector is Taxi which contributed about 12.5% of the Group revenue. It has declined from 2019 by 4.5 percentage points. This is to be expected because of the pandemic crisis which curtailed private individual travels. Even then, these two sectors continued to contribute 92.0% of Group revenue compared to 90.8% in 2019. In Group Total operating profit, the contributions by these two sectors – Public Transport Services and Taxi – are a combined 49.7%. This is comparatively lower than 2019's combined 79.0%.

Earnings per share for 2020 was 2.85 cents. This is far lower than 2019's 12.24 cents. The net asset value per share was 120.31 cents compared to 119.80 cents in 2019. This is largely due to the S\$48.3m impairments taken in 2020 in respect of vehicles and goodwill. Obviously, returns to both equity and total assets were weak at 2.4% and 1.7% respectively compared to the higher figures of 10.2% and 6.1% achieved in 2019.

As Management decided to incur expenditure only on critical mission items, capital expenditure was S\$198.5 million. This is far lower than the S\$506.7 million spent in 2019. The main item was still the accelerated replacements of diesel taxis in Singapore which commenced prior to the pandemic crisis in March 2020.

The Balance Sheet maintained its healthy status despite the pandemic crisis. Group Total Assets decreased by S\$70.5 million to S\$5,308.5 million, a small decrease of 1.3%. Group Total borrowings and Lease liabilities from financial institutions also decreased to S\$552.3 million, a decrease of 12.9%. I am therefore pleased to advise that we are in a net cash positive position of S\$190.5 million compared to a net debt position of S\$40.0 million in 2019. The Group gross gearing ratio is 18.2% compared to 21.1% a year ago.

Government financial support is intended to protect jobs and businesses. The Board believes that it would be neither

appropriate nor ethical to use such support for either staff bonus or dividend payment to Shareholders. Most of our companies are still incurring losses and recovery remains uncertain; the Board therefore remains inclined towards caution. We shall therefore use only our actual profit as consideration for dividend payment. Accordingly, the Board is pleased to announce a first and final dividend of 1.43 cents per share. This is still in accordance with our declared policy of distributing at least 50% of our earned profit as dividend. Against the year-end closing price of S\$1.67, the yield is 0.9%, reflecting our unprecedented decision to not declare an interim dividend. I am sorry for this but these are extraordinary times and I hope Shareholders understand and appreciate our position.

TRANSFORMATION

Crises tend to serve as a good time for reflection and recalibration. We took the opportunity to accelerate our digitalisation activities. A new Board standing committee on Digitalisation was established. It is made up of more than half the Board's composition so as to empower it to focus and decide on its activities without further reference to the Board.

Our efforts to develop a super app named Zig is taking shape nicely. It had its soft launch recently. It is our hope that with this super-app, we will be able to marshal all our business activities onto one platform for the convenience of the users and to extend beyond land transport to cover other related activities connected with lifestyle like food and beverage, shopping, entertainment and so on. We are excited with this development and look forward to greater participation by commuters.

SUSTAINABILITY

The health and safety of our people and customers, as well as the financial and mental well-being of our people including taxi drivers, took on new significance with the onset of the COVID-19 pandemic. Despite the economic meltdown caused

by the pandemic, the Group extended over S\$1.5 million in financial assistance to our staff, drivers and the communities we operate in during the year.

For the second year running, we were selected for inclusion in the prestigious Dow Jones Sustainability Index (Asia Pacific). We are one of the five Singaporean companies to be recognised with a listing in this Index.

We are on track to achieving our target of a reduction in Greenhouse Gas (GHG) emission intensity from the 2015 level by 20% in 2023 and up to 50% by 2030. There will be a greater imperative to invest in clean energy. We can also expect the electrification of land mobility to gain momentum. In this respect, we will continue to replace our taxi fleets with clean vehicles like hybrids and eventually, electric. Electric buses are on trial in Singapore even though London already has a fleet of 90 such vehicles. In Australia, Euro-6 diesel-hybrids are in operation while in London, hydrogen bus trials will be delayed till 2021.

Our aim now is to go beyond compliance and reporting. The megatrend of sustainable development will gain momentum. Land mobility will undergo tectonic transformation with digitalisation, electrification and automation. We must therefore integrate sustainability into our business strategy. A full and separate report on Sustainability is being produced to complement this annual report. It will be our sixth report.

OUTLOOK

At the time of writing, the outlook looks uncertain with international travel still very much curtailed. Global economic recovery is expected to be gradual and uneven. Geopolitics is also uncertain and divided. These uncertainties are not conducive for business undertakings.

Competition in the land transport industry remains intense. Disruptors with strong financial backing continue to be a force

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to be reckoned with whilst evolution in modes of transport perpetuated by the advent of technology continues to be something we watch closely.

Should our super-app, Zig, take off smoothly, we shall open up an entirely new horizon of undertakings. This should be exciting and hopefully rewarding. We will continue to explore for new investments. We may even have to start with some greenfield projects on a small scale as exploratory ventures before growing them further.

APPRECIATION

Management has been under great stress ever since the start of the pandemic. Besides guarding our own businesses, both locally and abroad, Management had to be concerned with the well-being of not only our staff but also 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 entire Management and staff in all our locations under the capable leadership of MD/Group CEO Yang Ban Seng for doing an excellent job in keeping the morale high and discharging their responsibilities and duties well. Special thanks go out to our many frontline staff who put their own health on the line as they go about their daily work.

I also wish to thank all the respective Governments and Authorities for all their assistance, financial and otherwise, in helping us through this difficult time. Teamwork has been strong throughout the crisis and it has helped make a very difficult situation slightly less challenging.

I also wish to express my deepest appreciation to all the staff unions that worked with us during these trying times.

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