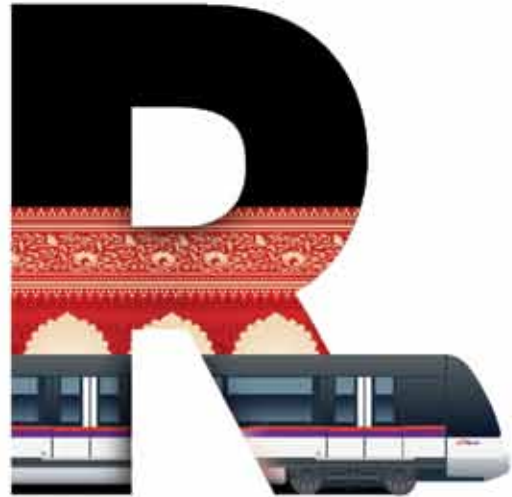


## ANNUAL REPORT 2018

**CLOSE TO 428 MILLION  
RAIL PASSENGER TRIPS**



**222 BUS ROUTES  
OPERATED**

**TOTAL FLEET OF  
192 TRAINS**



## **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.**

---

## **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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Proxy Form



## CHAIRMAN'S STATEMENT

Close to  
**428 million**  
Rail Passenger Trips

**//**  
We now operate **222**  
routes, maintaining our  
position as the largest  
public bus operator in  
Singapore with a market  
share of **61.2%**.

**//**

### INTRODUCTION

SBS Transit was a hive of activity in the year under review. We commenced operations on two bus packages awarded under the Bus Contracting Model (BCM). We participated in trials for autonomous vehicles (AV), diesel electric hybrid buses, and on-demand bus services. We also transitioned to the New Rail Financing Framework for our North East Line (NEL) and our Sengkang-Punggol Light Rail Transit (LRT) systems joining the Downtown Line (DTL).

### PUBLIC TRANSPORT SERVICES

#### Bus Services

2018 marked the third year of operations under the BCM where the provision of bus services and the corresponding delivery standards are determined by the Land Transport Authority (LTA). Bus operators are contracted and paid to operate public bus services through a competitive tendering process while the LTA retains the fare revenue. All bus infrastructure such as depots and operating assets like buses are owned by the LTA.

In March 2018, we successfully rolled out the Seletar Bus Package, which was awarded to us in 2017. It comprised 26

bus services, of which 12 used to be under another operator. As part of this Bus Package, we took over the operation of the new Seletar Bus Depot, a purpose-built facility that can house up to 530 buses in an area of 96,000 square metres.

Eight months later in November, we implemented our second successful BCM tendered package, the Bukit Merah Bus Package with 18 services. These have been services operated by us previously under the Negotiated Contract.

Under the Bukit Merah Bus Package, we introduced several new customer-centric initiatives including free Wi-Fi service on board. At the Bukit Merah and HarbourFront Bus Interchanges, we introduced free rental of umbrellas for 24 hours, interactive bus information touchscreen panels, electronic feedback panels for fault reporting and colourful die-cut messages to encourage positive travel behaviour.

As part of this package, we took over the newly-built Ulu Pandan Bus Depot. The 102,000 square metres facility, which can cater to 470 buses, has a modern workshop and is equipped with augmented reality (AR) smart goggles for maintenance works. With this, we now operate seven bus depots, one bus park, 17 bus interchanges and 14 bus terminals.

**Lim  
Jit Poh**  
Chairman



The Ulu Pandan Bus Depot also houses the Public Transport industry's Bus Technical Specialist Certification Centre (BTSCC) which was set up to raise professional standards of bus engineering and technical staff. It is part of LTA's Singapore Bus Academy. SBS Transit helped to establish the BTSCC at a cost of \$2.3 million and our experienced engineering and training staff were involved in curriculum development, and are now conducting the certification assessment.

During the year under review, we rolled out two new services, and amended another 15 existing routes. We now operate 222 routes, maintaining our position as the largest public bus operator in Singapore with a market share of 61.2%.

We beefed up seven existing bus services that have higher ridership by adding more buses. We have a total fleet size of 3,471 buses with 57% of them being single deck and the rest double deck or articulated buses. Our Bus Captain (BC) strength in 2018 was 6,579, 9.7% more than 2017.

In December 2018, we were involved in a six-month trial to operate Singapore's first On-Demand Public Bus services. Using a mobile application, commuters could book a ride by requesting to be picked up and dropped off at any bus stop within the defined areas, even if the bus stops are currently not served by the same bus service. The trial will enable LTA to evaluate the feasibility of operating public bus services based on real-time commuter demand and along dynamic routes, instead of following fixed routes and pre-determined timetables.

SBS Transit also embarked on an AV trial with ST Engineering to operate such vehicles on Jurong Island and Sentosa. The trial is on-going and our intention is to gather experience to manage such type of vehicles.

## RAIL SERVICES

Demand for rail services continued to increase with close to 428 million passenger trips made in 2018, representing a double-digit growth of 20.2% over the previous year. The increase can be attributed largely to the fully operational DTL in the year under review. With all its 34 stations opened for passenger service, average daily ridership on the DTL soared from 279,116 to 449,588 or 61.1% in 2018 compared to 2017. Average

daily ridership on the older NEL also grew but marginally by 2.7% to 591,203 while demand on the Sengkang-Punggol LRT (SPLRT) increased by 8.9% to 131,583 in 2018. The only unopened station – Teck Lee Station on the Punggol West Loop – will open in tandem with developments in the surrounding area.

Although the financial performance of our rail services continued to be weak, operationally our rail services continued to perform well. For 2018, our Mean Kilometre Between Failure (MKBF) for NEL was 1.37 million train-km, which more than doubled the 663,000 train-km clocked in 2017. It was the best performing rail network in Singapore. DTL clocked 928,000 train-km, which was also a vast improvement, compared to the 650,000 train-km recorded in 2017. It was ranked second out of five lines. Overall, the MRT network in Singapore clocked an average of 690,000 train-km. SPLRT achieved 216,000 train-km while the nationwide LRT network's average was 82,000 train-km. I commend and congratulate the Rail team for turning in a stellar set of performances.

Our team continued to strengthen our engineering and maintenance capabilities by entering into a Memorandum of Understanding with the Taipei Rapid Transit Corporation (TRTC) and Metro Consulting Service Ltd<sup>1</sup>. TRTC manages Taipei Metro, which is reputed to be the most reliable MRT system in the world and I believe we can leverage on each other's skills and experiences.

During the year under review, we achieved a significant milestone with the move to the New Rail Financing Framework (NRFF) for our NEL and SPLRT, which took effect on 1 April 2018. DTL was the first to be under the Framework in 2011. Under this asset-light operating framework, LTA owns all the operating assets such as trains and signalling system and will pay for replacements and upgrades. SBS Transit, on the other hand, is responsible for the operations and maintenance of the lines until 31 March 2033 when the licence expires.

In asset renewal and upgrading, all 25 first-generation NEL trains are undergoing mid-life refurbishment and upgrading following the award of the tender to CRRC Nanjing Puzhen Co Ltd in December 2018. Funded by the LTA under the NRFF, works are expected to be completed by 2024.

## OTHER COMMERCIAL SERVICES

Our sister company, Moove Media, continued to roll out innovative advertising campaigns to capture the attention of commuters and consumers at our stations and bus interchanges, and on board trains and buses.

In 2018, we leased 93% of the 8,527 square metres of commercial space at our bus interchanges and train stations.

## SUSTAINABILITY

At our new Ulu Pandan Bus Depot, solar energy is used to power the facility during the day. It is the first depot in Singapore to install the Photovoltaic Solar Panel System where more than 2,000 solar panels are spread out on its rooftops.

We also scored another environmental first by piping NEWater into our Ulu Pandan Bus Depot for non-potable uses such as bus washing. NEWater is also used to irrigate the Depot's rooftop garden, which in turn helps to cool down the building and reduce energy consumption.

We are also participating in an LTA trial on the use of diesel hybrid buses to further reduce exhaust emission into the environment. They are also quieter compared to the regular diesel buses, which reduce noise pollution.

On safety, our accident rate dropped to 0.12 per 100,000 km for 2018. This is an improvement of 0.03 per 100,000 km over that of 2017.

We continued to invest in technology to help our BCs to be safer drivers and provide commuters with smoother and more comfortable rides. We implemented SAfe Green Eco System (SAGE), which records and monitors the BCs' driving behaviour such as speeding and harsh acceleration and gives feedback in real-time through audio and visual alerts so that corrective actions can be taken.

In addition to this system, we are putting on trial 30 sets of "Golden Eye", which is a monitoring system installed in the bus driving cabin, to detect fatigue and distraction through facial analysis of BCs.

On the security front, two security screening exercises were conducted at two of our

<sup>1</sup> Metro Consulting Service Ltd is a subsidiary of TRTC with years of consultancy expertise in railway operations, maintenance and management. It has also participated in rail consultation projects in Taiwan, China, Eastern Europe and Central Asia.

## CHAIRMAN'S STATEMENT

MRT stations during passenger service hours. Commuters entering the stations had to pass through metal detectors while belongings and baggage were scanned by X-ray machines, similar to the checks conducted at the airports.

With the introduction of the Cybersecurity Act in 2018, the rail systems have been designated as Critical Information Infrastructure (CII) given that they provide an essential service in land transport. Accordingly, SBS Transit has been designated as a CII owner with the key responsibility to ensure that our information systems remain protected from and defended against cyber threats.

Our strict cybersecurity policy includes directions that no USB ports can be accessed from employees' work computers and laptops to minimise the entry of malware from such media. We have also appointed a Security Operations Centre to monitor our network and systems round the clock for anomalies.

We embarked on a programme to train our BCs to carry out simple repairs on buses. The pioneer batch of 25 BCs, who are known as Operator-Maintainers (OMers), are now able to minimise inconvenience for commuters with their new skills as minor faults can be quickly repaired instead of having to withdraw the buses on the road and disrupt the bus trips.

We also subscribe to the view that healthier workers contribute to higher productivity and hence, actively encourage our people towards leading healthy lifestyles. We were the first Public Transport Operator to support the National Transport Workers' Union (NTWU) in its brown rice campaign with a \$100,000 cash sponsorship. This enabled the NTWU canteens across all our interchanges and depots to offer healthy, economical meals of brown rice with two vegetables and a meat dish to our staff.

Besides this, we leased several Dr Carrot kiosks on a three-year term to empower our staff to take charge of their own health. Rotated among our staff premises, the kiosks conduct automated health checks and provide employees with information on their body fat, bone density, visceral fat, and metabolic age among other areas so that they can be more watchful of their diet and lifestyle.

Reaching out to the community we serve, we conducted 80 school talks, mini exhibitions and visits to our bus interchanges, train

stations and depots.

More details on sustainability activities appear on pages 24 to 29 in this annual report. A fuller sustainability report is also reflected in the ComfotDelGro Sustainability Report.

### RECOGNITION AND AWARDS

In the Singapore Governance and Transparency Index 2018, we unfortunately slipped eight spots down to the 40th position against a field of 589 companies. Our score of 84 points is well above the national average of 56.3 but slightly lower than the 2017's score of 86 points. In the ASEAN Corporate Governance Scorecard for ranking among 100 largest Singapore listed companies, we were placed 29th when a year earlier we were unplaced.

At the LTA annual Safety Convention, we clinched top honours in both the public bus and rail categories. Our DTL was conferred the "Safe Rail Line of the Year Excellence Award" while our Bedok Bus Package received the "Safe Bus Operator of the Year Excellence Award". These awards recognised our efforts in promoting and ensuring workplace and commuter safety.

On the customer service front, five of our staff made us proud by being selected as outstanding winners of the National Kindness Award – Transport Gold 2018. The ceremony was held for the first time at the Istana, where they received their award from the President of the Republic of Singapore, together with another 136 staff who received the Commendation Award.

Notably, two station staff were presented with the Singapore Civil Defence Force's Community Lifesaver Awards for responding swiftly to help save the life of a commuter who had passed out at a station's platform and had no pulse. They performed cardiopulmonary resuscitation and used an automated external defibrillator to revive him until the paramedics arrived.

In the Public Transport Council's Annual Customer Satisfaction Survey for 2018, the overall satisfaction score for bus services remained at 7.9, similar to the previous year but the percentage of respondents satisfied with bus services increased to 98.0%, up from the 96.7% in 2017. The overall satisfaction score for rail services was 7.9, an improvement from 7.5 in

the previous year. The percentage of respondents satisfied with rail services also increased from 91.8% to 97.8%. Notably, our rail overall satisfaction score compared with the industry's was a tad higher at 8.0 and with the percentage of respondents satisfied with our rail services at 98.3%.

### CODE OF CORPORATE GOVERNANCE ('CODE')

The revised Code or Code 2018 was announced in August 2018. As expected, the significant changes touch on shifting some of the guidance points from 'Comply or Explain' to 'Listing Rules'. In other words, these are now mandatory. I see no difficulty in us adopting them.

The other major issue is the Nine-Year Rule for independent directors in which I think we should also have no difficulty to comply.

Our female director participation rate is high at 20%. We have already achieved the target set by the Diversity Action Committee of 20% by 2020.

Our non-executive directors constitute a majority in the compositions of our boards. This contrasts with the 23.2% of listed firms that were not in compliance as disclosed by the Singapore Directorship Report 2018. While close to 51% of the surveyed companies have an Executive Chairman, we belong to the minority group. We also belong to the category of 33.2% of companies which release their directors' remuneration on a named basis. While more than three-quarters of directors attended 75% or more of board meetings, our percentage is 98%. On gender diversity, we are way ahead when 50% of the boards surveyed continued to not have any female representation and another 34.9% have one female director only.

### FARE REVISION

As the provision of bus services now comes under the BCM, any fare revision implemented by the Public Transport Council (PTC) will have an effect only on our rail revenue.

For the third consecutive year in 2018, the fare revisions continued with fare reductions. From 29 December 2017, the decrease in fares was specifically just for rail travel with no adjustment to bus fares. To encourage off-peak travel and lower peak travel demand, fares were reduced

by up to 50 cents across the entire train network when commuters tapped in to any MRT station before 7.45am on weekdays. Prior to this, the pre-peak morning travel trial covered only 18 MRT stations within the city centre.

However, transport fares, as announced by the PTC increased by 4.3% from 29 December 2018. This is a follow up to the new fare formula for the 2018-2022 Fare Review Period. The new formula made revisions to the wage and price index weightages, productivity extract, and introduced a new network capacity factor component to track capacity provision in relation to passenger demands. The new formula is more reflective of changes in operating costs and network capacity.

## FINANCIAL PERFORMANCE

Group Total Revenue for the year under review increased by 16.1% from \$1,191.7 million to \$1,383.6 million.

In Public Transport Services (bus and rail), revenue increased by 16.7% or \$189.6 million to \$1,325.3 million, which can be attributed mainly to higher fees earned with the start of the Seletar and Bukit Merah bus packages and higher rail ridership from the first full-year operation of the DTL

Revenue from Other Commercial Services increased by 4.0% or \$2.3 million to \$58.3 million. The increase came mainly from higher advertising revenue.

The increase in Group Total Revenue of \$191.9 million was offset by an increase in Group Operating Expenses of 13.6% or \$153.9 million due mainly to higher staff costs, higher repairs and maintenance costs and higher fuel and electricity costs. As a result, Group Operating Profit increased by \$38 million or 64.0% to \$97.3 million.

At the Group level, net profit attributable to shareholders increased by 70.0% from \$47.1 million to \$80.1 million.

Earnings per share was 25.72cents, 69.5% higher than the 15.17 cents earned previously. As at 31 December 2018, total equity for the Group increased by 10.9% to \$498.4 million due mainly to the profits generated from operations and partially offset by the payment of dividends.

Your Directors have proposed a tax-exempt one-tier final dividend of 7.10 cents per share in light of higher profits.

Together with the tax-exempt one-tier interim dividend of 5.80 cents per share paid earlier, the total tax-exempt one-tier dividend to be paid out in 2018 will be 12.90 cents per share, 69.7% higher than the previous year. The dividend payout of 50.2% is in line with our dividend policy of distributing at least half of our profits as dividend. Based on year-end closing price of \$2.70, the dividend yield is 4.8%.

## THE YEAR AHEAD

NEL, which is the third oldest MRT line, will continue with its mid-life upgrade for the trains while intensified maintenance works will continue to be carried out on various parts and systems such as tracks and power system. Extended engineering works with early closures of some stations will continue to be effected in the months ahead. This is important to further improve the reliability of NEL's services.

## DIRECTORS

Mr Yang Ban Seng has been appointed the Chief Executive Officer of SBS Transit on 15 January 2019 with the resignation of Mr Gan Juay Kiat. Concurrently, Mr Yang has also been redesignated as the Executive Deputy Chairman.

I would like to take this opportunity to thank Mr Gan who had done much for land transport in Singapore during his term at SBS Transit, which had spanned slightly more than a decade since April 2007. His valuable contributions to SBS Transit are highly appreciated.

In continuation with our Director renewal process, Mr Wee Siew Kim, appointed in 2003, will retire at the 2019 Annual General Meeting. On behalf of the Board, I wish to thank him whole-heartedly for his many years of committed service and significant contributions through his valuable insights, strategic advice and astute guidance.

I wish to welcome two new Directors – Mr Benny Lim Siang Hoe and Professor Yu Ching Man – who joined us in 2018. The former is a retired Permanent Secretary of the Singapore Civil Service while the latter was an engineering don in Sustainable Infrastructure Engineering from the Singapore Institute of Technology and is now Professor and Head of the Interdisciplinary Division in Aeronautical and Aviation Engineering at the Hong Kong Polytechnic University.

## APPRECIATION

I would like to thank Management and Staff for their hard work and commitment in rising to the challenges of the evolving public transport industry.

To my fellow directors, thank you for your invaluable advice, continued guidance and unwavering support.

I would also like to thank the National Transport Workers' Union, the Authorities, Constituency Advisors and Grassroots Leaders for their cooperation, assistance, understanding and support.

To our Commuters, thank you for your support and patronage. We remain committed to improving our services and service standards in meeting your travel needs.

Last but not least, my deep appreciation to our loyal Shareholders. We will continue to work hard to give you a reasonable if not good return.

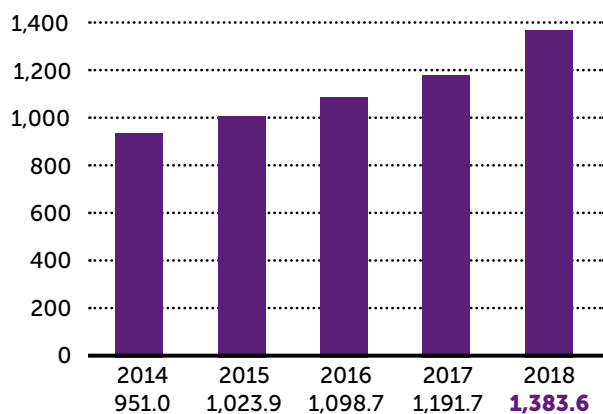
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**Lim Jit Poh**  
Chairman  
March 2019

## GROUP FINANCIAL HIGHLIGHTS

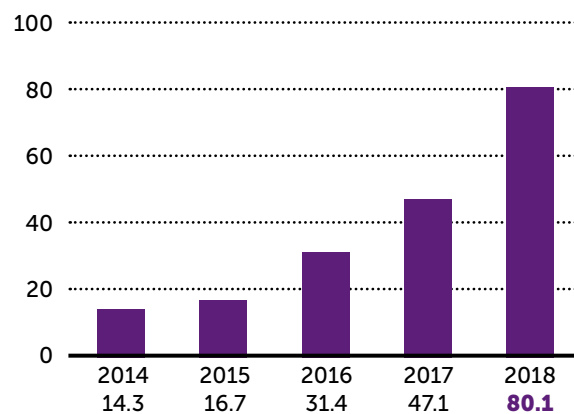
### Revenue

(\$'mil)



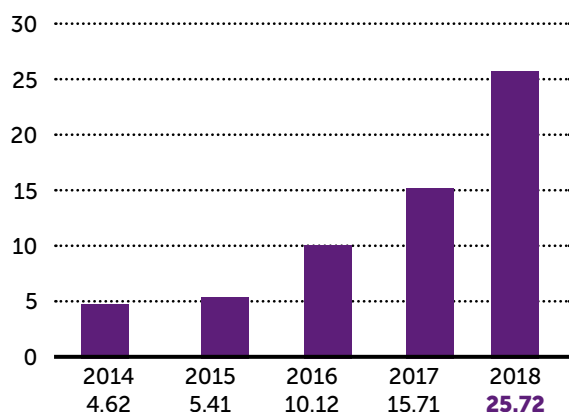
### Profit Attributable to Shareholders

(\$'mil)



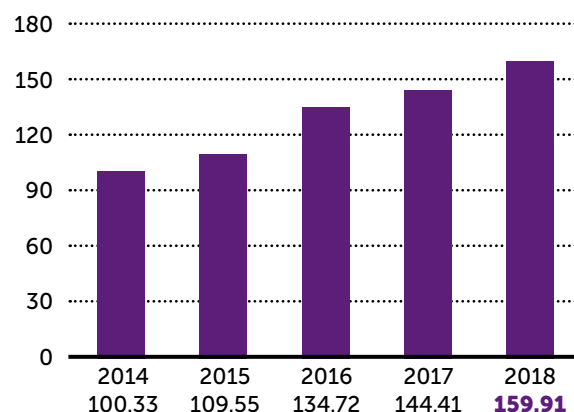
### Earnings Per Ordinary share

(cents)



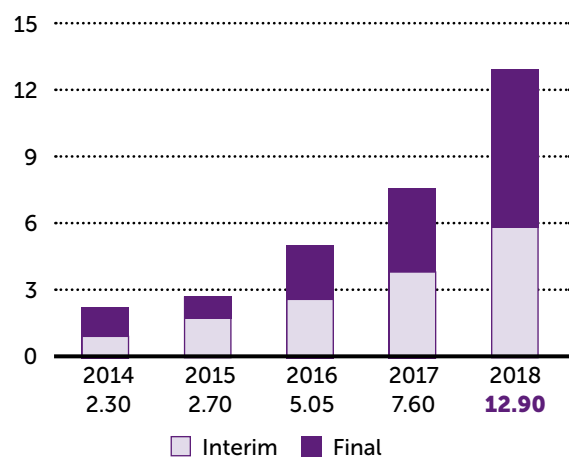
### Net Asset Value Per Ordinary Share

(cents)



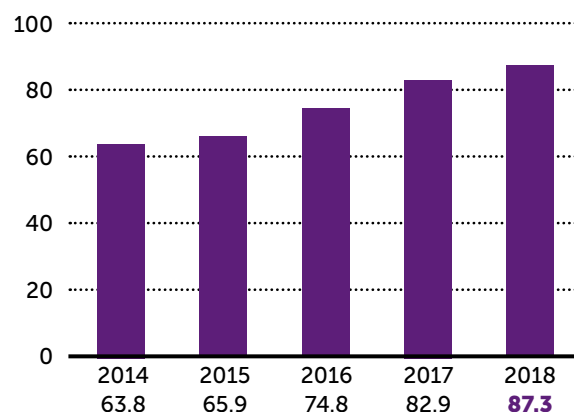
### Total Dividend Per Ordinary Share

(cents)



### Value-Added Per Employee

(\$'000)





## Financial Summary

	2014	2015	2016	2017	2018
Revenue (\$'mil)	951.0	1023.9	1098.7	1191.7	1383.6
Operating Costs (\$'mil)	930.4	998.8	1057.0	1132.4	1286.3
Operating Profit (\$'mil)	20.7	25.2	41.8	59.3	97.3
Profit Attributable to Shareholders (\$'mil)	14.3	16.7	31.4	47.1	80.1
EBITDA (\$'mil)	91.7	110.5	123.4	156.3	190.4
Issued capital (\$'mil)	94.6	94.8	97.1	98.9	100.2
Capital and reserves (\$'mil)	310.1	338.7	418.0	449.2	498.4
Capital disbursement (\$'mil)	214.4	155.8	23.5	35.0	27.8
Return on shareholders' equity (\$'mil)	4.4	5.2	8.3	10.9	16.9
Earnings per ordinary share (cents)	4.62	5.41	10.12	15.17	25.72
Net asset value per ordinary share (cents)	100.33	109.55	134.72	144.41	159.91
Interim dividend per ordinary share (cents)	1.25	1.65	2.35	3.65	5.80
Final dividend per ordinary share (cents)	1.05	1.05	2.70	3.95	7.10
Total dividend per ordinary share (cents)	2.30	2.70	5.05	7.60	12.90
Dividend cover (number of times)	2.0	2.0	2.0	2.0	2.0

## Value-Added for the Group

	2014		2015		2016		2017		2018	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Suppliers of capital - dividends and term loan interest	11,426	2.0	14,189	2.3	15,803	2.2	24,224	3.0	33,765	3.7
Taxation to the government	18,716	3.4	21,834	3.5	24,582	3.4	27,205	3.4	32,066	3.5
Retained earnings	78,361	14.1	93,902	15.1	102,976	14.2	124,977	15.5	143,139	15.7
Employees - salaries and other staff costs	448,114	80.5	491,723	79.1	581,143	80.2	628,553	78.1	705,519	77.1
Total value-added	556,617	100.0	621,648	100.0	724,504	100.0	804,959	100.0	914,489	100.0
Number of employees	8,732		9,439		9,692		9,709		10,475	
<b>Value-added per employee (\$'000)</b>	<b>63.8</b>		<b>65.9</b>		<b>74.8</b>		<b>82.9</b>		<b>87.3</b>	

## CORPORATE INFORMATION

### Board of Directors

**Lim Jit Poh**

Chairman

**Yang Ban Seng**

Chief Executive Officer

(Appointed on 15 January 2019)

Executive Deputy Chairman

(Redesignated on 15 January 2019)

**John De Payva**

Lead Independent Director

**Kong Yim Pui Susan**

**Lee Sok Koon**

**Lim Seh Chun**

**Lim Siang Hoe Benny** (Appointed on 26 April 2018)

**Wee Siew Kim**

**Yu Ching Man** (Appointed on 26 April 2018)

**Cheong Yip Seng** (Retired on 25 April 2018)

**Chin Harn Tong** (Retired on 25 April 2018)

**Gan Juay Kiat** (Resigned on 27 March 2019)

### Audit and Risk Committee

**Wee Siew Kim**

Chairman

**Lee Sok Koon**

**Lim Seh Chun**

**Lim Siang Hoe Benny** (Appointed on 26 April 2018)

**Chin Harn Tong** (Stepped down on 25 April 2018)

### Remuneration Committee

**John De Payva**

Chairman

(Appointed on 26 April 2018)

**Chin Harn Tong**

Chairman

(Stepped down on 25 April 2018)

**Kong Yim Pui Susan**

**Lim Jit Poh**

**Yu Ching Man** (Appointed on 26 April 2018)

### Nominating Committee

**Kong Yim Pui Susan**

Chairman

(Appointed as Chairman on 26 April 2018)

**John De Payva**

**Lim Jit Poh**

**Lim Siang Hoe Benny** (Appointed on 26 April 2018)

**Cheong Yip Seng** (Stepped down on 25 April 2018)

### Service Quality Committee

**Lim Seh Chun**

Chairman

**Lee Sok Koon**

**Wee Siew Kim**

**Yu Ching Man** (Appointed on 26 April 2018)

**Cheong Yip Seng** (Stepped down on 25 April 2018)

### Corporate Directory

**Registered Office**

205 Braddell Road

Singapore 579701

Mainline: (65) 6284 8866

Facsimile: (65) 6287 0311

Website: [www.sbstransit.com.sg](http://www.sbstransit.com.sg)

Company Registration Number:

199206653M

**Joint Company Secretaries**

Chan Wan Tak, Wendy

Yeo Tee Yeok, Edwin

**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

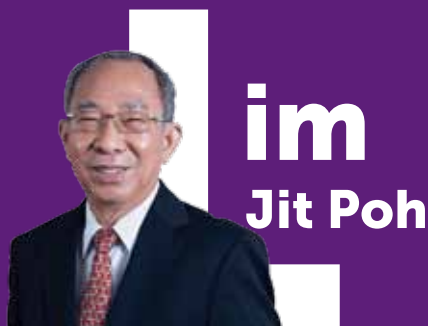
Partner-in-Charge:

Chua How Kiat

Date of Appointment:

27 April 2016

## BOARD OF DIRECTORS



- ▶ CHAIRMAN (NON-EXECUTIVE & NON-INDEPENDENT)
- ▶ 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-executive and non-independent Director of SBS Transit Ltd. He is 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 Singapore Labour Foundation, 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, 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.



- ▶ EXECUTIVE DEPUTY CHAIRMAN / CHIEF EXECUTIVE OFFICER (NON-EXECUTIVE & NON-INDEPENDENT DIRECTOR)
- ▶ DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
1 MAY 2017
- ▶ DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:  
25 APRIL 2018

Mr Yang Ban Seng is the Executive Deputy Chairman and Chief Executive Officer of SBS Transit. His appointments took effect from 15 January 2019. He is a non-independent Director of the Company.

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.

## BOARD OF DIRECTORS



**John**  
De Payva

- ▶ NON-EXECUTIVE & LEAD INDEPENDENT DIRECTOR
- ▶ DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
26 JULY 1999
- ▶ DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:  
27 APRIL 2016

Mr John De Payva is a non-executive and lead independent Director of SBS Transit Ltd. Mr De Payva is the Chairman of the Remuneration Committee and a member of the Nominating 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 Member of the Board of Governors of OTC-ILS, a Trustee of NTUC and a Director of SLF Leisure Enterprises (Pte) Ltd.

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 and the Meritorious Service Medal in 2011 by the President of the Republic of Singapore and the Distinguished Service (Star) in 2012 by NTUC.



**Kong**  
Yim Pui Susan

- ▶ NON-EXECUTIVE & INDEPENDENT DIRECTOR
- ▶ DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
1 OCTOBER 2017
- ▶ DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:  
25 APRIL 2018

Ms Kong Yim Pui Susan is a non-executive and independent Director of SBS Transit Ltd. She is the Chairman of the Nominating Committee and a member of the Remuneration Committee.

Ms Kong has been a practicing lawyer for almost 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 is a Director of Singapore Tyler Print Institute and HealthServe Limited.

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



**ee**  
**Sok Koon**  
(Mrs Constance Koh)

- ▶ **NON-EXECUTIVE & INDEPENDENT DIRECTOR**
- ▶ **DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:**  
1 MAY 2017
- ▶ **DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:**  
25 APRIL 2018

Mrs Constance Koh is a non-executive and independent Director of SBS Transit Ltd. She is a member of both the Audit and Risk Committee and the Service Quality Committee. She is also an independent non-executive Director of Japan Foods Holding Ltd, a public listed company on the Singapore Exchange and a member of the Board of Singapore Arts School Ltd, Singapore's first pretertiary 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 Singapore Institute of Directors.



**im**  
**Seh Chun**

- ▶ **NON-EXECUTIVE & INDEPENDENT DIRECTOR**
- ▶ **DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:**  
1 OCTOBER 2012
- ▶ **DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:**  
25 APRIL 2017

Professor Lim Seh Chun is a non-executive and independent Director of SBS Transit Ltd. Professor Lim is the Chairman of the Service Quality Committee and a member of the Audit and Risk Committee.

Professor Lim is the Associate Provost, 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



- ▶ NON-EXECUTIVE & INDEPENDENT DIRECTOR
- ▶ DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
26 APRIL 2018

Mr Lim Siang Hoe Benny is a non-executive and independent 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 and Rysense Ltd and an Independent Director of Tridex Pte Ltd and Raffles Health Insurance 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.



- ▶ NON-EXECUTIVE & INDEPENDENT DIRECTOR
- ▶ DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
30 APRIL 2003
- ▶ DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:  
27 APRIL 2016

Mr Wee Siew Kim is a non-executive and independent Director of SBS Transit Ltd. Mr Wee is the Chairman of the Audit and Risk Committee and a member of the Service Quality Committee.

Mr Wee is currently Group Chief Executive Officer (CEO), NIPSEA Group of Companies. He is also the Chairman of ES Group (Holdings) Limited and a Director of Mapletree Logistics Trust Management Ltd and SIA Engineering Company Limited.

Mr Wee was previously the Deputy CEO of Singapore Technologies Engineering Ltd. Prior to this, Mr Wee held several positions within Singapore Technologies Engineering including being the President of Singapore Technologies Aerospace Ltd.

Mr Wee holds a Bachelor of Science (Aeronautical Engineering) (Hons) from the Imperial College of Science and Technology and a Master in Business Administration from the Graduate School of Business, Stanford University.



- ▶ **NON-EXECUTIVE & INDEPENDENT DIRECTOR**
- ▶ **DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY: 26 APRIL 2018**

Professor Yu Ching Man is a non-executive and independent Director of SBS Transit Ltd. He is a member of both the Remuneration Committee and the Service Quality Committee.

Professor Yu is a Professor and Head of the Interdisciplinary Division in Aeronautical and Aviation Engineering at the Hong Kong Polytechnic 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 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



### 1) Mr 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 SISIR. Mr Tan holds a Bachelor of Engineering (Hons) in Mechanical Engineering from the National University of Singapore. He also obtained a Master of Business Administration from the same university.

### 2) Mr Yeo See Peng

SENIOR VICE PRESIDENT  
HEAD BUS SUPPORT

Mr Yeo See Peng is Head of the Bus Support Division in SBS Transit. 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. 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, who was a SAF Merit Scholar, holds a Bachelor and Master of Arts from the University of Oxford, United Kingdom, as well as a Master of Public Administration from Harvard University, USA.

### 3) Mr 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 Maintenance Planning and Bus Asset department, Workshops and Bus Engineering sections. The Bus Engineering Division is responsible for fleet performance, maintenance, spares inventories, warehouses and on-board bus equipment to achieve the NC and tender packages performance requirements and financial targets. 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.





#### 4) Mr 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 from the startup of Singapore's first MRT system in 1985, as a Rolling Stock engineer, until his current appointment. 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).

#### 5) Mr 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 (SPLRT) and North East Line (NEL), of which the latter is Singapore's first underground, driverless rail system. Heading traffic, passenger service and operation, 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 Institute of Railway Signal Engineers.

#### 6) Ms 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.

#### 7) Ms 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.

## KEY MANAGEMENT



### 8) Ms Tan Wee Eng, Angie

VICE PRESIDENT (SPECIAL GRADE)  
INFORMATION TECHNOLOGY

Ms Tan Wee Eng, Angie is Vice President, Information Technology of SBS Transit. She leads the Information Technology Department and oversees the day-to-day operations in planning and management, system architecture design, development and implementation, cyber security operation, support and maintenance of information technology infrastructure, applications and services. Ms Tan started her career as a Programmer in the Information Technology Department of SBS Transit in 1979. Over the years, she has held various positions with responsibilities in the department. She holds a Bachelor of Science from the Nanyang University.

### 9) Ms Lim Bee Hong

VICE PRESIDENT (SPECIAL GRADE)  
ORGANISATIONAL DEVELOPMENT & STANDARDS

Ms Lim Bee Hong is Vice President, Organisational Development & Standards. She joined SBS Transit in 1984 as a Personnel Officer and rose through the ranks in the Human Resource Department. Her previous appointments include Vice President, Training and Management Services, Director, Learning & Development and Vice President, Human Resource. She was appointed to her current position in 2009 and is responsible for service excellence initiatives, human resource development, business excellence and quality management certifications. She concurrently holds the Vice President, Training (Bus) appointment and oversees the Bus Captain Development Centre and Technical Training Centre under the Bus Business. Ms Lim graduated from the National University of Singapore with a Bachelor of Business Administration.

### 10) Mr 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.

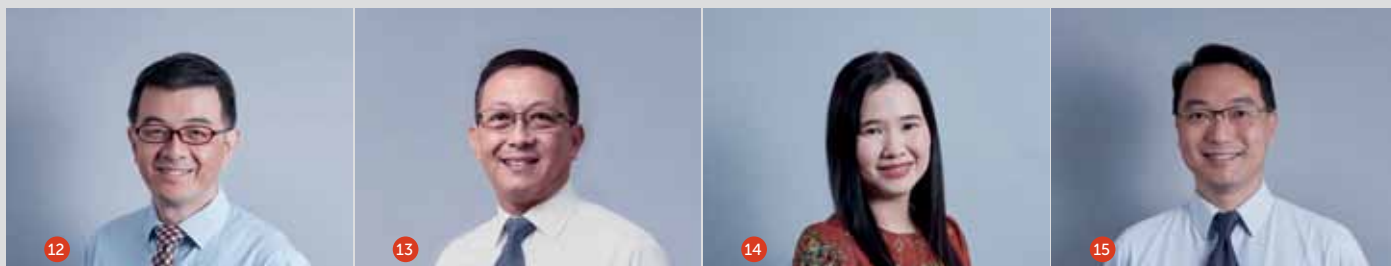
### 11) Mr Choo Peng Yen

COMFORTDELGRO GROUP  
GROUP CHIEF TRANSFORMATION OFFICER  
GROUP CHIEF INVESTOR RELATIONS OFFICER

Mr Choo Peng Yen was appointed as ComfortDelGro Corporation's Group Chief Investor Relations Officer in 2010. He is in charge of the investor relations function of the Group including SBS Transit's.

He is also concurrently the Group Chief Transformation Officer since May 2018.

He was the General Manager of the North East China Business Unit. Mr Choo joined the Group in 1978 and was the Senior Vice President (Group Business Development) prior to his appointment in China. He holds a Bachelor of Business Administration from the University of Singapore and attended the International Executive Programme at INSEAD (France).



## 12) Mr 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.

## 13) Mr 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.

## 14) Ms 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.

## 15) Mr Yeo Tee Yeok, Edwin

JOINT COMPANY SECRETARY

Mr Yeo Tee Yeok, Edwin is Joint Company Secretary of SBS Transit. He also holds a similar appointment in ComfortDelGro Corporation Limited, which is SBS Transit's parent company. He joined ComfortDelGro in September 2014 as Vice President of Group Legal and was appointed Joint Company Secretary in May 2017. Prior to joining the Group, Mr Yeo was Senior Legal Counsel at Oracle Corporation Singapore Pte Ltd where he was responsible for legal matters across the ASEAN business region. Mr Yeo is a member of the Chartered Secretaries Institute of Singapore. He holds a Bachelor of Laws and a Bachelor of Commerce from the Australian National University.

## OPERATIONS REVIEW



# PUBLIC TRANSPORT SERVICES

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

# 1,325.3

Revenue (\$'million)

# 222

Total Bus Routes Operated

# 78

Total Stations in Operation

# 10,946

Total Number of Employees

# 3,471

Total Bus Fleet

# 192

Total Train Fleet

## BUS SERVICES

We entered into our third year of operating under the Bus Contracting Model (BCM) in 2018. Here, the provision of bus services and the corresponding standards are determined by the Land Transport Authority (LTA) and bus operators are contracted to operate public bus services through a competitive tendering process. Under this model, the Government retains the fare revenue and owns all infrastructure and operating assets such as depots and buses.

In March 2018, we successfully rolled out the Seletar Bus Package, which we won in 2017. It comprised 26 bus services, 12 of which used to be operated by another operator. With this Bus Package, we took over the operations of the new Seletar Bus Depot, which is a purpose-built facility that can house up to 530 buses. We continued to manage the Ang Mo Kio and Yio Chu Kang Bus Interchanges which are part of the Package.

In November, we implemented our second BCM tendered package, the Bukit Merah Bus Package, with 18 services. We took over the newly-built 102,000 square metres Ulu Pandan Bus Depot where we introduced green features such as the use of solar energy and NEWater for non-potable purposes. The Depot has a modern workshop that is equipped with augmented reality (AR) smart goggles for maintenance works, and can cater to 470 buses. It also has an air-conditioned canteen and comfortable rest rooms with free Wi-Fi access and recreational amenities for the 650-odd Bus Captains (BCs) who operate from this Depot.

For our commuters, we rolled out several new initiatives including offering free Wi-Fi service on board more than 300 buses. At the Bukit Merah and HarbourFront Bus Interchanges, we introduced free umbrella rental as well as interactive bus information touchscreen panels to provide travel information. We also installed electronic feedback panels for fault reporting and colourful die-cut messages to encourage positive travel behaviour such as offering one's seat to those who need it more.

The Ulu Pandan Bus Depot also houses the Public Transport industry's Bus Technical Specialist Certification Centre (BTSCC) to raise professional standards for bus engineering and technical staff as part of LTA's Singapore Bus Academy. SBS Transit had helped to set up the 620 square

metre-facility at a cost of \$2.3 million. It houses key bus systems and the chassis of new buses namely the single deck hybrid bus and the double deck Euro 6 bus. It also incorporates AR tools in its training programmes. Our experienced engineering and training staff were involved in its curriculum development and are now conducting the certification of assessment.

In March 2018, we had to shut the New Bridge Road Bus Terminal to make way for developments in the area. Bus operations from this Terminal were transferred to a new facility known as the Kampong Bahru Bus Terminal where we continued to operate the same eight bus services. This new site has sheltered boarding and alighting facilities that are barrier-free, priority queue zone for elderly and disabled commuters and a nursing room for young mothers. Developed by the LTA, this Terminal comes under the Bukit Merah Bus Package.

In total, we now operate seven bus depots, one bus park, 17 bus interchanges and 14 bus terminals.

With LTA as the central planner of bus routes, we rolled out two new services in 2018, which brought the total number of bus services that we operated to 222. We remained the largest public bus operator with a market share of 61.2%.

To better serve the changing travel needs of commuters, we amended 11 routes and beefed up seven high-demand services by adding additional buses to their operating fleets. We also amended the routes of another four services due to road changes resulting from the opening of the South-bound Lornie Highway.

On the eve of public holidays and major events such as the Formula One Grand Prix, we extended the operational hours of selected bus routes to cater to increased commuter demand for late night services.

On festive occasions, when families pay respects to their departed loved ones, we make it more convenient for them to visit the Choa Chu Kang Cemeteries and Columbarium with a special bus service, Service 405.

As part of the public transport community, we also supported SMRT when it conducted engineering works on its North-South

Line and East-West Line that involved the early closure of several stations on selected Fridays and weekends in 2018. We ran shuttle buses in partnership with SMRT and the LTA as well as extended a total of 78 regular bus routes to enable commuters to get home on public buses.

We also conducted planned temporary route diversions for our bus services due to road closures to facilitate events such as runs and festive celebrations. Additionally, we conducted ad-hoc diversions where our buses were unable to travel on their regular routes due to flooding, accidents or other factors that rendered the roads impassable.

During the year under review, all nine of our Fast-Forward services – 10e, 14e, 30e, 74e, 89e, 147e, 151e, 174e and 196e – were renamed Express Services as part of LTA's streamlining and renaming exercise across the industry. Four feeder services - Services 291 and 293 in Tampines and Services 811 and 812 in Yishun – also added a "T" suffix to their service numbers to inform commuters when the trips were terminating at the interchange.

Under the BCM, we took delivery of 289 buses from LTA, which increased our total fleet by about 7% to 3,471 compared to 2017. Comprising 57% single deck buses, the rest were double decks or articulated<sup>1</sup> buses. Our fleet of double deck buses increased by 109 or about 8% to better cater to bus services with higher demand. The number of wheelchair accessible buses also increased to 98.2% from 96.5% in 2017.

Since December 2018, we have been involved in a six-month diesel hybrid bus trial for the LTA. We now operate these buses on Services 59, 93 and 272.

Apart from hybrid buses, we also operate autonomous buses on Jurong Island and Sentosa in an on-going trial with ST Engineering.

We also commenced a six-month trial for the LTA to operate Singapore's first On-Demand Public Bus services. Conducted during off-peak hours on weekdays, it involves five of our low demand bus services – 253, 255, 257, 400 and 402 – serving Joo Koon and Marina-Downtown areas. Using a mobile application, commuters can book a ride by requesting to be picked up and dropped off at any bus stop within the defined areas, even if the bus stops are currently not served by the same bus service. The trial, which started in December 2018, is meant to help LTA evaluate the feasibility of operating public bus services based on real-time commuter demand and along dynamic routes.

In the area of safety, our accident rate dropped by 0.03 per 100,000 km to 0.12 per 100,000 km for 2018. Besides instituting safety protocols, policies and procedures, we continued to invest in training and technology to help our BCs to be safer drivers and provide commuters with smoother and more comfortable rides. Our efforts were recognised by the LTA which awarded our Bedok<sup>2</sup> Bus Package with the "Safe Bus Operator of the Year Excellence Award 2018".



1 An articulated bus is a high capacity vehicle. It is a single deck bus with two passenger compartments that are linked by an articulation joint. For this reason, it is commonly known as a 'Bendy Bus'. Its combined length is about 18 metres, which is about a-third longer than the regular 12-metre single deck public bus.

2 The LTA divides public bus services into 14 Bus Packages. The Bedok Bus Package with 24 services is one of the nine packages operated by SBS Transit.

## OPERATIONS REVIEW

### RAIL SERVICES

Demand for our rail services continued to increase with close to 428 million passenger trips made in 2018, representing a double-digit growth of 20.2% over the previous year. The increase can be attributed largely to the Downtown Line (DTL), which became fully operational in October 2017. With all its 34 stations opened for passenger service, ridership on the DTL soared from 101.9 million in 2017 to 164.1 million in 2018. Ridership on the 16-station North East Line (NEL) also grew by 2.7% to 215.8 million while demand on the Sengkang-Punggol LRT (SPLRT) systems increased by 8.9% to 48.0 million in 2018.

In tandem with the increase in passenger demand, more train trips were operated. A total of 309 more weekly trips were added to the schedules of the NEL and DTL while 2,071 more weekly trips to the SPLRT.

Similar to our bus services, we also extended the operational hours of our rail services on the eve of public holidays and major events such as New Year's Eve to better cater to our commuters' demand for late night services.

LRT services were also enhanced with the start of bi-directional services on the Punggol West Loop in September 2018. Commuters enjoy faster rides and shorter waiting times as they no longer have to travel in the opposite direction to get to the Town Centre Station. This is especially so for commuters travelling from Sam Kee Station during the morning peak hours. With this service enhancement, all loops on the SPLRT systems now operate bi-directional services throughout the day.

To-date, all 29 stations on the SPLRT systems are opened for passenger service except for Teck Lee Station on Punggol West Loop. It will open in tandem with developments in the area.

With the three rail lines spanning a combined total of 82 km, our market share of the rail network is 36.3%. We operate a total of 78 stations and a fleet of more than 190 trains.

In rail reliability, the NEL clocked 1.37 million train-km in Mean Kilometre Between Failure (MKBF) in 2018, which more than doubled the 663,000 train-km clocked in 2017 while the DTL clocked 928,000 train-km compared to the 650,000 train-km recorded in 2017. Overall, they outperformed the nationwide



MRT network which clocked an average of 690,000 train-km. SPLRT achieved 216,000 train-km while the nationwide LRT network's average was 82,000 train-km.

On 1 April 2018, we transitioned to the New Rail Financing Framework (NRFF) for the NEL and SPLRT systems – joining the DTL which has been operating under this framework since 2011. An asset-light operating framework, we hold the responsibility for the operations and maintenance of the rail lines while the LTA owns all the operating assets such as the trains and signalling system and will pay for replacements and upgrades. With the NRFF, we have been granted a 15-year licence to operate the two lines until 31 March 2033.

A tender to carry out mid-life refurbishment and upgrading of the 25 first-generation NEL trains was awarded in December 2018 to CRRC Nanjing Puzhen Co Ltd. The contract is worth about \$116.7 million and comes under the NRFF. It includes the installation of a new condition monitoring system that will provide early warning of impending faults so that preventive actions can be taken. The air-conditioning, ventilation and passenger information systems will also be upgraded. Even the interior fittings of the trains such as seats, panels and flooring will be replaced for more pleasant and comfortable rides for commuters. As part of the contract, detailed inspections will be conducted on all the mechanical and electrical systems of the trains, where parts will be

repaired or replaced where necessary. Works have started and are expected to be completed by 2024.

Concurrently, intensified preventive maintenance activities also started in January 2019 on the 16-year-old NEL to improve its overall service reliability. The scope of maintenance works covers parts of the NEL power system and platform screen doors. There is also an acceleration of the replacement of rail crossings, signalling point machines and tracks. The rail crossings and signalling point machines are essential to allow trains to switch between tracks, and their timely replacement ensures that rail services can continue to run safely and reliably. This requires extended engineering hours with affected stations closing earlier than usual at approximately 11.00pm on selected Fridays and Saturdays. To minimise inconvenience to commuters, shuttle bus services are available to serve the closed stations.

On the SPLRT, we continued with our asset renewal and preventive maintenance works from January to October 2018. Rectification works were carried out on the concrete plinths, which are elevated slabs for the wheels of the Light Rail Vehicles (LRV) to run on. The finger joints of these plinths had shifted over time due to the constant movement of the LRVs and they had to be re-positioned to continue to provide a smooth and comfortable ride for commuters. In addition, the power rail and power rail assemblies were replaced while preventive

maintenance works were carried out on the signalling cables. The upgrading of the LRVs is in the pipeline.

Meanwhile, the replacement programme for the boogie frames of the LRVs is on track. Mitsubishi Heavy Industries, the train supplier, had re-designed the frame structure following the discovery of hairline cracks on 12 LRVs in 2016. A total of 48 re-designed bogie frames have been completed since 2017 and the remaining 68 are expected to be delivered by 2020.

In 2018, there were seven major disruptions/delays on our rail network with the NEL and DTL having two incidents each while the SPLRT had three. For all the incidents, we adopted the "People, Environment, Equipment, Procedures and Organisation" (PEEPO) methodology in our investigations to enhance our ability to systematically identify the root and contributory causes that resulted in the disruptions. We have since implemented action plans comprising design enhancement, maintenance improvements and asset renewals to prevent a recurrence of the incidents.

We also steered our efforts to enhance reliability through the structured ISO 55001 asset management framework. Under this framework, we conducted reliability and vulnerability assessments of our systems and implemented improvement plans encompassing design enhancements, maintenance programmes, asset renewals as well as condition monitoring. With this process clearly in place, we were able to identify signalling components where the designs could be enhanced to improve reliability. For instance, a design enhancement was carried out for the repeated relay unit used on the LRT system.

To further strengthen our engineering and maintenance capabilities, we signed a Memorandum of Understanding with the Taipei Rapid Transit Corporation (TRTC) and its subsidiary, Metro Consulting Service in April 2018. This enables us to leverage on each other's competencies and experiences through mutual exchanges, study visits, training and the sharing of best practices. We followed up with a visit to TRTC in September with a team of 12 rail executives to glean best practices in rolling stock, signalling, electronics repair as well as in station and passenger operations.

We also worked closely with tertiary institutions, including the National University of Singapore, the Nanyang Technological University and the Singapore Institute of Technology, on rail-specific projects to tap on their areas of expertise while nurturing the next generation of rail engineers. Currently, we are engaged in 14 projects that cover areas such as condition monitoring, failure analysis and rail simulation.

In contingency planning, we remain committed to reviewing and enhancing our Rail Incident Management Plans to ensure their relevance. Three exercises – one for each line – were conducted in 2018. Two of the exercises also involved a cyber attack scenario to test our preparedness and response.

We also participated in joint exercises with the LTA and external agencies such as the Police and the Singapore Civil Defence Force (SCDF). With the LTA, we were involved in two security screening exercises that were conducted at two of our MRT stations – one at DTL's Newton Station and the other at NEL's Hougang Station. Codenamed "Exercise Station Guard". They were conducted during passenger service hours to validate the security measures and plans during periods of heightened security. Commuters entering the stations had to pass through metal detectors while their belongings and baggage were scanned by X-ray machines.

The SCDF exercise involved a train that had caught fire in the tunnel and tested the coordination of rescue efforts between our two organisations. We supported the Police in the conduct of its tactical drill of a security incident on board a train.

## SERVING OUR COMMUTERS

Our commitment and efforts to doing more did not go unnoticed by our commuters. A total of 46,632 compliments/commendations were received during the year. This represented an increase of 20.6% over the previous year.

In the Public Transport Council's Annual Customer Satisfaction Survey for 2018, the overall satisfaction score for bus services remained at 7.9, similar to the previous year but the percentage of respondents satisfied with bus services increased to 98.0%, up from the 96.7% in 2017. The overall satisfaction score for rail services was 7.9, an improvement from 7.5 in the previous year. The percentage of respondents satisfied with rail services also increased from 91.8% to 97.8%. Notably, our rail overall satisfaction score was a tad higher than the industry average at 8.0 and with the percentage of respondents satisfied with our rail services clocking in at 98.3%.

More details of our bus and rail efforts are on pages 24 to 29 in the sustainability chapter of this Annual Report.



## OPERATIONS REVIEW



# OTHER COMMERCIAL SERVICES

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

## 58.3

Revenue (\$'million)

## 90

Total Number of Employees

### ADVERTISING

Our sister company, Moove Media, continued to roll out innovative advertising campaigns to capture the attention of commuters and consumers at our stations and bus interchanges, and on board trains and buses.

At the Downtown Line (DTL) Bugis Station, commuters were treated to a sensory experience with the Changi Airport Group's Changi Millionaire 2018 campaign. Through the creative use of sensors, light and sound projections were used to create awareness of the participation details of its lucky draw where participants stood to win a luxury car in the grand draw. This campaign was so successful it emerged as a finalist in the "Out-of-Home Advertising" category at the Marketing Excellence Awards 2018, which was organised by Marketing Magazine.

Over at the North East Line (NEL) Dhoby Ghaut MRT Station, Moove Media upped its game with a moving conveyor belt of empty Tiger Beer bottles to convey the product's distinctiveness as a freshly

brewed beer. The unusual display caught the attention of many commuters thanks to its originality.

At the Ang Mo Kio Bus Interchange, sunflower stickers adorned a wall where members of the public could peel them off and receive surprise gifts including free tickets to Gardens by the Bay. In a different campaign for Golden Village, popcorn stickers were featured with discounts given for movie tickets.

For the Singapore Grand Prix, the team mounted 3D installations of F1 cars on the top of five of our buses. These plied the roads between August and September to fuel excitement for the races.

Throughout the year, trains on the NEL and DTL were given makeovers to increase public awareness of various causes such as mental health, autism, breast cancer and cyber wellness among others. In collaboration with the Land Transport Authority (LTA), the team also decorated trains with festive themes during Christmas, Deepavali and other occasions.

### RENTAL OF COMMERCIAL SPACES

In 2018, we leased 93% of the 8,527 square metres of commercial space at our bus interchanges and train stations. Tenants included convenience stores, medical clinics as well as those in the food and beverage and beauty and wellness businesses.

During the year, we introduced a parcel locker system at five of our MRT stations. Installed at the Punggol, Sengkang, Buangkok and Hougang Stations on the NEL and the Bukit Panjang Station on





the DTL, the lockers serve as convenient and accessible pick-up points for commuters to collect their online shopping parcels if they are not at home to receive them. This is in support of efforts by the Info-communications Media Development Authority and the LTA to ease the last-mile fulfilment challenges faced by merchants and logistics firms in the growing e-commerce sector.

In support of our tenants, we conducted special promotions to boost patronage at their outlets during major festive occasions. For instance, during the Chinese New Year period, we gave away free Chinese calligraphy couplets to commuters who hit a minimum spend. We also organised carolling sessions at some of our premises during the Christmas season to add to the good cheer.



## SUSTAINABILITY REPORT

**Total Bus Fleet  
Is Euro 5 Or Better**



**78%**

**Bus Services  
Are Wheelchair-Friendly**



**100%**

**Hours On Average  
Invested In Training  
Per Staff**



**close to 52**

**Staff Received  
The National Excellent Service  
Award**



**1,655**

**Students Reached Out To In Our  
School Engagement Programme**



**29,335**

**Compliments And  
Commendations Received**



**46,632**

In the last 12 months, we continue to build on the foundations that have been laid in the area of sustainability. From environment to health, safety and security, commuter engagement to employee development, labour-management relations to reaching out to the communities we serve, we are, and remain deeply committed to ensuring a more sustainable future, for current and future generations.

### ENVIRONMENT

At our new 102,000 square metres Ulu Pandan Bus Depot, solar energy is used to power the facility during the day. It is the first bus depot in Singapore to install the Photovoltaic Solar Panel System where more than 2,000 solar panels are spread out on its rooftops. Collectively, they generate about 840MWh of energy annually, which can be used to power up 175 units of four-room HDB flats for a year. Mindful about wastage, unconsumed surplus energy is fed into the national power grid system for utilisation.

We also scored another environmental first by piping NEWater into our Ulu Pandan Bus Depot for non-potable uses such as bus washing, which utilises the highest volume of water. NEWater is also used to irrigate the Depot's rooftop garden, which in turn helps to cool down the building and reduce energy consumption. This is purposeful as part of our effort towards water sustainability for the long term where we can expect to save more than 9,000 m<sup>3</sup> of potable water a year.

At our bus depots, we continue to reduce the use of paper forms and checklists during maintenance works by switching to electronic tablets. With the Bus Mobile Maintenance System, our technicians obtain work instructions, drawings, electrical schematics and parts information to carry out their work more efficiently. In 2018, we added another 35 tablets, and completed the roll-out of this green initiative across all our seven bus depots. With some 300 tablets now in use, we are able to reduce the use of about 850 reams of A4-sized paper and save some 27 trees annually.

The number of buses in our fleet that are more environmentally friendly also increased during the year. At the end of 2018, 78% of our fleet or 2,706 buses were Euro 5 compliant, emitting less pollutants into the environment.

Since December 2018, we have been

involved in a six-month trial for the Land Transport Authority (LTA) to operate diesel hybrid buses to further reduce exhaust emission into the environment. These hybrid buses are also quieter compared to the regular diesel buses, and this contributes to reducing noise pollution. We are operating these buses on Services 59, 93 and 272.

## HEALTH, SAFETY AND SECURITY

The safety and security of our employees, passengers and fellow road users rank high on our priority list.

On safety, our bus accident rate dropped to 0.12 per 100,000 km for 2018. This is an improvement of 0.03 per 100,000 km over that of 2017. We remained relentless in our efforts in safety training and retraining, including fine-tuning safety checks like the Bus Stop Drills and Junction Drills, and conducting regular safety awareness briefings for our Bus Captains (BCs) and interchange managers. Safety alerts and messages are also posted on our mobile application, "iLink". Designed for staff use, it also has features for reporting bus faults, safety issues and concerns and even suspicious activities observed at our premises or onboard our vehicles.

On an on-going basis, BCs continue to attend the compulsory "Driving Skills Enhancement Programme (DSEP)" to assess their driving competency and identify weaknesses for improvement as part of our refresher training for safer driving.

We continue to invest in technology to help our BCs to be safer drivers and provide commuters with smoother and more comfortable rides. We implemented SAfe Green Eco System (SAGE) on buses under the Seletar and Bukit Merah Bus Packages. SAGE records and monitors the BCs' driving behaviour such as speeding and harsh acceleration and gives feedback in real-time through audio and visual alerts so that corrective actions can be taken. This system is also being rolled out fleet-wide and works are expected to be completed by 2019.

The GoRoute system, which enables BCs to learn their service routes and safety drills in a classroom setting, has completed its roll-out to all our 17 bus interchanges and 14 terminals. A video-based system, it traces the specific service route based on

actual road conditions with safety pointers on what to watch out for, such as school zones and accident black spot areas, so that BCs are equipped to anticipate route hazards as part of our safety training.

Meanwhile, more than half of our fleet is now equipped with Mobileye, which is an advanced driver assistance system that alerts BCs to an impending collision, so that they can take immediate defensive action.

We also extended the trial of Mobileye Shield+ to 10 buses, up from just one in the previous year. This system has two additional cameras mounted at the rear of the bus to eliminate blind spots when buses make a turn. This enables BCs to be aware of vulnerable road users such as motorcyclists, cyclists and pedestrians.

In addition, we have put on trial 30 sets of the "Golden Eye", which is a monitoring system installed in the bus driving cabin to detect fatigue and distraction through facial analysis. It sends out audio, visual and haptic alerts to the BC when such behaviour is detected.

At our MRT stations, we carried out modification works on two escalators at the North East Line (NEL) Chinatown MRT station to operate at a lower speed to better cater to the needs of elderly commuters. As a result of this, we have had zero safety incidents involving the elderly on these escalators and are looking to expanding this initiative to other stations in 2019.

Concurrently, we continued with our public education campaign on escalator safety. For 2018, we conducted the campaign at 11 MRT stations where commuters were encouraged to hold on firmly to the escalator handrails and use the lifts if they were carrying bulky or heavy bags. We also deployed staff at the escalator landings to reach out to the elderly.

Our Bus Business and the Downtown Line (DTL) have been certified under the ISO 45001 Occupational Health and Safety Management Systems upon meeting the requirements under its framework that improve employee safety, reduce workplace risks and create better, safer working conditions. As for the NEL and SPLRT, they are currently certified under a different standard - OHSAS 18001 - until October 2019, following which they will apply for the ISO 45001 certification. Our efforts in promoting and ensuring

workplace and commuter safety were recognised by the Land Transport Authority (LTA) at its annual Safety Convention, where we were awarded top honours in both the public bus and rail categories. Our DTL was conferred the inaugural "Safe Rail Line of the Year Excellence Award" while our Bedok Bus Package received the "Safe Bus Operator of the Year Excellence Award".

On security, our staff attended security briefings conducted by the Ministry of Home Affairs (MHA) and the Singapore Police Force to be updated on the dynamic security environment.

Besides this, we adopted the Threat Oriented Person Screening Integrated System (TOPSIS) developed by the MHA to enhance the security skillsets of our staff in detecting and screening suspicious persons on our premises. All staff, vendors and tenants attend the TOPSIS training and to-date, more than 6,000 have been trained. By 2019, all staff should have undergone this training. Recognising our security efforts in protecting our premises, the MHA presented us with a silver award in the Organisational category at the TOPSIS Award.

In August 2018, body-worn cameras were introduced in our Bus Business to further enhance the security of our premises. Worn by our security officers and frontline staff across our bus interchanges and depots, the cameras also serve as important tools for collecting evidence for investigations into incidents and complaints. Plans are afoot to implement this for our staff at the DTL MRT stations in 2019, joining the NEL staff which have been using this device since 2016.

At our bus depots and terminals, we continued with the installation of the Video Analytics (VA) system to help maintain a high level of security vigilance around the perimeters of our premises. This system uses CCTV cameras to monitor movements, analyses the type of motion detected and immediately alerts the relevant Operations Control Centre if it is deemed a threat. First installed at Soon Lee Depot in December 2017, it is now in use at the Seletar and Ulu Pandan Bus Depots, Bukit Merah and HarbourFront Bus Interchanges and the Shenton Way, Kampong Bahru and Queen Street Bus Terminals.

We also took a step further by testing the vigilance and alertness of our staff in detecting and handling security threats on

## SUSTAINABILITY REPORT

our premises with more than 1,000 covert exercises organised for this purpose. Four exercises were also conducted to validate our contingency plans in handling bomb threats.

We also participated in joint exercises with the LTA and external agencies such as the Police and the Singapore Civil Defence Force (SCDF). With the LTA, we were involved in two security screening exercises that were conducted at two of our MRT stations – one at DTL's Newton Station and the other at NEL's Hougang Station. Codenamed "Exercise Station Guard". They were conducted during passenger service hours to validate the security measures and plans during periods of heightened security. Commuters entering the stations had to pass through metal detectors while their belongings and baggage were scanned by X-ray machines.

The SCDF exercise involved a train that had caught fire in the tunnel and tested the coordination of rescue efforts between our two organisations while the Police conducted a tactical drill involving a security incident on board a train.

Besides protecting our physical assets and premises, we also paid attention to the security of our information assets. With the introduction of the Cybersecurity Act in 2018, the rail systems have been designated as Critical Information Infrastructure (CII) given that they provide an essential service in land transport. Accordingly, SBS Transit has been designated as a CII owner with the key responsibility to ensure that our information systems remain protected from and defended against cyber threats. We have reviewed our security processes and control measures to ensure that these meet the requirements under the Cybersecurity Act. These included independent assessment of our compliance to the Code of practice, annual security awareness briefings to staff and vendors, risk assessments and security exercises to test our state of preparedness. We continue to review our measures and plans regularly and to strengthen our security posture to ensure relevance in a dynamic threat environment.

Our strict cyber security policy now includes directions that no USB ports can be accessed from employees' work computers and laptops to minimise the entry of malware from such media. Dedicated USB data kiosks have been set

up in the offices to allow users to transfer data in and out of the USB media and only authorised encrypted thumbdrives are allowed for use on company networks and computers. We also appointed a Security Operations Centre to monitor our network and systems round the clock for anomalies.

### COMMUTER ENGAGEMENT

Reaching out to the community we serve, we organised two major carnivals inviting members of the public to visit our new bus depots – Seletar and Ulu Pandan – which were opened by the Coordinating Minister for Infrastructure and Minister for Transport, Mr Khaw Boon Wan, in January and October 2018 respectively. Organised as carnivals, they each drew about 3,000 visitors who had sneak peeks of our facilities, bus operations and the technologies that we employ.

We continued to organise monthly 'Commuter Chat' sessions at our bus interchanges and "Meet the Managers" sessions at our MRT stations to reach out directly to our commuters. In 2018, we engaged about 1,000 commuters on a one-to-one basis.

We also commissioned an independent survey company to conduct a commuter satisfaction survey involving 1,000 commuters for our DTL. The findings indicate that 96.8% of respondents were "satisfied" or "very satisfied" with our services.

Besides this, our commuters took the time to write in to recognise and encourage our efforts in improving our services. In 2018, the number of compliments/commendations received increased by more than 20% to 46,632 compared to 2017.

### OUR PEOPLE

We had 11,036 staff in 2018, which was 7.8% more than the year before. This was largely due to business expansion as more employees were required with the award of the two new Bus Packages. Of this, close to 6,600 or 60% were BCs. They were our largest category of staff with 43% being Singaporeans and Singapore Permanent Residents, 11% Chinese nationals and the rest Malaysians.

In our business which is traditionally male-dominated, close to 90% of our employees were male. The number of

female employees has, however, been on the increase. In fact, the number of female employees increased by 7.9% in 2018.

As an equal opportunity employer, we have a broad spectrum of staff across various age groups. In 2018, close to half of our workforce was aged between 30 and 50 years old. Staff over 50 years old made up 37.2% while those below 30 years old made up 14%. In fact, we were recognised at the Human Resource Excellence Award for effectively managing diversity across the Company and presented with the silver award in the 'Multi-generational Workforce Management' category.

Our policy of non-discrimination guides our human rights and labour practices. In 2018, there were no reports of discrimination filed.

### Growth and Development

In 2018, we recruited 1,765 new employees, which comprised 15.9% of our total workforce. Recruitment for BCs continued steadily throughout the year as we are the largest public bus operator with 222 routes.

We believe that our people are at the heart of our success. Be it new or experienced staff, we invest continually to develop their skills and talent. In 2018, we provided 47,091 training places and each employee averaged close to 52 hours of training, which was about four hours less than in 2017.

While our BCs continued to be schooled in safe driving skills, we embarked on a new training programme to enable them to carry out simple repairs on buses. The pioneer batch of 25 BCs, who are known as Operator-Maintainers (OMers), are able to minimise inconvenience for commuters with their new skills as minor faults can be quickly repaired instead of having to disrupt bus trips. More BCs will be trained to be OMers with time.

Meanwhile, our Interchange and operations staff attended the Bus Operations Competency Training (BOCT) to acquire knowledge and skills to handle the various bus operating systems.

Our bus team also attended training in operating Autonomous Vehicles, and diesel hybrid buses. They were also equipped in managing and operating the On-Demand Public Bus services that are currently on trial with the LTA.

With the set-up of the Bus Technical

Specialist Certification Centre (BTSCC) under the Singapore Bus Academy, five of our technicians were in the pioneer batch to receive their Certification for Bus Technical Specialist (Level One).

Our rail staff continued to use the train simulators that were delivered in December 2017 to enhance their operational competency. Staff are trained on the simulators to improve their skills in train driving, rescue operation and defect handling.

To raise the competency standards of our public transport workers, we continued to work closely with SkillsFuture Singapore (SSG) to develop training courses that can be certified under the Singapore Workforce Skills Qualifications (WSQ) programme. For 2018, three new modules were rolled out under the WSQ programme, bringing the total number of WSQ modules in bus and rail operations and engineering to 100. SSG also certified 338 of our in-house trainers and assessors to conduct WSQ courses in rail and bus operations and engineering.

Besides technical skills, our employees attend training in soft skills such as effective leadership as part of their career development. For instance, BCs attend the structured "Basic Management Programme", which consists of five WSQ soft skill modules that will present opportunities for them to switch to alternative career pathways such as becoming an Interchange Manager, Manager (Operations Control Centre) or Manager (Training). In 2018, 47 BCs were enrolled in this programme.

In the area of customer service, we continued with our CARES training programme that will equip our staff to better serve our commuters. For the year under review, focus group sessions, interviews and planning workshops were conducted with staff, union representatives and management to obtain feedback and insights that would guide the development of the next phase of our CARES programme in 2019.

Our employees also made study visits to our sister bus company in Australia to learn more about its best practices in bus operations. Another eight of our bus engineering staff attended a diesel hybrid bus training at the Volvo plant in Sweden. Our rail staff attended training sessions conducted by the Taipei Rapid Transit Corporation and Hongkong's MTR Academy and participated in rail

conferences and exhibitions in Berlin, Hong Kong and Malaysia to learn new technologies and best practices.

As part of our efforts to attract and retain engineering talent, we send our rail engineers to the Institution of Engineers, Singapore to be certified as Chartered Engineers. In 2018, four of them received accreditation, bringing the total number of Chartered Engineers in our rail division to 18. A bus engineer was also certified as a Chartered Engineer in September 2018.

We also sponsored our employees' training in specialised areas. This included a part-time 2½-year diploma programme in engineering and service management for 15 employees in 2018, bringing the total number of employees being sponsored to 36 since 2015. Course sponsorships were also offered to five employees in the Masters programme in Railway Systems Engineering and Integration conferred by the University of Birmingham.

For our efforts in championing employees' skills development and building a culture of lifelong learning at the workplace, we were the only public transport operator and one of 27 companies to receive the SkillsFuture Employer Award 2018 from the President of the Republic of Singapore.

## Employee Engagement

When it comes to building staff morale, we take the lead in appreciating the contributions of our employees. For instance, we organised a CARES Kindness month in May where about 1,000 students from 44 schools including kindergartens visited our bus interchanges and train stations bearing 'Thank You' cards and gifts for our Bus Captains and Bus Interchange and Station staff.

Get-togethers such as durian parties, movie screenings and bowling sessions were also organised to foster better relationship among staff.

We subscribe to the view that healthier workers contribute to higher productivity and hence, actively encourage our people towards leading healthy lifestyles. In line with this, we continued to organise physical activities such as cross-country runs for the benefit and enjoyment of our staff.

Besides this, we leased five Dr Carrot kiosks on a three-year term to empower our staff to take charge of their own health.

Rotated among our staff premises, the kiosks conduct automated health checks and provide employees with information on their body fat, bone density, visceral fat, and metabolic age among other areas so that they can be more watchful of their diet and lifestyle. Meanwhile, we continued with our health screening initiative with the Health Promotion Board (HPB) and participated in the HPB's National Steps Challenge under the Corporate Challenge category.

We also took time to recognise and thank our staff for their years of long service with us. Long service awards were handed out to 313 employees, who had served between 15 and 35 years. Another 101 employees were appreciated at retirement ceremonies.

Employees who provide quality service to commuters also receive recognition for their good efforts. At our internal CARES quarterly awards in 2018, 912 staff were recognised for providing caring, reliable, safe and secure services to our commuters.

At the national Excellent Service Award 2018 (EXSA), 1,655 staff were honoured, with 35% of them being first-time winners. To-date, 58% of our staff have won at least one EXSA award.

Five of our staff also did us proud by being selected as outstanding winners of the National Kindness Award – Transport Gold 2018 (TGA). Three were from bus operations – BC Sam Bin Ali, Senior BC Hooi Chee Keong and Service Controller Deng Ziliang – and two from rail operations – Station Manager (SM) Lee Hong Khia and Customer Service Officer Mohamed Osman. The ceremony was held for the first time at the Istana, where they received their award from the President of the Republic of Singapore. Another 136 staff received the Commendation Award.

Mr Deng Ziliang, a TGA Outstanding Award winner, continued to keep the SBS Transit flag flying high when he won the ComfortDelGro Group's Passion Award. Open to more than 24,000 staff worldwide, he had demonstrated passion in his job by responding to a call for help on his rest day when the North-South MRT Line was affected by a flooding incident. He mobilised BCs to report for duty and led a convoy of bridging buses, whose BCs were unfamiliar with the shuttle routes, so that commuters would not be left stranded. He did this for six hours until midnight although this was not part of

## SUSTAINABILITY REPORT

his job scope.

Besides customer service, two of our station staff - SM Fong Sai Weng and Assistant SM Abdul Azim Bin Abdul Azizam - were presented with the Singapore Civil Defence Force's Community Lifesaver Awards. They helped to save the life of a commuter who had passed out at a station's platform and had no pulse. They performed cardiopulmonary resuscitation and used an automated external defibrillator to revive him until the paramedics arrived.

On safe driving, BC Jin Shu Juan clinched the "Safe Driver" award in the Public Bus category at the Singapore Road Safety Awards.

Notably, two of our staff - Master Technical Specialist Jumari Bin Semin and Senior BC Goh Pek Hong - were honoured at the SkillsFuture Fellowship Award 2018 for being lifelong learners. They each received a \$10,000 training award for being champions of lifelong learning and their commitment to contributing to the skills development of others.

Our care for our employees is also extended to their family members in the form of annual education awards. For 2018, 80 children of our employees received a total of \$159,600 in education awards.

In our employee satisfaction survey conducted between November 2017 and January 2018, the findings showed that our people were more engaged and 86.1% indicated satisfaction at the workplace.

### Labour-Management Relations

SBS Transit believes in developing and sustaining a harmonious tripartite labour-management relationship with 88.5% of our non-executive staff covered by a Collective Agreement that has been signed with the National Transport Workers' Union (NTWU).

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, employees are elected and appointed as union representatives by union members to provide the crucial link between Management and Union.

In 2018, we supported the NTWU in its

brown rice campaign with a \$100,000 cash sponsorship. This enabled the NTWU canteens across all our interchanges and depots to offer healthy, economical meals of brown rice with two vegetables and a meat dish at just \$2.80 to our staff.

### REACHING OUT

#### Serving Commuters with Special Needs

All 222 of our bus services are wheelchair friendly with 98.2% of our fleet being wheelchair-accessible.

For visually impaired and the hearing impaired commuters, we are currently supporting the LTA in a six-month trial where assistive technologies are employed to make it easier for them to travel on public buses. For instance, audio announcements are available at the bus stop to allow visually impaired commuters to hear the approaching service number, and when they are on board the bus, hear the next stop destination. For the hearing-impaired, audio announcements are transmitted to them via specially enabled hearing aids. BCs are also alerted to commuters with special needs at the bus stop ahead through a display unit. Three buses are involved in this trial which will end in June 2019. They serve the Enabling Village and the Singapore Association of the Visually Handicapped.

During the year under review, we worked with the Guide Dogs Association of Singapore to produce an educational video for the public on what to expect when they encounter visually-impaired commuters travelling with guide dogs.

Children with special needs were also not forgotten as we partnered the Pathlight School to help our frontliners be better equipped in helping commuters with autism. A "Train-the-Trainer" workshop was held for close to 50 of our staff to equip them in recognising and managing commuters with special needs who are lost or appear confused on our public transport network. Earlier in 2017, we had worked with the school to produce a series of educational video for their students on what to do when taking public transport services.

Meanwhile, monthly learning journeys to the NTUC Silver Circle Senior Care Centre and the Lions Home for the

Elders continued to be organised for our new BCs. To-date, about 460 BCs have participated in these learning journeys to better understand the mobility challenges faced by senior citizens. For our efforts, NTUC Health presented us with an Appreciation Award in 2018.

#### Supporting the Needy and the Community

In 2018, we gave away some \$715,000 in cash sponsorships towards several charity, community and industry causes.

Unclaimed articles that are left behind on our buses, trains and at our bus interchanges and train stations are donated to the Red Cross where they are sold at its gift shops to raise funds in support of its activities.

Our sister company, GobblerCo, continues to empower the needy through its "TOWKAY" programme, which was launched in September 2016. GobblerCo also runs "Gift-it-Forward" (formerly known as Project ROSE), which helps needy single parent families. Food items such as rice, oil, sugar, biscuits are packed with essentials toiletries and distributed to low-income, single-parent families under the care of HCSA Dayspring and Babes Pregnancy Crisis Support Ltd. In 2018, GobblerCo delivered a total value of more than \$10,000 in food packages to these beneficiaries.

We also reached out to the community by offering free travel on the North East Line to the elderly residents of the Kwong Wai Shiu Hospital for their outings.

At our bus interchanges and rail stations, we offered charity and community organisations the free use of space to spread security, fundraising and community messages. These included posters on national initiatives and schemes such as SGSecure, student concession cards extension exercises and crime prevention reminders.

Our bus interchanges were often used as collection centres for charity flag days given their convenient locations. We also sponsored advertising space on our buses and trains and at our bus interchanges and train stations to promote national initiatives such as the "Speak Mandarin" campaign.

## Reaching Out to the Community

On an on-going basis, students come with their schools to visit our bus interchanges, train stations and depots, to discover more about our operations while we organise talks and mini exhibitions that focus on safety and graciousness in public travel in the schools. In 2018, we conducted a total of 80 sessions, reaching out to close to 30,000 students.

Five new schools came on board our "Adopt an Interchange/ Station Programme" which brought the total number of schools in this programme to 17 – Anglo-Chinese School (Barker Road), Cannossian School, Jing Shan Primary School, Deyi Secondary School, Fajar Secondary School, Hwa Chong Institution, Jurong Junior College, Methodist Girls' School, Montfort Junior School, Nanyang Academy of Fine Arts, Nanyang Girls' High School, Pei Hwa Presbyterian Primary School, Presbyterian High School, Raffles Institution, Singapore Chinese Girls' School, Tampines Primary School and West View Primary School. Under this programme, students volunteer at the stations/interchanges to develop leadership skills and also stage performances and put up artworks display to showcase their talent and make journeys more pleasant for our commuters.

We broke new grounds by working with Mediacorp Television to produce an exclusive documentary series on what goes into operating our bus services including the challenges faced. Entitled, "Bus-ting", the television crew enjoyed unprecedented access to our premises and interviews with our staff of various occupations. The three-part series, which was produced at no cost to us, was broadcast on national television on Channel 5 with repeats on Channel News Asia. It is also available on Toggle.

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.

# CORPORATE GOVERNANCE

**We, at SBS Transit Ltd (SBS Transit or Company, and together with its subsidiary, the Group), believe that a fundamental measure of our success is the shareholder value we create over the long-term.**

We will continue to:

- Focus relentlessly on our customers;
- Make corporate decisions to build long-term value rather than short-term considerations;
- Maintain our lean culture as we understand the importance of being cost conscious;
- 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, we maintain 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.

We adhere to the Code of Corporate Governance issued by the Monetary Authority of Singapore dated 2 May 2012 (Code) and ensure that it is upheld throughout the Group<sup>1</sup>. We have also adopted a Code of Business Conduct, which sets out the principles and policies upon which our businesses are to be conducted, and 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 year, with specific references to the Code. For the Financial Year 2018, we are pleased to report that the Company complied in all material aspects with the principles and guidelines set out in the Code.

### 1. BOARD MATTERS

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

<sup>1</sup> The revised Code of Corporate Governance which was issued on 6 August 2018 ("2018 Code") will apply to Annual Reports covering financial years from 1 January 2019.

## Principle 1: The Board's Conduct of Affairs

### Board's Role

At the helm of the decision-making process of the Company is the Board of Directors. The Board is headed by the non-executive and non-independent Chairman, Mr Lim Jit Poh, and is responsible for:

- 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;
- 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;
- Challenging Management constructively and monitoring its performance;
- 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 transparency and accountability to all Stakeholders;
- Instilling ethical corporate culture and ensuring the Company's values, standards, policies and practices are consistent with the culture; and
- Considering environmental, social and governance issues as part of its strategic formulation on sustainability.

### Reserved Matters

SBS Transit has adopted internal guidelines setting forth certain matters that require the Board's approval. Under these guidelines, acquisitions of businesses, disposals or changes in equity interests in existing subsidiaries/associates, 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 the quarterly and full-year Financial Results require approval from the Board. 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 of internal controls 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.

### 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 Group.



## Delegation by the Board

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision-making, four Board Committees are formed, namely, the Audit and Risk Committee (ARC), the Nominating Committee (NC), the Remuneration Committee (RC) and the Service Quality Committee (SQC). In November 2018, the Board formed a Bus Tender Committee (BTC) to provide oversight on bus tender strategies and bid preparation. 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 duties and responsibilities, regulations and procedures governing the manner in which the Board Committee is to operate and how decisions are to be taken.

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 for the purpose of approving the release of the Financial Results every quarter and the Annual Budget. The Board Meetings to approve the Financial Results are held within 45 days after the end of each quarter and the financial year. The Annual Budget is approved at the Board Meeting convened to consider the third quarter's results. Ad hoc Board and Board Committee Meetings are also held from time to time when the need arises. For instance, in 2018, the NC also held additional meetings to review the appointment of new Directors.

Directors who are unable to attend meetings in person can still participate in the discussions through tele-conferencing. Decisions of the Board and Board Committees 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 2018

Name	Annual General Meeting Attended	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee		Service Quality Committee	
		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	-	-	3	3	2	2	-	-
Yang Ban Seng	✓	4	4	1	1 <sup>a</sup>	3	3 <sup>a</sup>	2	2 <sup>a</sup>	-	-
Gan Juay Kiat	✓	4	4	5	5 <sup>a</sup>	2	2 <sup>a</sup>	2	2 <sup>a</sup>	2	2 <sup>a</sup>
John De Payva	✓	4	3	-	-	3	3	2	2	-	-
Kong Yim Pui Susan	✓	4	4	-	-	3	3	2	2	-	-
Lee Sok Koon	✓	4	4	5	5	-	-	-	-	2	2
Lim Seh Chun	✓	4	4	5	5	-	-	-	-	2	2
Lim Siang Hoe Benny <sup>c</sup>	✓ <sup>d</sup>	3	3	3	2	2	2	-	-	-	-
Wee Siew Kim	✓	4	3	5	5	-	-	-	-	2	1
Yu Ching Man <sup>c</sup>	✓ <sup>d</sup>	3	3	-	-	-	-	1	1	1	1
Cheong Yip Seng <sup>b</sup>	✓	1	1	-	-	1	1	-	-	1	1
Chin Harn Tong <sup>b</sup>	✓	1	1	2	1	-	-	1	1	-	-

#### Notes:

(a) Attended meetings by invitation of the Committee

(b) Retired on 25 April 2018

(c) Appointed on 26 April 2018

(d) Attended by invitation of the Company prior to appointment as a Director

## CORPORATE GOVERNANCE

### Induction and Training of Directors

Upon appointment as a Director, the Board Chairman will send an official letter of appointment to the Director, which clearly explains his/her role, duties and responsibilities.

Management will conduct a comprehensive orientation programme for newly appointed Directors, where key aspects of the businesses, including financial and Corporate Governance policies are 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.

Directors are encouraged to attend courses to update their knowledge and better equip themselves to discharge their duties as Directors. The fees for the courses are paid for by the Company. The Company Secretaries assist in professional development and training by regularly disseminating details of suitable seminars and courses organised by the Singapore Institute of Directors and other professional bodies and arranging for the Directors to attend such courses when requested.

The Company Secretaries also update the Board on Corporate Governance practices and circulate articles relating to changes in laws relevant to the Group's businesses. During the year, the Directors attended several training programmes. Details of the training sessions are as follows:

Training Provider	Topic
Deloitte & Touche LLP	International Financial Reporting Standards (IFRS) convergence and the new/revised accounting standards
WongPartnership LLP	Corporate Governance briefing: Understanding the revised Code
Singapore Institute of Directors	Sustainability for Directors
Singapore Institute of Directors	Audit Committee Seminar for 2018
Singapore Institute of Directors	SID Directors' Conference

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 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 not just to the specific operation, but also to the Group in general. Such meetings help Directors become better equipped to make informed decisions relating to the future direction of the Group.

### Principle 2: Board Composition and Guidance

#### Board Independence

As at 31 December 2018, the Board comprised ten Directors of which 70% are independent Directors. There is a strong element of independence in the Board. Except for the Chief Executive Officer (CEO) who is an executive Director, seven of the remaining nine non-executive Directors (NED) are considered by the NC to be independent. Following Mr Gan Juay Kiat's resignation, Mr Yang Ban Seng was re-designated as Executive Deputy Chairman and CEO on 15 January 2019. Mr Gan Juay Kiat ceased to be CEO on 14 January 2019 and ceased to be an Executive Director on 27 March 2019. With these changes, the Board now comprises nine Directors of which 78% are independent. This composition exceeds the Code's requirement of at least half of the Board to comprise independent Directors where the Chairman is not an independent Director. The Chairman is a nominee of ComfortDelGro Corporation Limited (ComfortDelGro), a 10% Shareholder\*, 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 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 over-whelming 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 10% Shareholder in the current and immediate past financial year (as defined in the Code) as non-independent. Mr Lim Jit Poh is deemed as non-Independent as he is the Chairman of ComfortDelGro, a 10% Shareholder.

As at 31 December 2018, two out of seven independent Directors have served on the Board for more than nine years. They are Mr John De Payva and Mr Wee Siew Kim. The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of service. A Director's contributions 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 all other 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.

\* As defined under the Code

### 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, experiences and gender and the size is conducive to effective discussion and decision making, with an appropriate number of independent Directors.

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 Directors as at 31 December 2018 is appropriate.

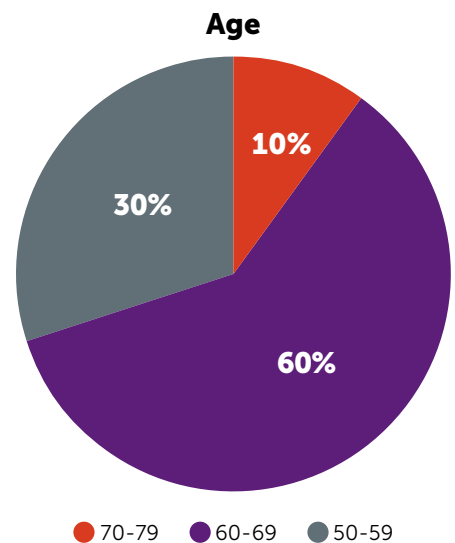
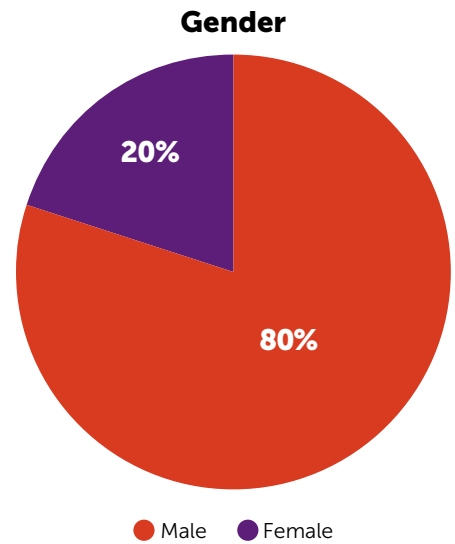
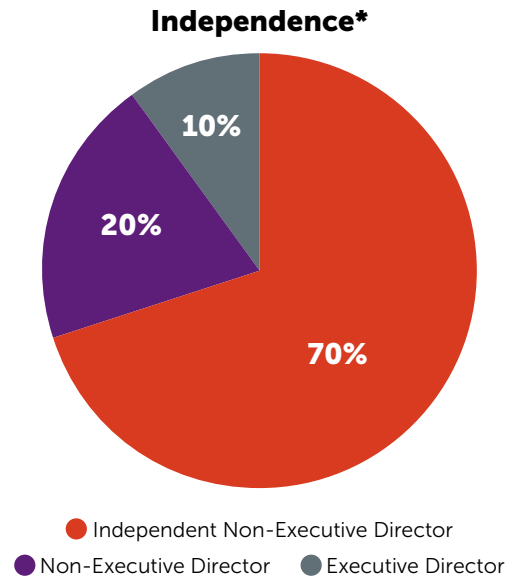
The Group is committed to building an open, inclusive and collaborative culture and recognises the importance of all aspects of diversity in supporting the achievement of its strategic objectives, growth and sustainable development.

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. In this respect, out of ten directors on the Board two of them or 20% are females. It is the intention to increase the number of female directors on the Board in the future.

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, regulatory and business management, both domestically and internationally. 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, experience, gender, knowledge 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 principal directorships and chairmanships held currently and their directorships and chairmanships held in listed and unlisted companies in the preceding five years, are found in the 'Board of Directors' and 'Directors' Particulars' sections on pages 9 to 13 and pages 50 to 55 of this Annual Report.



\* As at 31 December 2018

## CORPORATE GOVERNANCE

### Non-Executive Directors' Participation

All 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 Committees.

The non-executive Chairman meets with the Chairman of the ARC and External Auditors annually in the absence of Management. From time to time when required, the NEDs meet without the presence of Management before or after Board Meetings.

### Principle 3: Chairman and CEO

#### Roles of Chairman and CEO

The roles of the Chairman and the 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 is responsible for the operations and management of the Group's businesses. The Chairman and the 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 and between the Board and Management; and
- (v) Promotes high standards of Corporate Governance and transparency.

The 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 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 in the 'Sustainability Report' section on pages 24 to 29 of this Annual Report.

### Lead Independent Director

Consistent with the Code, as the Chairman is deemed non-independent, the Board unanimously appointed Mr John De Payva as the Lead Independent Director with effect from 1 January 2013.

### Principle 4: Board Membership

There is a formal and transparent process for the appointment and reappointment of Directors to the Board.

#### Nominating Committee

The NC comprises four NEDs, of whom three including the 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 evaluation of the Board's 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.

#### 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 of the Board 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. Focusing 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, 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 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 will not accept appointments to the boards of competitors.

As at 31 December 2018, all Directors comply with the guideline on multiple board representation, save for Mr Wee Siew Kim. With the permission from the Chairman, he has taken up one more listed directorship. He currently holds four listed directorships.

### 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, gender, knowledge and core competencies of the Board relevant to the businesses of the Group.

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.
- (iv) Potential candidates are interviewed by the NC to assess suitability and commitment.
- (v) The NC makes recommendations to the Board for approval.

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 approvals 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. Newly appointed Directors are also subject to retirement and re-election at the AGM immediately following their appointments. At the forthcoming AGM, Mr John De Payva, Professor Lim Seh Chun and Mr Wee Siew Kim are due for re-election pursuant to Regulation 100 of the Constitution, while Mr Lim Siang Hoe Benny and Professor Yu Ching Man are due for re-election pursuant to Regulation 106 of the Constitution. Mr Wee Siew Kim will not be seeking re-election and will retire at the conclusion of the forthcoming AGM.

### Principle 5: Board Performance

Each year, the NC undertakes 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 2018, the NC conducted an evaluation of Board Performance 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. Chairman of the Board had evaluated the individual Directors and confirmed that they are effective.

### Principle 6: Access to Information

#### Complete, Adequate and Timely 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.

Directors can request for additional information and the Board has full access to Management. 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

## CORPORATE GOVERNANCE

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

### Company Secretaries

The Company Secretaries assist in scheduling Board and Board Committee Meetings and prepare the agenda in consultation with the Chairman and CEO. The Company Secretaries attend the 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.

## 2. REMUNERATION MATTERS

### Principle 7: 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 the performance and long-term interests of the Group.

### 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 Senior Management staff. 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.

As at 31 December 2018, the RC comprised four NEDs, of whom three including the chairman are independent. This is in accordance with the Code. 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 is not present at any RC discussions pertaining to his own compensation and the review of his performance. He is, however, in attendance when the compensation of Senior Management staff is discussed.

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

- (i) Oversee the talent management and succession planning for Senior Management staff;
- (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 Executives 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 Executives; and
- (iv) Review the Group's obligations arising in the event of termination of Directors' and Key Executives' 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 expert advice on such matters where needed. In 2018, the Group engaged the services of an external consulting firm, Willis Towers Watson, to conduct an Executive Compensation Benchmarking exercise for an independent review of the compensation packages of its senior executives.

### Principle 8: Level and Mix of Remuneration

#### Performance-related Remuneration

The remuneration packages of the CEO and Key Executives of the Group comprise fixed and variable components. 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 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 to be 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.

by the subsidiary to the Company. The CEO does not receive Director's fees for his Board Directorship with the Company.

The CEO, being an executive of the Group, does not retain any fees paid by the subsidiaries. Instead, fees due to him are paid

The Directors' fee structure for 2018 is set out below:

<b>Board</b>		<b>Basic fee (per annum)</b>	
		<b>\$</b>	
Chairman			64,000
Deputy Chairman			48,000
Lead Independent Director			38,400
Member			32,000

<b>Board Committee</b>	<b>Additional fees (per annum) as</b>	
	<b>Chairman</b>	<b>Member</b>
		<b>\$</b>
Audit and Risk Committee	21,333	14,933
Nominating Committee	10,667	7,467
Remuneration Committee	10,667	7,467
Service Quality Committee	10,667	7,467

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

<b>Meetings</b>	<b>Attendance fee (per meeting)*</b>	
	<b>In-person</b>	<b>Dial-in</b>
		<b>\$</b>
Board	1,000	500
Board Committee	1,000	500

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

## Principle 9: Disclosure on Remuneration

### Remuneration of Directors and Executives

CEO's remuneration:

<b>Remuneration</b>	<b>The Group</b>			<b>Total Compensation</b>
	<b>Salary</b>	<b>Bonus</b>	<b>Others</b>	
		<b>\$</b>	<b>\$</b>	<b>\$</b>
2018				
Gan Juay Kiat	528,000	686,000	45,180	1,259,180

## CORPORATE GOVERNANCE

The remuneration of the non-executive Directors comprised entirely Directors' fees as follows:

	The Group 2018 \$
Lim Jit Poh	78,934
Yang Ban Seng <sup>1</sup>	48,000
John De Payva	56,533
Kong Yim Pui Susan	49,125
Lee Sok Koon	54,400
Lim Seh Chun	57,600
Lim Siang Hoe Benny <sup>2</sup>	37,260
Wee Siew Kim	60,800
Yu Ching Man <sup>3</sup>	32,146
Cheong Yip Seng <sup>4</sup>	14,786
Chin Harn Tong <sup>5</sup>	18,148

### Notes:

- <sup>1</sup> Mr Yang's Directors' fees are paid to the company's holding company, ComfortDelGro Corporation Limited.
- <sup>2</sup> Amount constitutes Mr Lim Siang Hoe Benny's Directors' fees for the period from 26 April 2018 to 31 December 2018. Mr Lim was appointed as a Director as well as a Member of both the Audit and Risk Committee and the Nominating Committee on 26 April 2018.
- <sup>3</sup> Amount constitutes Professor Yu Ching Man's Directors' fees for the period from 26 April 2018 to 31 December 2018. Professor Yu was appointed as a Director as well as a Member of both the Remuneration Committee and the Service Quality Committee on 26 April 2018.
- <sup>4</sup> Amount constitutes Mr Cheong Yip Seng's Directors' fees from 1 January 2018 to 25 April 2018. Mr Cheong stepped down as a Member of the Nominating Committee and the Service Quality Committee on 25 April 2018.
- <sup>5</sup> Amount constitutes Mr Chin Harn Tong's Directors' fees from 1 January 2018 to 25 April 2018. Mr Chin stepped down as a Member of the Audit and Risk Committee and the Remuneration Committee on 25 April 2018.

The remuneration of the Executives in the five key portfolios having regard to the performance of the individuals and the Group, are as follows:

Remuneration band	The Group			Total Compensation %
	Salary %	Bonus %	Others %	
2018				
\$250,000 to \$499,999				
Leong Yim Sing	55.0	39.0	6.0	100
Goei Beng Guan, Alex	54.7	38.8	6.5	100
Tan Eng Kok, Ivan	51.9	41.1	7.1	100
Pang Fui Eng, Ivan	54.3	36.2	9.5	100
Yeo See Peng	55.2	36.8	8.1	100

The total remuneration paid to these five Executives holding the key portfolios (who are not Directors or the CEO) amounts to \$1,941,118.

### Remuneration of Certain Related Employees

During the Financial Year 2018, no key executive was an immediate family member of a Director or the CEO and whose remuneration exceeds \$50,000. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

## 3. ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

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 to provide a balanced and understandable assessment of the Group's performance, position and prospects. Price sensitive information, Annual Reports and other material corporate developments are disseminated in a timely manner and posted on the Company's website as well as SGXNet. The Financial Results are reported each quarter 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.

SBS Transit 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 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 two weeks before the announcement of the Company's, ComfortDelGro's and VICOM's first, second and third quarter results, and one month before the announcement of 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.

In line with the changes to the SGX-ST Listing Manual, 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 11: Risk Management and Internal Controls

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 56 to 58 of this Annual Report.

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 the Financial Year 2018, the Board has received assurance from the CEO and the 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 (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 there are adequate and effective internal controls in place within the Group to address its financial, operational, compliance and information technology risks and to provide reasonable assurance against material financial misstatements or loss.

### Principle 12: Audit and Risk Committee

The ARC comprises four independent NEDs. None of the ARC members are previous partners or directors of the External Auditors within the previous 12 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 members collectively bring with them recent and relevant managerial and professional expertise in accounting and related financial management domains, as follows:

- (i) Mr Wee Siew Kim, Chairman of the ARC, is currently Group Chief Executive Officer (CEO), NIPSEA Group of Companies. He was previously the Deputy CEO of Singapore Technologies Engineering Ltd. In addition to other academic qualifications Mr Wee holds a Master of Business Administration from the Graduate School of Business, Stanford University.
- (ii) Mr Lim Siang Hoe Benny, Member of the ARC, is the Chairman of Temasek Foundation Connects CLG Limited and Rysense Ltd and an Independent Director of Tridex Pte Ltd and Raffles Health Insurance Pte Ltd. 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).
- (iii) Ms Lee Sok Koon, Member of the ARC, was the Finance Director of Lum Chang Holdings Ltd and AF Global Ltd (formerly known as L.C. Development Ltd), public companies which are listed on the Singapore Exchange Ltd. Ms Lee holds a Bachelor of Accountancy (Hons) from the then University of Singapore.
- (iv) Prof Lim Seh Chun, Member of the ARC, is the Associate Provost, 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.

## CORPORATE GOVERNANCE

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 roles 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 of the Group's internal audit function;
- (iii) Review the quarterly 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 56 of this Annual Report.

### Audit and Risk Committee's Activities

The ARC held five meetings during the financial year under review. The 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) Quarterly 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 for 2018;
- (vii) Risk management and internal controls;
- (viii) Detection of Malware;
- (ix) Independence of the External Auditors; and
- (x) Re-appointment of External Auditors and its remuneration and recommendation to the Board.

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 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 Auditor, the ARC is satisfied with the estimates used in determining the probability and amounts of expected settlement claims.

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 2018.

### Review of Independence of External Auditor

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. 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 and 715 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 Deloitte & Touche LLP's partner in-charge of auditing the Company is changed every five years.

### Principle 13: Internal Audit

The internal audit function of the Group is performed by the ComfortDelGro Group Internal Audit Division comprising six suitably qualified and experienced Internal Audit staff including the GCIAO. The ComfortDelGro Group Internal Audit staff have professional qualifications and are members of the Institute of Singapore Chartered Accountants, Information Systems Audit and Control Association or Institute of Internal Auditors. The GCIAO reports functionally to the Chairman of the ARC and administratively to the CEO. The ComfortDelGro Group ARC approves the hiring, removal, evaluation and compensation of the GCIAO.

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 summary reports are also prepared and submitted to the ARC on the status of audits carried out. Any material non-compliance or lapses in internal controls are reported to the ARC and the CEO for improvements to be made. The ARC has full access to the GCIAO and the independence of the internal audit function is ensured as the ARC meets with the GCIAO at least once a year in the absence of Management. The ComfortDelGro Group Internal Audit Division is given unfettered access to all the Group's documents, records, properties and personnel, including access to the ARC.

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 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. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

### Principle 14: Shareholders Rights

#### 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, 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.

### Principle 15: Communication 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 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.

## CORPORATE GOVERNANCE

The Sustainability Report section found in this Annual Report highlights the economic, environmental and social aspects of our developments and operations.

### 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 SGX-Net. Dividends are paid to Shareholders in an equitable and timely manner.

### Principle 16: Conduct of Shareholder Meeting

The Company 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 of the Board, CEO and the Chairmen 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 Board had since 2009 removed and stopped seeking the general authority to issue shares to address concerns from the Shareholders that if this general authority to share issue was mandated, the Company could subsequently issue shares pursuant to this mandate, which would dilute their shareholding percentages and affect their voting rights.

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 upon their request.

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. The Company is committed to high standards of Corporate Governance and transparency.

## 5. 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

Business Units in Singapore have 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 our cyber security framework. The Group regularly reviews our 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	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transaction less than \$100,000 and transaction conducted under Shareholders' mandate pursuant to Rule 920)
ComfortDelGro and its associates	\$5,236,000

The aggregate value of the above transactions does not include the aggregate value of \$3.2 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.

## CORPORATE GOVERNANCE

### Disclosure on Compliance with the Code of Corporate Governance 2012

Guideline	Questions	How has the Company complied?
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>Yes, the Company has complied with all material aspects of the principles and guidelines of the Code.</p> <p>Not applicable.</p>
<b>Board Responsibility</b>		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	SBS Transit has adopted internal guidelines setting forth certain matters that require the Board's approval. Under these guidelines, acquisitions of businesses, disposals or changes in equity interests in existing subsidiaries/ associates, 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 the quarterly and full-year Financial Results require approval from the Board. 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.
<b>Members of the Board</b>		
Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?</p>	<p>The Board believes that it is important to have diversity of competencies including gender diversity to support the growth of the Group. The Nominating Committee (NC) reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board.</p> <p>Yes. The NC is satisfied that the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, knowledge and core competencies required for the Board and Board Committees to discharge their responsibilities effectively.</p> <p>In relation to gender diversity, 20% of the Board, or two out of the ten Board Members are females. There is intention to increase the number of female directors in the future.</p> <p>The NC reviews the composition of the Board annually to ensure that the Board is of an adequate size with the right mix of skills and experience that facilitates effective decision making.</p>

Guideline	Questions	How has the Company complied?
Guideline 4.6	Please describe the Board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p><b>For new Directors</b></p> <p>The NC annually reviews the size, effectiveness, diversity of skills and core competencies of the Board taking into consideration the current and future business needs of the Group.</p> <p>The NC considers the range of skills, knowledge, attributes and experience of the existing Directors, the retirement and re-election of Directors, each Director's contribution and commitment and whether new competencies are required to enhance the effectiveness of the Board. When the need for a new Director arises, the NC will shortlist and meet potential candidates and recommend the most suitable candidate to the Board for appointment as a Director.</p> <p><b>For incumbent Directors</b></p> <p>Pursuant to the Company's Constitution, one-third of the Directors retire from office at the Company's Annual General Meeting (AGM). Newly appointed Directors are subject to retirement and re-election at the AGM immediately following their appointments.</p> <p>The NC reviewed each of the retiring Director's contribution and performance, such as attendance, preparedness, participation and candour, and made the relevant recommendations to the Board for subsequent Shareholders' approval at the AGM.</p>
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>Yes.</p> <p>Management will conduct a comprehensive orientation programme for newly appointed Directors, where key aspects of the businesses, including financial and corporate governance policies are 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.</p> <p>The Company Secretaries assist in professional development and training by regularly disseminating details of suitable seminars and courses organised by the Singapore Institute of Directors and arranging for the Directors to attend such courses when requested. The Company Secretaries organize in-house trainings for Directors where necessary. The Company Secretaries also update the Board on corporate governance practices and circulate articles relating to changes in laws relevant to the Group's businesses.</p>

## CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has determined that the maximum number of listed company board representations held by a Director who is not in full-time employment should not exceed six. For a Director who is in full-time employment, it should not exceed three. This is to ensure that all Directors have sufficient time and attention to discharge their duties adequately. None of the Directors had exceeded the maximum number of listed board representations prescribed by the Board.
	(b) If a maximum number has not been determined, what are the reasons?	Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	The contributions of a Director are key in deciding on a Director's capacity to take on other multiple board appointments.
<b>Board Evaluation</b>		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	In the last quarter of 2018, the NC conducted an evaluation of Board Performance which included key points on the Board's composition, Board's contributions, contributions from Board Committees and conduct of proceedings and whether the Directors had discharged their duties effectively. The findings were then presented by the NC Chairman to the Board during its Meeting for the Board to deliberate on the findings and discuss possible areas of improvement to enhance the Board's overall effectiveness.
	(b) Has the Board met its performance objectives?	Yes. The Board was effective as a whole based on the overall assessment for 2018.
<b>Independence of Directors</b>		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The Board comprises ten Directors and seven of them are considered by the NC to be independent. This composition exceeds the Code's requirement of at least half of the Board to comprise independent Directors where the Chairman is not an independent Director.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes, Mr John De Payva and Mr Wee Siew Kim are independent Directors who have served on the Board for more than nine years as at 31 December 2018.  The NC considered that these Directors have each demonstrated independent judgement at Board and Board Committee Meetings, and was of the firm view that they have at all times been exercising independent judgement in the best interests of the Company in the discharge of their duties as Directors.



Guideline	Questions	How has the Company complied?
<b>Disclosure on Remuneration</b>		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, disclosures are made in accordance with the Code.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of \$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, disclosures are made in accordance with the Code.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Yes, disclosure is made in accordance with the Code.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds \$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Nil.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	<p>The Group advocates a performance-based remuneration system that aligns the remuneration of CEO and Senior Management to business results and shareholder returns. The total remuneration mix comprises fixed and variable components. The variable component, in the form of an annual performance incentive bonus, forms a significant proportion of the remuneration packages.</p> <p>The annual performance incentive is linked to the Group's and the individual's performance. The Performance Scorecard is used to measure both financial and non-financial performance of key executives. The individual's scorecard performance areas are linked to the overall strategic goals and objectives of the Group.</p>
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	<p>The amount and mix of reward incentives, which are developed with a focus on long-term shareholders' returns, are responsive to the operating environment and labour market.</p> <p>In awarding the incentives, the Group takes into account the key executive's performance in four key broad areas of the Performance Scorecard, namely</p> <ol style="list-style-type: none"> <li>Financial;</li> <li>Customers;</li> <li>Processes; and</li> <li>People Development.</li> </ol>

## CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes.
<b>Risk Management and Internal Controls</b>		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Prior to each Board and Board Committee Meeting, Management provides Directors with complete, adequate and timely information. The Board also receives monthly management accounts and quarterly Investor Relations (IR) Reports covering IR activities and updates of analysts' 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.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.  (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	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 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 internal controls in place is also assessed as part of the process. Based on these reviews, the Board is of the view, with the concurrence of the Audit and Risk Committee (ARC), that adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems are in place within the Group.  For the Financial Year (FY) 2018, the Board has received assurance from the CEO and the Chief Financial Officer 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 risk management and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.  (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The audit and non-audit fees to the External Auditors of the Company and its subsidiaries for FY 2018 are \$122,000 and \$32,000 respectively.  The ARC undertook a review of the independence and objectivity of the External Auditors by reviewing the non-audit fees awarded to them and has confirmed that the non-audit services performed by the External Auditors were not substantial and would not affect their independence.

Guideline	Questions	How has the Company complied?
<b>Communication with Shareholders</b>		
Guideline 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated IR team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?</p>	<p>Yes, the Company is committed to disseminating accurate and pertinent information to the Shareholders in a timely manner. Communications with Shareholders and investors are handled centrally at the ComfortDelGro Group level. In FY 2018, 170 meetings and conference calls were held with institutional investors and analysts and also participation in eight investor conferences in Singapore, Kuala Lumpur, Hong Kong, Taipei and Tokyo. These provided access to a wide cross section of institutional investors from around the world.</p> <p>For the retail investors, the ComfortDelGro Group IR organized an investors presentation at the SGX Auditorium together with a local securities broker. Retail investors, can also send in their queries through a link on the IR page of the Company's website. The telephone and email contact details of the ComfortDelGro Group Chief Investor Relations Officer are also listed on the page.</p> <p>All Shareholders also have the opportunity to interact and speak with the Directors and Senior Management at the Company's AGMs and thereafter.</p> <p>Yes, there is a dedicated IR team, which works closely with Senior Management to carry out the investor engagement programme.</p> <p>All announcements to SGX-ST, news releases, financial results, financial calendar and the Annual Reports are posted on the IR page of the Company's website.</p>
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

## DIRECTORS' PARTICULARS

Name	Age	Present Directorships / Chairmanships (as at 31 December 2018)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2014 to 31 December 2018)	Present Principal Commitments	Past Principal Commitments over the preceding five years
<b>Lim Jit Poh</b> Chairman (Non-executive & Non-independent)	79	<p>Principal Directorships in the ComfortDelGro Group</p> <ul style="list-style-type: none"> <li>• ComfortDelGro Corporation Limited*</li> <li>• Beijing Jin Jian Taxi Services Co., Ltd</li> <li>• Comfort Transportation Pte Ltd</li> <li>• CityCab Pte Ltd</li> <li>• ComfortDelGro Engineering Pte Ltd</li> <li>• CityFleet Networks Limited</li> <li>• ComfortDelGro Corporation Australia Pty Ltd</li> <li>• Guangzhou Xin Tian Wei Transportation Development Co., Ltd</li> <li>• Metroline Limited</li> <li>• Swan Taxis Pty Ltd</li> </ul> <p>Principal Directorships in the VICOM Group</p> <ul style="list-style-type: none"> <li>• VICOM Ltd*</li> <li>• Setsco Services Pte Ltd</li> </ul> <p>Other Companies</p> <ul style="list-style-type: none"> <li>• Family Leisure Pte Ltd</li> <li>• NCI Golf Pte Ltd</li> <li>• Pasir Ris Resort Pte Ltd</li> <li>• SLF Leisure Enterprises (Pte) Ltd</li> <li>• Surbana Property Investment Pte Ltd</li> <li>• CapitaLand Township Development Fund Pte Ltd</li> <li>• CapitaLand Township Development Fund II Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Ascott Residence Trust Management Ltd*</li> </ul>	Nil	Nil

\* Listed Company

Name	Age	Present Directorships / Chairmanships (as at 31 December 2018)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2014 to 31 December 2018)	Present Principal Commitments	Past Principal Commitments over the preceding five years
<b>Yang Ban Seng</b> Executive Deputy Chairman & Chief Executive Officer	62	<p>Directorship in the SBS Transit Group</p> <ul style="list-style-type: none"> <li>• SBS Transit DTL Pte Ltd</li> </ul> <p>Principal Directorships in the ComfortDelGro Group</p> <ul style="list-style-type: none"> <li>• ComfortDelGro Corporation Limited</li> <li>• Beijing Jin Jian Taxi Services Co., Ltd</li> <li>• Comfort Transportation Pte Ltd</li> <li>• CityCab Pte Ltd</li> <li>• ComfortDelGro Engineering Pte Ltd</li> <li>• CityFleet Networks Limited</li> <li>• ComfortDelGro Corporation Australia Pty Ltd</li> <li>• Guangzhou Xin Tian Wei Transportation Development Co., Ltd</li> <li>• Metroline Limited</li> <li>• Swan Taxis Pty Ltd</li> </ul> <p>Principal Directorships in the VICOM Group</p> <ul style="list-style-type: none"> <li>• VICOM Ltd*</li> <li>• Setsco Services Pte Ltd</li> <li>• JIC Inspection Services Pte Ltd</li> </ul>	Nil	<ul style="list-style-type: none"> <li>• ComfortDelGro Corporation Limited* (Managing Director/Group Chief Executive Officer)</li> </ul>	<ul style="list-style-type: none"> <li>• Comfort Transportation Pte Ltd and CityCab Pte Ltd (Chief Executive Officer)</li> </ul>

\* Listed Company

## Directors' Particulars

Name	Age	Present Directorships / Chairmanships (as at 31 December 2018)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2014 to 31 December 2018)	Present Principal Commitments	Past Principal Commitments over the preceding five years
<b>John De Payva</b> Director (Non-executive & Lead Independent)	69	Other Company • SLF Leisure Enterprises (Pte) Ltd	Nil	<ul style="list-style-type: none"> <li>• DBS - Staff Union (Trustee)</li> <li>• Education Services Union (Advisor)</li> <li>• International Trade Union Confederation (ITUC) General Council (Vice President, Brussels Office)</li> <li>• ITUC – Asia Pacific (Vice-President)</li> <li>• ITUC – Asia Pacific (Executive Bureau – Chairman)</li> <li>• National Trades Union Congress (NTUC) (Trustee)</li> <li>• NTUC International Relations (Advisor)</li> <li>• National Transport Worker's Union (Trustee)</li> <li>• Ong Teng Cheong Institute of Labour Studies (Member of Board of Governors)</li> <li>• Union Network International (UNI) (Board Member, Nyon, Switzerland)</li> <li>• UNI – Professional and Managerial (Asia Pacific Regional Office – Chairman)</li> </ul>	<ul style="list-style-type: none"> <li>• Director of Pasir Ris Resort Pte Ltd</li> </ul>
<b>Kong Yim Pui Susan</b> Director (Non-executive & Independent)	58	Other Companies • HealthServe Ltd • Singapore Tyler Print Institute • Q.E.D. Law Corporation	Nil	<ul style="list-style-type: none"> <li>• Q.E.D. Law Corporation (Partner)</li> </ul>	Nil
<b>Lee Sok Koon</b> Director (Non-executive & Independent)	65	Other Companies • Japan Foods Holding Ltd* • Singapore Arts School Ltd • NUS America Foundation, Inc. • Invictus Group Pte Ltd	Nil	Nil	<ul style="list-style-type: none"> <li>• National University of Singapore (Director of Operations in the Development Office)</li> </ul>

\* Listed Company

Name	Age	Present Directorships / Chairmanships (as at 31 December 2018)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2014 to 31 December 2018)	Present Principal Commitments	Past Principal Commitments over the preceding five years
<b>Lim Seh Chun</b> Director (Non-executive & Independent)	64	Nil	Nil	<ul style="list-style-type: none"> <li>• Singapore University of Technology and Design (Associate Provost, Student Affairs)</li> </ul>	<ul style="list-style-type: none"> <li>• Deputy Dean of Faculty of Engineering at National University of Singapore</li> </ul>
<b>Lim Siang Hoe Benny</b> Director (Non-executive & Independent)	62	Other Companies <ul style="list-style-type: none"> <li>• Temasek Foundation Connects CLG Limited</li> <li>• Rysense Ltd</li> <li>• Tridex Ptd Ltd</li> <li>• Raffles Health Insurance Pte Ltd</li> </ul>	Nil	<ul style="list-style-type: none"> <li>• National Parks Board (Chairman)</li> </ul>	<ul style="list-style-type: none"> <li>• Permanent Secretary of Prime Minister's Office</li> <li>• Permanent Secretary of National Security and Intelligence Coordination</li> <li>• Permanent Secretary of Ministry of National Development</li> </ul>

## Directors' Particulars

Name	Age	Present Directorships / Chairmanships (as at 31 December 2018)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2014 to 31 December 2018)	Present Principal Commitments	Past Principal Commitments over the preceding five years
<b>Wee Siew Kim</b> Director (Non-executive & Independent)	58	Other Companies <ul style="list-style-type: none"> <li>• ES Group (Holdings) Limited*</li> <li>• Mapletree Logistics Trust Management Ltd*</li> <li>• SIA Engineering Company Limited*</li> <li>• Asia Industries Ltd</li> <li>• Nippon Paint (Singapore) Company Private Limited</li> <li>• Nippon Paint (Vietnam) Company Ltd</li> <li>• Nippon Paint Vietnam (Hanoi) Pte Ltd</li> <li>• Nippon Paint (Malaysia) Sendirian Berhad</li> <li>• Paint Marketing Company (M) Sdn Bhd</li> <li>• Nippon Paint (Thailand) Company Ltd</li> <li>• Nipsea Chemical Korea</li> <li>• Nippon Paint (HK) Co Ltd</li> <li>• Nippon Paint (China) Co Ltd</li> <li>• Nippon Paint (India) Pte Ltd</li> <li>• Nippon Paint and Surface Chemicals Pvt. Ltd</li> <li>• Nippon Paint (Foshan) Co Ltd</li> <li>• Guangzhou Nippon Paint Co Ltd</li> <li>• Nippon Paint (Chengdu) Co Ltd</li> <li>• Nippon Paint (H.K.) Co., Ltd, Taiwan Branch</li> <li>• Langfang Nippon Paint Lidong Co., Ltd</li> <li>• Nippon Paint (Tianjin) Co Ltd</li> <li>• Yashili Paint (Suzhou) Co., Ltd</li> <li>• Langfang Nippon Paint Co Ltd</li> <li>• BK &amp; NP Automotive Coatings (Shanghai) Co Ltd</li> <li>• Nippon Paint (Shanghai) Research &amp; Development Co., Ltd</li> <li>• Nippon Paint (Pakistan) Limited</li> <li>• Nippon Paint Industrial Coatings (Shanghai) Co., Ltd</li> <li>• Nippon Paint China Holdings Co Ltd</li> <li>• Nippon Paint (Zhengzhou) Co., Ltd</li> <li>• Nippon Paint (Hebei) Co., Ltd</li> <li>• Nippon Paint Decorative Coatings (Thailand) Co Ltd</li> <li>• NP Auto Refinishes Co Ltd</li> <li>• Nippon Paint (Shenyang) Co., Ltd</li> <li>• Nippon Paint Lanka (Private) Ltd</li> <li>• Nippon Paint Bangladesh Pte Ltd</li> <li>• Nippon Paint (Kunming) Co., Ltd</li> <li>• Nippon Paint New Materials (Wuhan) Co., Ltd</li> <li>• Nippon Paint (Hubei) Co., Ltd</li> <li>• Nippon Paint New Materials (Shanghai) Co., Ltd</li> <li>• Nippon Paint Malaysia (S) Pte Ltd</li> <li>• HSJ Pte Ltd</li> <li>• Nippon Paint Engineering Materials (Guangzhou) Co Ltd</li> <li>• Nippon Paint Decoration Materials (Guangzhou) Co Ltd</li> </ul>	Nil	NIPSEA Group of Companies (Group Chief Executive Officer)	Nil

\* Listed Company



Name	Age	Present Directorships / Chairmanships (as at 31 December 2018)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2014 to 31 December 2018)	Present Principal Commitments	Past Principal Commitments over the preceding five years
<b>Yu Ching Man</b> (Non-executive & Independent)	53	Nil	Nil	<ul style="list-style-type: none"> <li>Hong Kong Polytechnic University (Professor and Head of the Interdisciplinary Division in Aeronautical and Aviation Engineering)</li> </ul>	<ul style="list-style-type: none"> <li>Singapore Institute of Technology (Professor and Programme Director in Sustainable Infrastructure Engineering (Land Transport) and Sustainable Infrastructure Engineering (Building Services))</li> </ul>

## RISK MANAGEMENT

**Risk management is an important and integral part of the SBS Transit Group's strategic planning and decision making process. The Group's Risk Management Framework provides a systematic process for the Business Units to identify and review the nature and complexity of the risks involved in their business operations and to prioritise resources to manage them. The Group is committed to enhance shareholder value through growth that is sustainable and profitable, while taking measured and well-considered risks.**

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

- The risk management process is a continuous and iterative one, as the Group'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 Group.
- Ownership of and accountability for the risk management process is clearly defined and assigned to the Business Units, departments and individuals. Managers at each level have intimate knowledge of their businesses and take ownership of risk management, with stewardship retained at Senior Management.

The Group's business has significant everyday interactions with many commuters and members of the public. The different Business Units have different risk profiles and they have different programmes to manage the risks. The risk management programmes are regularly stress-tested to ensure that they remain relevant and that they meet changing business requirements. Key risks for the Group are identified and presented to the Audit and Risk Committee and the Board annually. Some of the key risks faced by the Group, the relevant mitigating factors and how they are managed are set out below.

### FINANCIAL RISKS

The Group 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 Group's Financial Procedures Manual.

### Financial Authority Limits

Comprehensive and specific financial authority limits are put in place for capital expenditure, operating expenses, treasury matters, direct investments, revenue tender participation 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 Units/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 Group'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, with explanations provided. Specific approvals are required for unbudgeted expenditures exceeding a relevant threshold. 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 Group's financial authority limits. Tight control on manpower is exercised through headcount budgets.

### Financial Risk Management

The Group recognises that prudent management of financial risks is an important aspect in the creation of shareholder value. The main areas of financial risks faced by the Group are foreign exchange/currency risk, interest rate risk, credit/counter-party risk, liquidity risk and fuel and electricity price risk. It is the Group's policy not to participate in financial derivative instruments, except for use as hedging instruments, where appropriate. Sensitivity analysis and reviews of the Group's exposure to financial risks under changing market conditions are carried out regularly.

A detailed description of the financial risks and how the Group manages them are set out in the Notes to the Financial Statements on pages 75 to 109.

### 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 and operating margins closely. Expenses are managed in the light of revenue patterns and changing market conditions and to drive improvements in cost structures. Where possible, revenue risks are mitigated by diversifying revenue streams to non-fare sources.

### OPERATIONAL RISKS

Operational risks may arise from failures in internal controls, operational processes or the supporting systems. The Group has

put in place operating manuals, standard operating procedures, authority guidelines and a regular reporting framework to manage these risks.

## Safety

Managing the safety and security of our customers, our tenants, our staff and the public is the cornerstone of the Group's safety and security plan. We run safety awareness and training programmes to instil a safety and security conscious culture in employees at all levels. Safety audits are conducted regularly to ensure that safety standards are maintained. The Group 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 together 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 Group 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 the problems that could arise and that preventive measures are put in place. We comply with all relevant regulations. Ways in which the Group works to protect the environment can be found in our Sustainability Report section of this Annual Report as well as in the Sustainability Report of our parent company, ComfortDelGro Corporation Limited.

## Human Resource

The Group's ability to develop and grow the business depends on the quality of its employees, and it is committed to invest in building its resource pool to support this growth. We have in place various programmes and processes that focus on several key areas, including talent management and building management bench strength, succession planning, performance management, compensation and benefits, training and development, employee conduct and supervision, as well as occupational health and safety. We ensure that our employees are selected 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 terms and conditions of employment, along with policies and procedures, are in compliance with the relevant regulations.

## Property and Liability

The Group's exposure to property damage, business interruption and other liability risks is constantly monitored and reviewed with the Group's in-house insurance broking associate. Together with external risk management consultants, we ensure 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 database and other assets. The BCPs include identification and planning of alternate recovery centres, operational procedures to maintain communication, measures to ensure continuity of critical business functions and recovery of information database. 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 Group's operational readiness and resilience to potential business disruptions.

## INFORMATION TECHNOLOGY RISKS

Information technology system failures are key risks for the Group since almost all the businesses rely heavily on information technology. This can take the form of a major system failure which can result in disruption of the business, loss of data or a security breach of our information technology systems. Information security is about protecting information and information systems from unauthorised access, use, disclosure, disruption, modification or destruction. The Group's information technology security management framework complies with current 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 Group keeps abreast and complies with all laws and regulations governing the conduct of business in the countries that it operates in. The businesses within the Group operate in regulated environment in different countries. These regulations include pricing, service standards, licences to operate and transport policies, which are stipulated by the relevant regulatory Authorities. We work closely with regulatory Authorities in the respective countries 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 licences being withdrawn.

## STRATEGIC RISKS

We evaluate each new investment proposal to ensure that it is in line with the Group's strategy and investment objectives, and that it is able to meet the relevant hurdle rates of return. This assessment includes macro and project specific risks analysis covering feasibility study, due diligence, financial modelling and sensitivity analysis of key investment assumptions and variables. To ensure that the rate of return on any new investment or business opportunity commensurate with the risk exposure taken, the new investment opportunity is evaluated in terms of (a) profitability; (b) return on investment; (c) pay back period; (d) cash flow generation; (e) potential for internal and external

## RISK MANAGEMENT

growth; and (f) investment climate and political stability of the country. The investment proposal has to be approved according to the financial authority limits approved by the Board.

### 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. Non-compliance and recommendations for improvements are reported to the Audit and Risk Committee, which reviews the effectiveness of the actions taken to mitigate the risks. 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, 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 Group's continuous review of the system of internal controls.

### CODE OF BUSINESS CONDUCT AND WHISTLE BLOWING POLICY

The Group 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 which 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 Group. If there is a conflict of interest, employees should declare to their immediate supervisors and should not participate in the decision 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 through a direct link to the MD/Group CEO, the Group Chief Human Resource Officer or the Group Chief Internal Audit Officer on the Group's Intranet. All cases are investigated and dealt with promptly and thoroughly.

### OPINION OF THE BOARD

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 Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional levels, with stewardship retained at the Senior Management. Action plans that are necessary to manage the risks are in place and closely monitored. The adequacy and effectiveness of the risk governance, risk policy and internal controls in place are also assessed as part of the process. Based on these reviews, the Board is of the view, with the concurrence of the Audit and Risk Committee, that adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems are in place within the Group.

## FINANCIAL CALENDAR

### 2018

Announcement of 2017 Full Year Results	12 February 2018
Annual General Meeting	25 April 2018
Announcement of 1st Quarter 2018 Results	10 May 2018
Payment of 2017 final dividend (3.95 cents/share)	11 May 2018
Announcement of 2nd Quarter 2018 Results	8 August 2018
Payment of 2018 interim dividend (5.8 cents/share)	27 August 2018
Announcement of 3rd Quarter 2018 Results	8 November 2018

### 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) (Subject to Shareholders' approval at the forthcoming Annual General Meeting)	13 May 2019
Announcement of 2nd Quarter 2019 Results	8 August 2019*
Announcement of 3rd Quarter 2019 Results	12 November 2019*

\* Provisional – Updates will be posted on [www.sbstransit.com.sg](http://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 2018.

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 68 to 109 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 2018, 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	(Appointed as Executive Deputy Chairman and Chief Executive Officer on 15 January 2019)
Gan Juay Kiat	(Ceased as Chief Executive Officer on 14 January 2019)
John De Payva	(Lead Independent Director)
Kong Yim Pui Susan	
Lee Sok Koon	
Lim Seh Chun	
Lim Siang Hoe Benny	(Appointed on 26 April 2018)
Wee Siew Kim	
Yu Ching Man	(Appointed on 26 April 2018)

### 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.

## DIRECTORS' STATEMENT

### 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 2018	At 31 December 2018	At 21 January 2019
<b>Interest in the Company</b>				
(a)	Ordinary shares			
	Wee Siew Kim	65,000	65,000	65,000
	Gan Juay Kiat (Deemed interest)	–	30,000	18,600
(b)	Options to subscribe for ordinary shares			
	Gan Juay Kiat	240,000	–	–
<b>Interest in ultimate holding company, ComfortDelGro Corporation Limited</b>				
(a)	Ordinary shares			
	Lim Jit Poh	244,425	244,425	244,425
	Yang Ban Seng	157,168	157,168	157,168
	Yang Ban Seng (Deemed Interest)	18,185	18,185	18,185
	Gan Juay Kiat (Deemed Interest)	80,000	–	–
(b)	Options to subscribe for ordinary shares			
	Yang Ban Seng	660,000	660,000	660,000
	Gan Juay Kiat	690,000	–	–
<b>Interest in related company, VICOM Ltd</b>				
(a)	Ordinary shares			
	Lim Jit Poh	190,000	190,000	190,000



#### 4 SHARE OPTIONS

- a) 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. The existing options granted will continue to vest according to the terms and conditions of the SSOS and the respective grants. The SSOS is administered by the Remuneration Committee comprising Messrs John De Payva (Chairman), Kong Yim Pui Susan, Lim Jit Poh and Yu Ching Man (appointed on 26 April 2018).
- b) Under the SSOS, an option entitles the option holder to subscribe for a specific number of new ordinary shares at a subscription price determined with reference to the market price of the shares at the time of the grant of the option. The subscription price and/or number of shares comprised in an option may be adjusted in certain events under the rules of the SSOS. The consideration for the grant of an option is \$1.00. The option may be exercised at any time after the first anniversary of the date of grant but before the tenth anniversary (fifth anniversary for options granted to non-executive Directors) of the date of grant of that option or such shorter period as determined by the Remuneration Committee. The option may be exercised in whole or in part on the payment of the relevant subscription price. Options granted will lapse when the option holder ceases to be a full-time employee or Director of the Company, subject to certain exceptions at the discretion of the Remuneration Committee.
- c) Participants of the SSOS are not restricted from participating in other share option schemes, whether implemented by the Company or otherwise.
- d) Particulars of unissued shares under options granted pursuant to the SSOS, options exercised and lapsed during the financial year, and options outstanding as at 31 December 2018 are as follows:

Date of grant	Number of options to subscribe for ordinary shares			Outstanding at 31 December 2018	Subscription price per share	Expiry date
	Outstanding at 1 January 2018	Exercised	Lapsed			
25 June 2008	577,500	505,000	72,500	–	\$2.18	25 June 2018
25 June 2009	462,500	80,000	150,000	232,500	\$1.58	25 June 2019
	1,040,000	585,000	222,500	232,500		

- e) Details of the SSOS options granted to Directors of the Company since the commencement of the SSOS were as follows:

Directors	Number of options to subscribe for ordinary shares			
	Aggregate options granted since the commencement to 31 December 2018	Aggregate options exercised since the commencement to 31 December 2018	Aggregate options lapsed since the commencement to 31 December 2018	Aggregate options outstanding as at 31 December 2018
Lim Jit Poh	780,000	480,000	300,000	–
Gan Juay Kiat	240,000	90,000	150,000	–
John De Payva	495,000	135,000	360,000	–
Wee Siew Kim	515,000	320,000	195,000	–

The terms of the options granted to the Directors are disclosed in paragraph 4 (b) above.

- f) None of the options granted under the SSOS included a discount feature to the market price of the shares at the time of grant. No participants to the SSOS are controlling shareholders of the Company.

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**DIRECTORS' STATEMENT****5 AUDIT AND RISK COMMITTEE**

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

Wee Siew Kim	(Chairman)
Lee Sok Koon	
Lim Seh Chun	
Lim Siang Hoe Benny	(Appointed on 26 April 2018)

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 2012.

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 four 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.

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 and Chief Executive Officer

Singapore  
12 February 2019

# 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 2018, 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 68 to 109.

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 2018 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.

#### 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 2018.

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, we found Management's key assumptions to be reasonable.

## **INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF SBS TRANSIT LTD**

### **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.

### **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.

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

- (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.
- (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  
12 February 2019

# STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2018

	Note	The Group			The Company		
		31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
<b>ASSETS</b>							
<b>Current assets</b>							
Short-term deposits and bank balances	5	32,711	5,275	4,254	31,785	4,028	3,446
Investments	6	–	5,134	–	–	5,134	–
Trade receivables	7	123,509	122,582	77,238	120,225	119,470	76,284
Other receivables and prepayments	8	56,466	31,701	19,274	259,551	199,599	128,408
Inventories	9	117,142	94,012	59,695	99,102	82,997	53,000
<b>Total current assets</b>		<b>329,828</b>	<b>258,704</b>	<b>160,461</b>	<b>510,663</b>	<b>411,228</b>	<b>261,138</b>
<b>Non-current assets</b>							
Subsidiary	10	–	–	–	5,000	5,000	5,000
Investments	6	–	–	5,268	–	–	5,268
Prepayments	11	6,021	2,537	2,527	5,889	2,506	2,519
Vehicles, premises and equipment	12	705,304	803,844	866,186	685,463	783,821	851,924
Deferred tax assets	13	21,680	22,737	20,354	–	–	–
<b>Total non-current assets</b>		<b>733,005</b>	<b>829,118</b>	<b>894,335</b>	<b>696,352</b>	<b>791,327</b>	<b>864,711</b>
<b>Total assets</b>		<b>1,062,833</b>	<b>1,087,822</b>	<b>1,054,796</b>	<b>1,207,015</b>	<b>1,202,555</b>	<b>1,125,849</b>

See accompanying notes to the Financial Statements.

	Note	The Group			The Company		
		31 December	31 December	1 January	31 December	31 December	1 January
		2018	2017	2017	2018	2017	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>LIABILITIES AND EQUITY</b>							
<b>Current liabilities</b>							
Borrowings	14	–	56,000	150,000	–	56,000	150,000
Trade and other payables	15	293,771	272,302	241,948	253,450	240,764	214,181
Deposits received	16	2,588	3,648	4,967	2,259	3,271	4,301
Insurance premiums payable and provision for accident claims	17	19,533	21,965	24,799	19,533	21,965	24,799
Fuel price equalisation account		19,992	19,992	19,992	19,992	19,992	19,992
Income tax payable		31,394	9,309	67	31,394	9,309	67
<b>Total current liabilities</b>		<b>367,278</b>	<b>383,216</b>	<b>441,773</b>	<b>326,628</b>	<b>351,301</b>	<b>413,340</b>
<b>Non-current liabilities</b>							
Borrowings	14	75,000	125,000	66,000	75,000	125,000	66,000
Deferred grants	18	6,326	6,958	7,709	6,326	6,958	7,709
Deposits received	16	7,157	5,600	4,802	5,865	4,390	3,908
Deferred tax liabilities	13	77,676	87,112	85,554	77,676	87,112	85,554
Provision for service benefits and long service awards	19	11,004	10,718	10,981	10,706	10,496	10,836
Fuel price equalisation account		19,992	19,992	19,992	19,992	19,992	19,992
<b>Total non-current liabilities</b>		<b>197,155</b>	<b>255,380</b>	<b>195,038</b>	<b>195,565</b>	<b>253,948</b>	<b>193,999</b>
<b>Total liabilities</b>		<b>564,433</b>	<b>638,596</b>	<b>636,811</b>	<b>522,193</b>	<b>605,249</b>	<b>607,339</b>
<b>Capital and reserves</b>							
Share capital	20	100,162	98,873	97,138	100,162	98,873	97,138
Other reserves	21	38,628	40,522	38,566	39,450	40,522	38,566
Accumulated profits		359,610	309,831	282,281	545,210	457,911	382,806
<b>Total equity</b>		<b>498,400</b>	<b>449,226</b>	<b>417,985</b>	<b>684,822</b>	<b>597,306</b>	<b>518,510</b>
<b>Total liabilities and equity</b>		<b>1,062,833</b>	<b>1,087,822</b>	<b>1,054,796</b>	<b>1,207,015</b>	<b>1,202,555</b>	<b>1,125,849</b>

# GROUP INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2018

	Note	The Group	
		2018 \$'000	2017 \$'000
<b>Revenue</b>	22	1,383,613	1,191,717
Staff costs	23	(705,519)	(628,553)
Repairs and maintenance costs		(173,219)	(151,684)
Fuel and electricity costs		(171,844)	(131,076)
Premises costs		(64,155)	(57,128)
Depreciation expense	12	(93,136)	(96,925)
Other operating costs		(78,439)	(67,008)
Total operating costs		(1,286,312)	(1,132,374)
<b>Operating profit</b>	24	97,301	59,343
Net income from investments	25	274	242
Finance costs	26	(3,390)	(4,482)
<b>Profit before taxation</b>		94,185	55,103
Taxation	27	(14,083)	(7,975)
<b>Profit attributable to shareholders</b>		80,102	47,128
Earnings per share (in cents):			
Basic	28	25.72	15.17
Diluted	28	25.71	15.15



## GROUP COMPREHENSIVE INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2018

	The Group	
	2018 \$'000	2017 \$'000
<b>Profit attributable to shareholders</b>	80,102	47,128
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value adjustment on cash flow hedges	(1,670)	2,321
Fair value adjustment on investments	(133)	(134)
<b>Total comprehensive income for the year attributable to shareholders of the Company</b>	<b>78,299</b>	<b>49,315</b>

See accompanying notes to the Financial Statements.

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	The Group			
	Attributable to shareholders of the Company			
	Share capital (Note 20) \$'000	Other reserves (Note 21) \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2017	97,138	38,566	282,281	417,985
Total comprehensive income for the year				
Profit for the year	–	–	47,128	47,128
Other comprehensive income for the year	–	2,187	–	2,187
Total	–	2,187	47,128	49,315
Transactions recognised directly in equity				
Exercise of share options	1,735	(95)	–	1,640
Payment of dividends (Note 32)	–	–	(19,742)	(19,742)
Other reserves	–	(136)	164	28
Total	1,735	(231)	(19,578)	(18,074)
Balance at 31 December 2017	98,873	40,522	309,831	449,226
Total comprehensive income (expense) for the year				
Profit for the year	–	–	80,102	80,102
Other comprehensive expense for the year	–	(1,803)	–	(1,803)
Total	–	(1,803)	80,102	78,299
Transactions recognised directly in equity				
Exercise of share options	1,289	(62)	–	1,227
Payment of dividends (Note 32)	–	–	(30,375)	(30,375)
Other reserves	–	(29)	52	23
Total	1,289	(91)	(30,323)	(29,125)
Balance at 31 December 2018	100,162	38,628	359,610	498,400

	The Company			
	Share capital (Note 20) \$'000	Other reserves (Note 21) \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2017	97,138	38,566	382,806	518,510
Total comprehensive income for the year				
Profit for the year	–	–	94,683	94,683
Other comprehensive income for the year	–	2,187	–	2,187
Total	–	2,187	94,683	96,870
Transactions recognised directly in equity				
Exercise of share options	1,735	(95)	–	1,640
Payment of dividends (Note 32)	–	–	(19,742)	(19,742)
Other reserves	–	(136)	164	28
Total	1,735	(231)	(19,578)	(18,074)
Balance at 31 December 2017	98,873	40,522	457,911	597,306
Total comprehensive income (expense) for the year				
Profit for the year	–	–	117,622	117,622
Other comprehensive expense for the year	–	(981)	–	(981)
Total	–	(981)	117,622	116,641
Transactions recognised directly in equity				
Exercise of share options	1,289	(62)	–	1,227
Payment of dividends (Note 32)	–	–	(30,375)	(30,375)
Other reserves	–	(29)	52	23
Total	1,289	(91)	(30,323)	(29,125)
Balance at 31 December 2018	100,162	39,450	545,210	684,822

# GROUP CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2018

	The Group	
	2018 \$'000	2017 \$'000
<b>Operating activities</b>		
Profit before taxation	94,185	55,103
Adjustments for:		
Depreciation expense	93,136	96,925
Finance costs	3,390	4,482
Net (gain) loss on disposal of vehicles and equipment	(261)	103
Interest income	(274)	(242)
Provision for service benefits and long service awards	954	688
Insurance premiums payable and provision for accident claims	2,606	1,235
Operating cash flows before movements in working capital	193,736	158,294
Trade receivables	(927)	(45,344)
Other receivables and prepayments	(24,799)	(12,427)
Inventories	(23,130)	(34,317)
Trade and other payables	19,840	33,746
Deferred grants	(632)	(751)
Deposits received	497	(521)
Payment of service benefits and long service awards	(668)	(951)
Payment of insurance premiums and accident claims	(5,038)	(4,069)
Cash generated from operations	158,879	93,660
Income tax paid	(34)	(34)
Net cash from operating activities	158,845	93,626
<b>Investing activities</b>		
Interest received	308	242
Proceeds from disposal of vehicles and equipment	29,991	304
Maturity of investments	5,000	-
Purchase of vehicles, premises and equipment	(27,810)	(35,000)
Net cash from (used in) investing activities	7,489	(34,454)
<b>Financing activities</b>		
New loans raised	619,800	764,100
Repayment of borrowings	(725,800)	(799,100)
Proceeds from share issue	1,227	1,640
Interest paid	(3,773)	(5,077)
Dividends paid	(30,375)	(19,742)
Others	23	28
Net cash used in financing activities	(138,898)	(58,151)
Net increase in cash and cash equivalents	27,436	1,021
Cash and cash equivalents at beginning of year	5,275	4,254
<b>Cash and cash equivalents at end of year</b> (Note 5)	32,711	5,275

See accompanying notes to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 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 10 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 2018 and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2018 were authorised for issue by the Board of Directors on 12 February 2019.

For all periods up to and including the year ended 31 December 2017, the Financial Statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These Financial Statements for the year ended 31 December 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 35.

## 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 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) 1-17 *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*.

**NEW/REVISED STANDARDS AND IMPROVEMENTS TO THE STANDARDS NOT YET ADOPTED** – At the date of authorisation of these Financial Statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

SFRS(I) 16 – *Leases*<sup>1</sup>

<sup>1</sup> Applies to annual periods beginning on or after 1 January 2019.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases the Group enters into. Under SFRS(I) 16, the Group may be required to recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

Management has performed an analysis of the requirements of the initial application of SFRS(I) 16 and expects the adoption of SFRS(I) 16 will result in certain operating lease arrangements being recorded in the Statements of Financial Position.

**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.

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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**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) 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 fair value through Profit or Loss are recognised immediately in Profit or Loss.

### Financial assets

All financial assets are recognised and de-recognised 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.

#### 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 fair value through Profit or Loss (FVTPL).

#### *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 investments 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.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****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 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.

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.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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 31).

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

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**LEASES** – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The Group as lessor

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

Rentals payable under operating leases (net of any incentive received from lessor) are charged to Profit or Loss on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

**INVENTORIES** – Inventories are stated at the lower of cost and net realisable value. 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. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**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	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.

## 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.

**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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- (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 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 in relation to expenses incurred are recognised as other operating income in the period in which they become receivable.

**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 other third parties for rail services is recognised as and when services are rendered.

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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**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 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****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.

***Critical judgements in applying the Group's accounting policies***

Management is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amounts recognised in the Financial Statements (apart from those involving estimations, which are dealt with below).

***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:

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) Insurance premiums

With effect from 2008, the Group has undertaken personal injury insurance with a fixed annual premium per vehicle. However, the Group had in the previous financial years incurred additional premiums payable as the insurance claims per vehicle had exceeded the minimum amount as stipulated in the insurance policy for those years. All premiums relating to the period before 2008 have been paid as at 31 December 2018 (2017 : \$3,230,000 accrued for period from 2006 – 2008) and Management has assessed that no further accrual is necessary (Note 17).

## (c) 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 1.93% to 2.37% (2017 : 1.50% to 2.27%) 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 19.

### 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(d) 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 1.93% to 2.37% (2017 : 1.50% to 2.27%) 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 19.

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 12.

### 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:

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Purchases of inventories from a related company	30,450	22,636
Rental expense from:		
Ultimate holding company	3,222	3,215
Related company	600	600
Purchase of goods and services from:		
Ultimate holding company	2,845	2,752
Related companies	2,646	1,861
Associate of the ultimate holding company	25	826
Sales of goods and services to:		
Ultimate holding company	(21)	(20)
Related companies	(1,098)	(1,312)
Associate of the ultimate holding company	(7)	(63)
Transfer of computers and automated equipment to a related company	-	(33)
Rental income from related companies	(233)	(231)

The amounts outstanding are unsecured, interest-free and are repayable on demand, unless otherwise stated. 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.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****5 SHORT-TERM DEPOSITS AND BANK BALANCES**

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Cash and bank balances	5,711	5,275	4,254	4,785	4,028	3,446
Fixed deposits	27,000	–	–	27,000	–	–
Total	32,711	5,275	4,254	31,785	4,028	3,446

Fixed deposits bear effective interest rate of 1.60% to 1.74% per annum and for a tenure of approximately 3 to 14 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 INVESTMENTS**

	The Group and The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Financial assets at fair value through Other Comprehensive Income:			
Bond in SP PowerAssets Limited	–	5,134	5,268

The bond has been fully redeemed during the financial year.

The fair values were based on the closing market prices on the last market day of the financial year.

**7 TRADE RECEIVABLES**

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Related companies (Note 4)	15	6	6	15	6	6
Outside parties	123,494	122,576	77,232	120,210	119,464	76,278
Total	123,509	122,582	77,238	120,225	119,470	76,284

The amounts outstanding are interest-free and the credit period ranges from 7 to 30 days (2017 : 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. Accordingly, no allowance for doubtful trade receivables is deemed necessary by the Group as at the reporting date.



## 8 OTHER RECEIVABLES AND PREPAYMENTS

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Receivables from:						
Ultimate holding company (Note 4)	–	7	–	–	7	–
Related companies (Note 4)	1,749	435	258	1,749	435	258
Subsidiary (Note 10)	–	–	–	213,194	173,816	112,263
	1,749	442	258	214,943	174,258	112,521
Prepayments	11,432	9,474	12,431	7,560	7,070	11,665
Interest receivable	13	47	47	13	47	47
Staff advances	525	216	190	334	112	114
Security deposits:						
Ultimate holding company (Note 4)	–	–	721	–	–	721
Outside parties	961	893	929	941	887	924
Accrued income	18,703	14,735	3,425	14,249	12,584	2,201
Receivables from outside parties	23,083	5,894	1,273	21,511	4,641	215
<b>Total</b>	<b>56,466</b>	<b>31,701</b>	<b>19,274</b>	<b>259,551</b>	<b>199,599</b>	<b>128,408</b>

Majority of the other receivables are due from creditworthy parties where Management has assessed the credit risk to be low.

## 9 INVENTORIES

Inventories comprised mainly of parts, accessories and consumable stores required for the operation and maintenance of vehicles and equipment.

## 10 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 (2017 : \$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.

## 11 PREPAYMENTS

Prepayments pertain to downpayments for the purchase of vehicles, premises and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 12 VEHICLES, PREMISES AND EQUIPMENT

	Buses \$'000	Leasehold land and building <sup>(N1)</sup> \$'000	Other leasehold buildings \$'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
<b>The Group</b>									
Cost or valuation:									
At 1 January 2017	1,152,915	63,880	45,461	59,957	53,819	7,874	16,349	1,166	1,401,421
Additions	–	–	3,928	1,824	11,783	993	1,398	15,064	34,990
Disposals	(17,100)	–	–	(767)	(282)	(504)	(358)	–	(19,011)
Reclassification	5,176	–	61	–	2,291	–	–	(7,528)	–
Transfer to a related company	–	–	–	(90)	–	–	–	–	(90)
At 31 December 2017	1,140,991	63,880	49,450	60,924	67,611	8,363	17,389	8,702	1,417,310
Additions	5,056	109	668	1,808	7,654	575	2,198	6,258	24,326
Disposals <sup>(N2)</sup>	(21,437)	–	–	(42,821)	(32,585)	(441)	(1,092)	(2,006)	(100,382)
Reclassification	385	–	2,646	729	3,593	19	423	(7,795)	–
Transfer to Ultimate holding company	–	–	–	(1)	–	–	(3)	–	(4)
At 31 December 2018	1,124,995	63,989	52,764	20,639	46,273	8,516	18,915	5,159	1,341,250
Accumulated depreciation:									
At 1 January 2017	404,729	1,568	32,280	55,846	25,835	4,371	10,606	–	535,235
Additions	80,378	4,703	1,747	2,639	4,984	910	1,564	–	96,925
Disposals	(16,859)	–	–	(767)	(273)	(464)	(273)	–	(18,636)
Transfer to a related company	–	–	–	(58)	–	–	–	–	(58)
At 31 December 2017	468,248	6,271	34,027	57,660	30,546	4,817	11,897	–	613,466
Additions	77,257	4,706	2,064	2,505	4,193	919	1,492	–	93,136
Disposals <sup>(N2)</sup>	(21,436)	–	–	(42,821)	(5,632)	(397)	(366)	–	(70,652)
Transfer to Ultimate holding company	–	–	–	(1)	–	–	(3)	–	(4)
At 31 December 2018	524,069	10,977	36,091	17,343	29,107	5,339	13,020	–	635,946
Carrying amount:									
At 31 December 2018	600,926	53,012	16,673	3,296	17,166	3,177	5,895	5,159	705,304
At 31 December 2017	672,743	57,609	15,423	3,264	37,065	3,546	5,492	8,702	803,844
At 1 January 2017	748,186	62,312	13,181	4,111	27,984	3,503	5,743	1,166	866,186

## 12 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

	Buses \$'000	Leasehold land and building <sup>(N1)</sup> \$'000	Other leasehold buildings \$'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
<b>The Company</b>									
Cost or valuation:									
At 1 January 2017	1,152,915	63,880	34,427	58,274	50,891	6,211	15,017	1,166	1,382,781
Additions	-	-	514	1,084	11,041	539	782	12,798	26,758
Disposals	(17,100)	-	-	(764)	(282)	(504)	(358)	-	(19,008)
Reclassification	5,176	-	61	-	2,291	-	-	(7,528)	-
Transfer to a related company	-	-	-	(90)	-	-	-	-	(90)
Transfer (to) from subsidiary	-	-	-	(1)	-	-	27	-	26
At 31 December 2017	1,140,991	63,880	35,002	58,503	63,941	6,246	15,468	6,436	1,390,467
Additions	5,056	109	405	1,536	5,651	565	1,906	6,250	21,478
Disposals <sup>(N2)</sup>	(21,437)	-	-	(42,811)	(32,566)	(441)	(1,090)	(2,006)	(100,351)
Reclassification	385	-	380	729	3,593	19	423	(5,529)	-
Transfer to Ultimate holding company	-	-	-	(1)	-	-	(3)	-	(4)
Transfer from subsidiary	-	-	-	1	-	-	1	-	2
At 31 December 2018	1,124,995	63,989	35,787	17,957	40,619	6,389	16,705	5,151	1,311,592
Accumulated depreciation:									
At 1 January 2017	404,729	1,568	30,585	55,080	24,738	3,870	10,287	-	530,857
Additions	80,378	4,703	877	2,095	4,487	616	1,325	-	94,481
Disposals	(16,859)	-	-	(764)	(273)	(464)	(273)	-	(18,633)
Transfer to a related company	-	-	-	(58)	-	-	-	-	(58)
Transfer to subsidiary	-	-	-	(1)	-	-	-	-	(1)
At 31 December 2017	468,248	6,271	31,462	56,352	28,952	4,022	11,339	-	606,646
Additions	77,257	4,706	946	1,840	3,560	590	1,211	-	90,110
Disposals <sup>(N2)</sup>	(21,436)	-	-	(42,811)	(5,614)	(397)	(365)	-	(70,623)
Transfer to Ultimate holding company	-	-	-	(1)	-	-	(3)	-	(4)
Transfer from subsidiary	-	-	-	-	-	-	-	-	-
At 31 December 2018	524,069	10,977	32,408	15,380	26,898	4,215	12,182	-	626,129
Carrying amount:									
At 31 December 2018	600,926	53,012	3,379	2,577	13,721	2,174	4,523	5,151	685,463
At 31 December 2017	672,743	57,609	3,540	2,151	34,989	2,224	4,129	6,436	783,821
At 1 January 2017	748,186	62,312	3,842	3,194	26,153	2,341	4,730	1,166	851,924

<sup>N1</sup> : The Group's leasehold land and building at Soon Lee bus depot are stated at their revalued amounts (Note 21) 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 34). As at 31 December 2018, the carrying amount of Soon Lee bus depot would have been \$19,665,000 (2017 : \$21,311,000), had the depot been carried at cost less accumulated depreciation.

<sup>N2</sup> : The disposals for the year included assets sold to LTA under the New Rail Financing Framework ("NRFF") at net book values of \$29,210,000 (Note 33).

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****12 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)**

Details of leasehold land and building owned by the Group and the Company are as follows:

<b>Location</b>	<b>Approximate land area</b>	<b>Tenure</b>	<b>Usage</b>
No. 28 Soon Lee Road Singapore	26,670 sq m	30 years from 1 April 2000 (11 years 3 months unexpired)	Bus depot

Details of other leasehold buildings are as follows:

<b>Location</b>	<b>Approximate land area</b>	<b>Tenure</b>	<b>Usage</b>
No. 550 Bukit Batok Street 23 Singapore	52,187 sq m	43 years from 1 January 1983 (7 years unexpired)	Bus depot
No. 4 Defu Ave 1 Singapore	74,236 sq m	38 years from 1 January 1983 (2 years 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	26 years from 1 March 1994 (1 years 2 months unexpired)	Bus depot

**13 DEFERRED TAX ASSETS/LIABILITIES**

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Deferred tax assets	21,680	22,737	20,354	–	–	–
Deferred tax liabilities	(77,676)	(87,112)	(85,554)	(77,676)	(87,112)	(85,554)
Net	(55,996)	(64,375)	(65,200)	(77,676)	(87,112)	(85,554)
At beginning of year	(64,375)	(65,200)	(56,584)	(87,112)	(85,554)	(71,545)
Credit (Charge) to Profit or Loss (Note 27)	16,666	1,300	(5,335)	9,262	(1,083)	(10,826)
Utilisation of deferred tax assets under Group Relief Scheme						
– SBS Transit DTL Pte. Ltd.	(8,629)	–	–	–	–	–
Arising from movement in Other Comprehensive Income Statement	342	(475)	(3,281)	174	(475)	(3,183)
At end of year	(55,996)	(64,375)	(65,200)	(77,676)	(87,112)	(85,554)

The balance comprises the tax effects of:

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
<b>Deferred tax assets</b>						
Unutilised tax losses	20,435	21,992	19,887	–	–	–
Excess of tax written down value over carrying amount	1,026	708	443	–	–	–
Other items	219	37	24	–	–	–
	21,680	22,737	20,354	–	–	–
<b>Deferred tax liabilities</b>						
Excess of carrying amount over tax written down value	(97,650)	(108,845)	(102,684)	(97,650)	(108,845)	(102,684)
Other items	19,974	21,733	17,130	19,974	21,733	17,130
	(77,676)	(87,112)	(85,554)	(77,676)	(87,112)	(85,554)
Net deferred tax liabilities	(55,996)	(64,375)	(65,200)	(77,676)	(87,112)	(85,554)

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****14 BORROWINGS**

	The Group and The Company		
	31 December	31 December	1 January
	2018	2017	2017
	\$'000	\$'000	\$'000

Borrowings comprise the following:

(a) Short Term Bank Loans	–	6,000	–
(b) Long Term Bank Loans	75,000	175,000	66,000
(c) Medium Term Notes	–	–	150,000
<b>Total</b>	<b>75,000</b>	<b>181,000</b>	<b>216,000</b>

Analysed as:

Current	–	56,000	150,000
Non-current	75,000	125,000	66,000
<b>Total</b>	<b>75,000</b>	<b>181,000</b>	<b>216,000</b>

*(a) Short Term Bank Loans*

In 2017, short term bank loans were for a tenure of 1 month, unsecured and bore interest at rates ranging from 1.23% to 1.27% per annum.

As at the end of the reporting period, the Group has fully repaid the short term bank loans.

*(b) Long Term Bank Loans*

The long term bank loan has a remaining tenure of 2 years (2017 : 1 to 3 years), unsecured and bears a fixed interest rate of 1.91% (2017 : 1.91% to 2.53%) per annum.

**15 TRADE AND OTHER PAYABLES**

	The Group			The Company		
	31 December	31 December	1 January	31 December	31 December	1 January
	2018	2017	2017	2018	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Payables to:

Ultimate holding company (Note 4)	884	814	986	870	800	970
Related companies (Note 4)	7,391	6,133	3,151	4,928	6,069	3,128
Related party (Note 4)	–	22	–	–	6	–
Outside parties	59,968	65,294	53,699	52,552	60,468	48,487
Accruals	222,281	195,770	180,602	192,419	169,787	158,381
Deferred income	3,247	4,269	3,510	2,681	3,634	3,215
<b>Total</b>	<b>293,771</b>	<b>272,302</b>	<b>241,948</b>	<b>253,450</b>	<b>240,764</b>	<b>214,181</b>

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 (2017 : 30 days).

**16 DEPOSITS RECEIVED**

	The Group			The Company		
	31 December	31 December	1 January	31 December	31 December	1 January
	2018	2017	2017	2018	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deposits received	9,745	9,248	9,769	8,124	7,661	8,209
Less: Due within 12 months	(2,588)	(3,648)	(4,967)	(2,259)	(3,271)	(4,301)
Due after 12 months	7,157	5,600	4,802	5,865	4,390	3,908

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.

**17 INSURANCE PREMIUMS PAYABLE AND PROVISION FOR ACCIDENT CLAIMS**

	The Group and The Company		
	31 December	31 December	1 January
	2018	2017	2017
	\$'000	\$'000	\$'000
At beginning of year	21,965	24,799	26,652
Charge to Profit or Loss	2,606	1,235	2,955
Payments	(5,038)	(4,069)	(4,808)
At end of year	19,533	21,965	24,799

The balance comprises provision for:

Insurance premiums	–	3,230	6,630
Accident claims	19,533	18,735	18,169
	19,533	21,965	24,799

The insurance premiums payable and provision for accident claims represent the estimated amount which the Group will have to pay to outside parties for insurance premiums and accident claims involving the Group Vehicles (Note 3 (a) and (b)).

**18 DEFERRED GRANTS**

The grants received/receivable had been recognised as deferred income in accordance with the Group's accounting policy.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****19 PROVISION FOR SERVICE BENEFITS AND LONG SERVICE AWARDS**

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
At beginning of year	10,718	10,981	10,260	10,496	10,836	10,186
Charge to Profit or Loss	954	688	1,414	876	597	1,341
Payments	(668)	(951)	(693)	(666)	(937)	(691)
At end of year	11,004	10,718	10,981	10,706	10,496	10,836

The balance comprises provision for:

Retirement benefits	7,617	7,527	7,737	7,438	7,395	7,656
Long service awards	3,387	3,191	3,244	3,268	3,101	3,180
	11,004	10,718	10,981	10,706	10,496	10,836

**20 SHARE CAPITAL**

	The Group and The Company					
	31 December 2018 Number ('000)	31 December 2017 of ordinary shares	1 January 2017	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Issued and paid up:						
At beginning of year	311,085	310,255	309,165	98,873	97,138	94,786
Exercise of share options	585	830	1,090	1,289	1,735	2,352
At end of year	311,670	311,085	310,255	100,162	98,873	97,138

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*

Details of the outstanding share options of the Company as at the end of the financial year are set out in Note 23 (b).

The Company has one class of ordinary shares which carry no right to fixed income.



**21 OTHER RESERVES**

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Share option reserve:						
At beginning of year	124	355	507	124	355	507
Transfer to share capital on exercise of share options (Note 20)	(62)	(95)	(116)	(62)	(95)	(116)
Transfer to accumulated profits	(29)	(136)	(36)	(29)	(136)	(36)
At end of year	33	124	355	33	124	355
Investments revaluation reserve:						
At beginning of year	133	267	336	133	267	336
Loss on investments	–	(134)	(69)	–	(134)	(69)
Maturity of investments	(133)	–	–	(133)	–	–
At end of year	–	133	267	–	133	267
Premises revaluation reserve:						
At beginning of year	40,265	40,265	–	40,265	40,265	–
Revaluation changes during the year in Other Comprehensive Income	–	–	40,265	–	–	40,265
At end of year	40,265	40,265	40,265	40,265	40,265	40,265
Hedging reserve:						
At beginning of year	–	(2,321)	(18,335)	–	(2,321)	(17,860)
(Loss) Gain on cash flow hedges	(1,670)	2,321	16,014	(848)	2,321	15,539
At end of year	(1,670)	–	(2,321)	(848)	–	(2,321)
<b>Total</b>	<b>38,628</b>	<b>40,522</b>	<b>38,566</b>	<b>39,450</b>	<b>40,522</b>	<b>38,566</b>

**22 REVENUE**

Revenue comprises the following amounts:

	The Group	
	2018 \$'000	2017 \$'000
Transport services	1,226,013	1,035,824
Lease revenue	99,314	99,866
Other commercial services	58,286	56,027
<b>Total</b>	<b>1,383,613</b>	<b>1,191,717</b>

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.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****23 STAFF COSTS**

(a) Included in staff costs are:

- (i) The remuneration of the Directors (executive and non-executive) and key executives comprised mainly of short term benefits amounting to \$3,708,030 (2017 : \$3,483,526).

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
(ii) <u>Cost of contribution to Central Provident Fund</u>	54,719	49,777

(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 certain categories of persons who are not employees but who work closely with 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.

Details of the share options outstanding during the year are as follows:

	<b>The Company</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Number of share options</b>	<b>Weighted average exercise price \$</b>	<b>Number of share options</b>	<b>Weighted average exercise price \$</b>
Outstanding at beginning of year	1,040,000	1.91	3,085,000	2.49
Lapsed during the year	(222,500)	1.78	(1,215,000)	3.34
Exercised during the year	(585,000)	2.10	(830,000)	1.98
Outstanding at end of year	232,500	1.58	1,040,000	1.91
Exercisable at end of year	232,500	1.58	1,040,000	1.91

The weighted average share price at the date of exercise for share options during the year was \$2.60 (2017 : \$2.60). The options outstanding at the end of the year have a weighted average remaining contractual life of 0.5 year (2017 : 0.9 year). For further details on the exercise prices of the options outstanding at the end of the year, please refer to the Directors' Statement.

The SSOS expired on 8 June 2010 and hence no option has been granted since then.

**24 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	
	2018 \$'000	2017 \$'000
Directors' fees	528	460
Cost of inventories recognised in repairs and maintenance costs	130,139	112,606
Net (gain) loss on disposal of vehicles and equipment	(261)	103
Insurance premiums payable and provision for accident claims	2,606	1,235
Provision for service benefits and long service awards	954	688
Audit fees:		
Paid to auditors of the Company	122	124
Non-audit fees:		
Paid to auditors of the Company	32	52

**25 NET INCOME FROM INVESTMENTS**

	The Group	
	2018 \$'000	2017 \$'000
Interest income from bonds	195	242
Interest income from bank and short-term deposits	79	–
Total	274	242

**26 FINANCE COSTS**

	The Group	
	2018 \$'000	2017 \$'000
Interest expense on Bank Loans	3,390	4,482

**27 TAXATION**

	The Group	
	2018 \$'000	2017 \$'000
Current taxation	30,749	9,275
Deferred tax (Note 13)	(16,666)	(1,300)
	14,083	7,975

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****27 TAXATION (CONT'D)**

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2017 : 17%) to profit before taxation as a result of the following differences:

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before taxation	94,185	55,103
Taxation charge at statutory rate	16,011	9,368
Non-allowable items	612	600
Tax-exempt income	(26)	(26)
Overprovision of deferred tax in prior years	(2,500)	(1,950)
Other items	(14)	(17)
	<b>14,083</b>	<b>7,975</b>

**28 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:

	<b>2018</b>	<b>2017</b>
Profit attributable to shareholders of the Company (\$'000)	80,102	47,128
Weighted average number of ordinary shares in issue ('000)	311,448	310,754
Basic earnings per share (in cents)	25.72	15.17

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares which are the share options granted to employees and Directors. A calculation is done to determine the number of shares that could have been acquired at market price (determined as the average share price of the Company's shares for the financial year) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution.

	<b>2018</b>	<b>2017</b>
Profit attributable to shareholders of the Company (\$'000)	80,102	47,128
Weighted average number of ordinary shares in issue ('000)	311,448	310,754
Adjustment for share options ('000)	91	248
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	311,539	311,002
Diluted earnings per share (in cents)	25.71	15.15

## 29 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 and 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.

	Public Transport Services \$'000	Other Commercial Services \$'000	Total \$'000
<b>31 December 2018</b>			
REVENUE	1,325,327	58,286	1,383,613
RESULTS			
Segment results	60,210	37,091	97,301
Net income from investments			274
Finance costs			(3,390)
Profit before taxation			94,185
Taxation			(14,083)
Profit after taxation			80,102
OTHER INFORMATION			
Additions of vehicles, premises and equipment	23,829	497	24,326
Depreciation expense	91,682	1,454	93,136
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Segment assets	989,225	21,503	1,010,728
Unallocated corporate assets			52,105
Consolidated total assets			1,062,833
LIABILITIES			
Segment liabilities	332,901	29,632	362,533
Unallocated corporate liabilities			201,900
Consolidated total liabilities			564,433

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****29 BUSINESS SEGMENT INFORMATION (CONT'D)**

	Public Transport Services \$'000	Other Commercial Services \$'000	Total \$'000
<b>31 December 2017</b>			
REVENUE	1,135,690	56,027	1,191,717
RESULTS			
Segment results	25,925	33,418	59,343
Net income from investments			242
Finance costs			(4,482)
Profit before taxation			55,103
Taxation			(7,975)
Profit after taxation			47,128
OTHER INFORMATION			
Additions of vehicles, premises and equipment	29,449	5,541	34,990
Depreciation expense	95,496	1,429	96,925
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Segment assets	1,032,183	24,558	1,056,741
Unallocated corporate assets			31,081
Consolidated total assets			1,087,822
LIABILITIES			
Segment liabilities	319,043	28,743	347,786
Unallocated corporate liabilities			290,810
Consolidated total liabilities			638,596
<b>1 January 2017</b>			
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Segment assets	1,005,839	20,752	1,026,591
Unallocated corporate assets			28,205
Consolidated total assets			1,054,796
LIABILITIES			
Segment liabilities	356,270	30,551	386,821
Unallocated corporate liabilities			249,990
Consolidated total liabilities			636,811

### 30 COMMITMENTS

As at 31 December 2018, the Group and the Company have the following commitments:

- (a) Capital commitments contracted for but not provided for in the Financial Statements:

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Purchase of vehicles, premises and equipment	37,833	39,330	36,234	37,366

- (b) Operating lease arrangements

The Group as lessee

	The Group	
	2018 \$'000	2017 \$'000
Minimum lease payment under operating leases included in Profit or Loss	11,143	10,324

At end of the reporting period, commitments in respect of the non-cancellable operating leases which fall due are as follows:

	The Group	
	2018 \$'000	2017 \$'000
Within one year	10,606	10,196
In the second to fifth year inclusive	12,581	19,923
After five years	3,676	5,226
Total	26,863	35,345

Operating lease payments represent rentals payable by the Group for office premises and bus depots. Leases are negotiated for periods up to 43 years. Periods with rental increment are fixed ranging from 1 year to 13 years.

The Group as lessor

The Group rents out part of their spaces and floor areas at bus depots and train stations under operating leases. Property rental and licence fee income earned under non-cancellable leases during the year was \$19,096,000 (2017 : \$18,559,000). The properties are managed and maintained by the Group.

At end of the reporting period, the Group and the Company contracted with tenants for the following future minimum lease payments:

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Within one year	16,032	16,836	12,876	13,364
In the second to fifth year inclusive	13,053	13,803	11,085	10,358
Total	29,085	30,639	23,961	23,722

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****31 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 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
<b>Financial assets</b>						
Amortised cost	201,254	150,084	88,335	404,001	316,027	196,473
Investments	–	5,134	5,268	–	5,134	5,268
	201,254	155,218	93,603	404,001	321,161	201,741
<b>Financial liabilities</b>						
Amortised cost	343,437	434,948	437,567	304,888	402,530	409,021
Financial instruments designated in hedge accounting relationships:						
Hedging instrument	2,012	–	2,798	1,021	–	2,798

- (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.

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.



**31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)**

- (b) Financial risk, management policies and objectives (cont'd)

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.

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 \$0.3m (2017 : \$0.3m). The sensitivity analysis assumes that consumption is held constant at the same level as in 2018.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)**

- (b) Financial risk, management policies and objectives (cont'd)

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.

- (c) Hedging instruments

The Group utilises hedging instruments to hedge significant future transactions and cash flows.

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.

The Group and the Company use fuel hedges to hedge against fuel price risks. These arrangements are designed to address fuel price exposure. The fuel hedges are accounted for as cash flow hedges. At the end of the reporting period, the Group has outstanding hedges with notional amounts totaling \$14.9m. At the end of the prior period, the Group did not have any outstanding hedges. The fair value of the Group's and the Company's fuel hedging instruments comprised \$2.0m and \$1.0m respectively of liabilities on cash flow hedges in Other Comprehensive Income.

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 period, the Group does not have any foreign exchange hedging instrument.

These amounts are based on market prices for equivalent instruments at the end of the reporting period.

**31 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 14 (b) while equity refers to total equity.

No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 2017.

## (e) The following are the expected contractual undiscounted cash outflows (including interest payments) of the Group's and the Company's financial liabilities:

	Contractual cash flows					Effective interest rate %
	Carrying amount \$'000	Total \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	Beyond 5 years \$'000	
<b>2018</b>						
<b>Financial liabilities</b>						
<b>Loans:</b>						
In functional currency:						
Long Term Bank Loans – unsecured	75,000	77,433	1,432	76,001	–	1.91
<b>2017</b>						
<b>Financial liabilities</b>						
<b>Loans:</b>						
In functional currency:						
Short Term Bank Loan – unsecured	6,000	6,005	6,005	–	–	1.23 – 1.27
Long Term Bank Loans – unsecured	175,000	181,942	53,218	128,724	–	1.47 – 2.53

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****32 DIVIDENDS**

(a) During the financial year, the Company paid dividends as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Tax-exempt one-tier final dividend in respect of the previous financial year:		
– 3.95 cents (2017 : 2.70 cents) per ordinary share	12,298	8,390
Tax-exempt one-tier interim dividend in respect of the current financial year:		
– 5.80 cents (2017 : 3.65 cents) per ordinary share	18,077	11,352
<b>Total</b>	<b>30,375</b>	<b>19,742</b>

(b) Subsequent to the end of the financial year, the Directors of the Company recommended that a tax-exempt one-tier final dividend of 7.10 cents per ordinary share totalling \$22,129,000 be paid for the financial year ended 31 December 2018. 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.

Together with the tax exempt one-tier interim dividend of 5.80 cents per ordinary share (2017 : 3.65 cents per ordinary share), total distributions paid and proposed in respect of the financial year ended 31 December 2018 will be 12.90 cents per ordinary share (2017 : 7.60 cents per ordinary share).

**33 LICENCE FOR RAIL SERVICES****North-East MRT System, Punggol LRT System and Sengkang LRT System****Licence Prior To 1 April 2018**

The Company was issued a licence dated 15 January 2003 by the LTA under the Rapid Transit Systems Act to operate the North-East Mass Rapid Transit System and the Sengkang and Punggol Light Rapid Transit Systems (collectively the "Licensed Systems") for an initial period of 30 years, with a possible extension of a further 30 years subject to the approval of the LTA. Under this licence, the LTA funds the first set of the operating assets. The Company has the obligation, to acquire the first set of the operating assets at the net book values as recorded in the latest audited accounts of the LTA, at dates and times determined by the LTA during a joint review of the viability of the Licensed Systems by LTA and the Company. In addition, the Company has to fund all additions, renewals and replacement of operating assets required during the licence period. The Company had surrendered this licence on 31 March 2018 following the transition of the Licenced Systems to the NRFF under which a new licence has been granted with effect from 1 April 2018.

**New Licence Under the New Rail Financing Framework ("NRFF")**

With effect from 1 April 2018, the Company has been granted a new licence to operate the Licensed Systems under the 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.

### 33 LICENCE FOR RAIL SERVICES (CONT'D)

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 ("FRSS") as well as profit sharing via an Earnings Before Interest and Tax ("EBIT") 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%.

(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.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****33 LICENCE FOR RAIL SERVICES (CONT'D)**

- (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.

**34 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 222 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.

**35 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK**

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework, the SFRS(I)s, that is identical to the International Financial Reporting Standards for annual periods beginning on or after 1 January 2018.

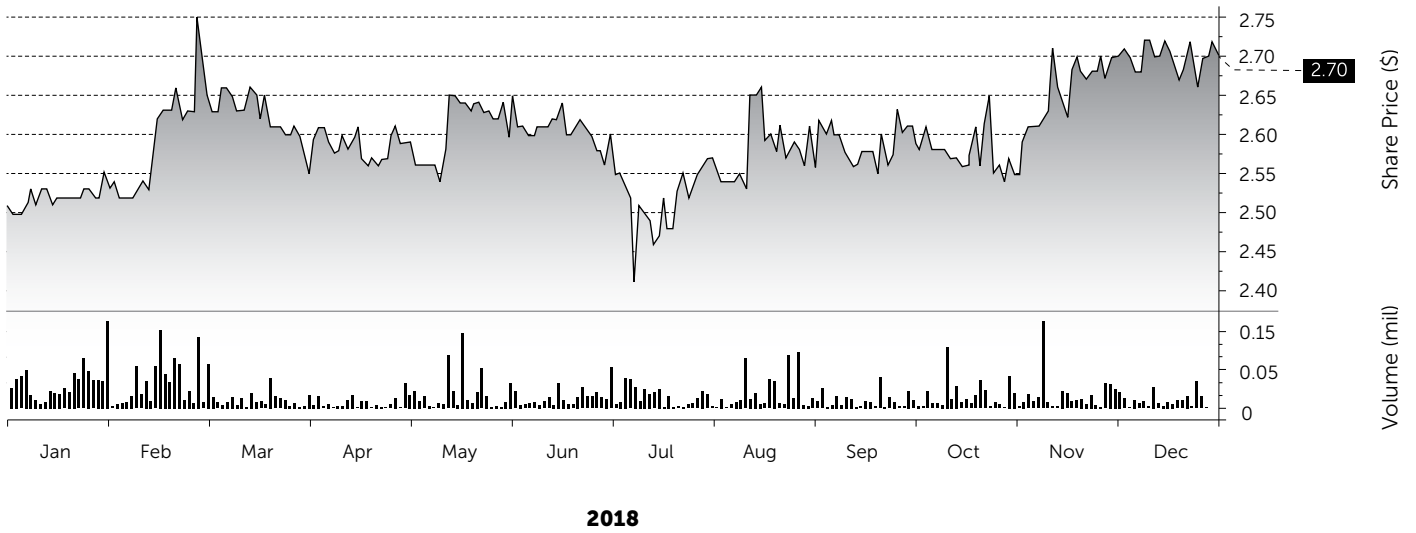
The Group has adopted a new financial reporting framework, SFRS(I)s on 1 January 2018 and has prepared its financial information under SFRS(I)s for the year ended 31 December 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's and Company's opening Statements of Financial Position under SFRS(I)s have been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework.

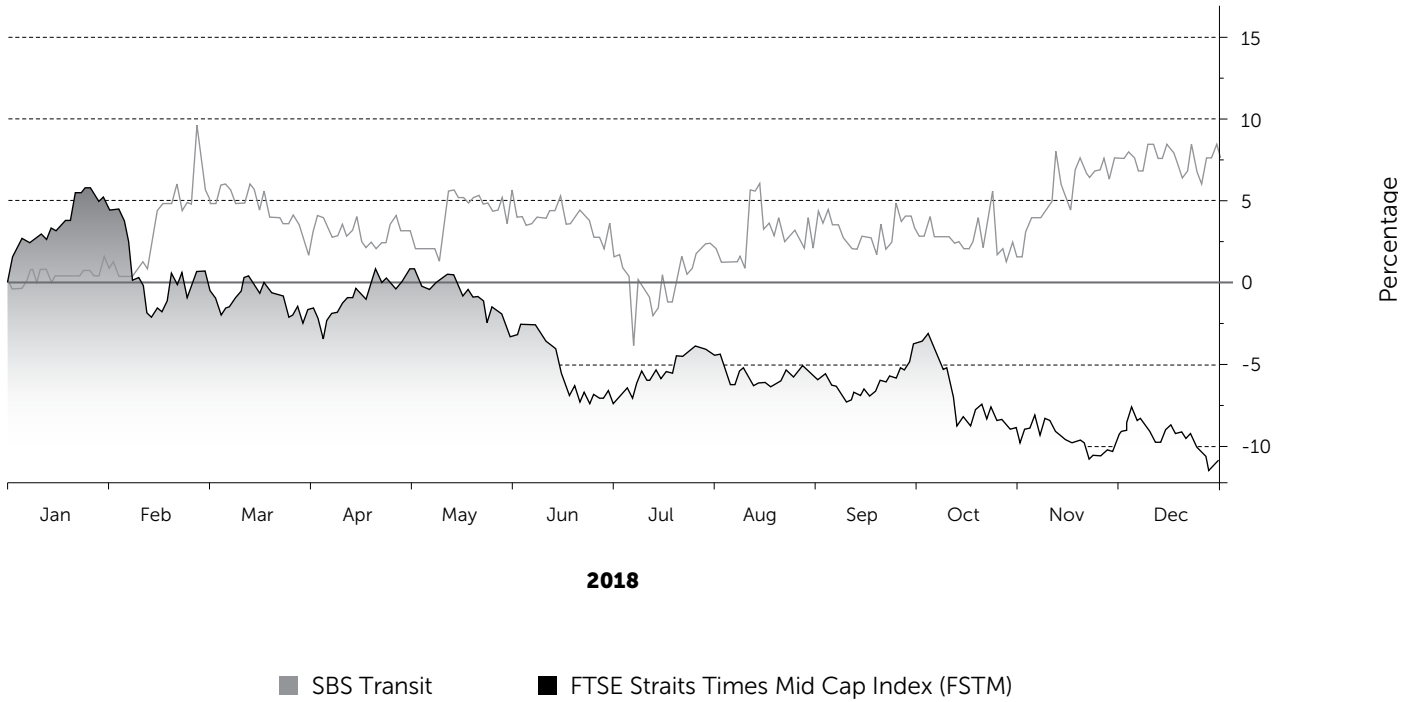
The adoption of SFRS(I)s will have no material impact on the Group's Financial Statements in this year of initial application.

# 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.



## SHAREHOLDING STATISTICS

AS AT 27 FEBRUARY 2019

NO. OF SHARES ISSUED	:	311,789,766
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	25	0.14	679	0
100 - 1,000	3,483	19.2	2,198,586	0.71
1,001 - 10,000	14,191	78.23	23,893,282	7.66
10,001 - 1,000,000	430	2.37	18,395,825	5.9
1,000,000 & ABOVE	11	0.06	267,301,394	85.73
TOTAL	18,140	100	311,789,766	100

TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
COMFORTDELGRO CORPORATION LIMITED	232,125,512	74.45
BPSS NOMINEES SINGAPORE (PTE.) LTD.	10,894,000	3.49
DBS NOMINEES PTE LTD	6,029,849	1.93
RAFFLES NOMINEES (PTE) LIMITED	5,169,900	1.66
CITIBANK NOMINEES SINGAPORE PTE LTD	2,764,283	0.89
MAYBANK KIM ENG SECURITIES PTE LTD	2,359,689	0.76
UNITED OVERSEAS BANK NOMINEES PTE LTD	2,101,500	0.67
DB NOMINEES (SINGAPORE) PTE LTD	1,909,100	0.61
OCBC NOMINEES SINGAPORE PTE LTD	1,396,460	0.45
DBSN SERVICES PTE LTD	1,374,301	0.44
THAM KIM FAY OR KWA AI TEE JEANNE	1,176,800	0.38
CHANGI BUS COMPANY (PRIVATE) LIMITED	691,548	0.22
HSBC (SINGAPORE) NOMINEES PTE LTD	683,300	0.22
PHILLIP SECURITIES PTE LTD	646,700	0.21
CHENG KAI LAN	573,600	0.18
UOB KAY HIAN PTE LTD	483,500	0.15
PANG CHEOW JOW	400,000	0.13
TAN KUANGXU	398,000	0.13
JUSIN PRIVATE LIMITED	300,000	0.1
GOEI BENG GUAN ALEX	275,000	0.09
TOTAL:	271,753,042	87.16

SUBSTANTIAL SHAREHOLDER	NO. OF SHARES	%
COMFORTDELGRO CORPORATION LIMITED	232,125,512	74.45

As at 27 February 2019, approximately 25.52% of the issued shares of SBS Transit Ltd is in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

# 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-Sixth Annual General Meeting\* of the Company will be held on Thursday, 25 April 2019 at 10.00 a.m. at:

**AUDITORIUM****SINGAPORE CHINESE CULTURAL CENTRE****1 STRAITS BOULEVARD****SINGAPORE 018906**

The Annual General Meeting ("AGM") is for the purpose of transacting the following business:

**ORDINARY BUSINESS:**

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the Financial Year ended 31 December 2018 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a tax-exempt one-tier final dividend of 7.1 cents per ordinary share in respect of the Financial Year ended 31 December 2018. **(Resolution 2)**
3. To approve the payment of Directors' fees of \$507,732 for the Financial Year ended 31 December 2018. (FY2017: \$459,738) **(Resolution 3)**
4. To re-elect Mr John De Payva, a Director retiring pursuant to Regulation 100 of the Company's Constitution. [Please refer to Explanatory Note (a)] **(Resolution 4)**
5. To re-elect Professor Lim Seh Chun, a Director retiring pursuant to Regulation 100 of the Company's Constitution. [Please refer to Explanatory Note (b)] **(Resolution 5)**
6. To note that Mr Wee Siew Kim will be retiring pursuant to Regulation 100 of the Company's Constitution and he will not be seeking re-election at this AGM.
7. To re-elect Mr Lim Siang Hoe Benny, a Director retiring pursuant to Regulation 106 of the Company's Constitution. [Please refer to Explanatory Note (c)] **(Resolution 6)**
8. To re-elect Professor Yu Ching Man, a Director retiring pursuant to Regulation 106 of the Company's Constitution. [Please refer to Explanatory Note (d)] **(Resolution 7)**
9. To re-appoint Messrs Deloitte & Touche LLP as Auditors and authorise the Directors to fix their Remuneration. **(Resolution 8)**

\* Light refreshments will be served after the Annual General Meeting

**BOOKS CLOSURE 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 2019 for the purposes of determining Shareholders' entitlements to the proposed tax-exempt one-tier final dividend of 7.1 cents per ordinary share for the Financial Year ended 31 December 2018.

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 6 May 2019 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 6 May 2019 will be entitled for the proposed final dividend.

The final dividend, if approved by the Shareholders at the Twenty-Sixth Annual General Meeting of the Company, will be paid on 13 May 2019.

By Order of the Board

Chan Wan Tak, Wendy  
Yeo Tee Yeok, Edwin  
Joint Company Secretaries  
Singapore  
26 March 2019

Notes:

- 1 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

- 2 A proxy need not be a member of the Company.
- 3 The instrument appointing a proxy or proxies (a form is enclosed) must be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 72 hours before the time appointed for holding the Annual General Meeting.

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**NOTICE OF ANNUAL GENERAL MEETING**

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 penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**Explanatory Notes**

- (a) Ordinary Resolution 4. Mr John De Payva, if re-elected<sup>1</sup>, will continue to serve as the Lead Independent Director, Chairman of the Remuneration Committee and a Member of the Nominating Committee.
- (b) Ordinary Resolution 5. Professor Lim Seh Chun, if re-elected<sup>1</sup>, will continue to serve as Chairman of the Service Quality Committee and a Member of the Audit and Risk Committee. Professor Lim is considered to be independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST.
- (c) Ordinary Resolution 6. Mr Lim Siang Hoe Benny, if re-elected<sup>1</sup>, will continue to serve as a Member of the Audit and Risk Committee and the Nominating Committee. Mr Lim is considered to be independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST.
- (d) Ordinary Resolution 7. Professor Yu Ching Man, if re-elected<sup>1</sup>, will continue to serve as a Member of the Remuneration Committee and the Service Quality Committee.

<sup>1</sup> Detailed information on the Directors 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 2018 Annual Report of the Company.

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## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following additional information on Mr John De Payva, Professor Lim Seh Chun, Mr Lim Siang Hoe Benny and Professor Yu Ching Man, all of whom are seeking re-election as Directors at the 26<sup>th</sup> Annual General Meeting, is to be read in conjunction with their respective biographies on pages 9 to 13.

	<b>JOHN DE PAYVA (Non-Executive &amp; Lead Independent Director)</b>
Country of principal residence	Singapore
The Board's comments on this appointment	Mr De Payva's wealth of experience in labour movement and institutional knowledge with the Group will continue to enhance board deliberations and contribute towards the core competencies of the Board.
Working experience and occupations(s) during the past 10 years	<p><b>2009 – 2018</b>            President Emeritus of National Trades Union Congress (NTUC) (since 2011)            Executive Director and Secretary-General Emeritus of Singapore Manual and Mercantile Workers' Union (SMMWU) (since 2012)            Executive Director and Secretary-General of SMMWU (till 2011)            Advisor (International Relations) of NTUC            President of NTUC (till 2011)            President Emeritus of NTUC (since 2011)            Vice President of International Trade Union Confederation (ITUC) (Brussels) General Council and Executive Bureau (since 2000)            Vice President of ITUC Asia Pacific (Singapore) General Council (since 2000)            Chairperson of ITUC Asia Pacific (Singapore) Executive Bureau (since 2000)            Trustee of Board of Trustees of National Transport Workers' Union            Member of Board of Governors of Ong Teng Cheong – Institute of Labour Studies            Trustee of Board of Trustees of National Transport Workers' Union (since 2012)            Director of SLF Leisure Enterprises (Pte) Ltd and Pasir Ris Resort Pte Ltd (since 2012)            Director of Pasir Ris Resort Pte Ltd (2012 – 2015)            Trustee of Board of Trustees of DBS Staff Union (since 2017)            Advisor of Education Services Union (since 2018)            Board member of Union Network International (UNI) (since 2018)            Chairman of UNI-professional and Managerial (Asia Pacific Regional office) (since 2018)</p>

<b>LIM SEH CHUN (Non-Executive &amp; Independent Director)</b>	<b>LIM SIANG HOE BENNY (Non-Executive &amp; Independent Director)</b>	<b>YU CHING MAN (Non-Executive &amp; Independent Director)</b>
Singapore	Singapore	Singapore
Prof Lim's extensive knowledge in mechanical engineering will continue to enhance board deliberations and help Management steer towards the Group's growth vision.	Mr Lim has vast experience in national security and intelligence which will continue to enhance board deliberations and contribute towards the core competencies of the Board.	Prof Yu's expertise in aerospace and rail engineering will provide greater balance and diversity of skills, experience and knowledge amongst Directors and continue to contribute towards the core competencies of the Board.
<p><b>2014 – 2018</b> Associate Provost for Student Affairs at Singapore University of Technology and Design</p> <p><b>2009 - 2014</b> Deputy Dean of Faculty of Engineering at National University of Singapore</p>	<p><b>2017 – 2018</b> Chairman of Temasek Foundation Connects CLG Limited (since 2016) and Rysense Ltd (since 2017)</p> <p>Director of Tridex Pte Ltd (since 2017) and Raffles Health Insurance Pte Ltd (since 2017)</p> <p>Chairman of the National Parks Board (since 2018)</p> <p>Special Advisor to the Centre for Liveable Cities (Ministry of National Development) (since 2016)</p> <p>Special Advisor to the National Security Studies Programme of the S. Rajaratnam School of International Studies (Nanyang Technological University) (since 2017)</p> <p>Member of the National Records Advisory Committee (National Library Board) (since 2018)</p> <p><b>2011 – 2016</b> Permanent Secretary of Prime Minister's Office Permanent Secretary of National Security and Intelligence Coordination Permanent Secretary of Ministry of National Development</p> <p><b>2005 – 2011</b> Permanent Secretary of Ministry of Home Affairs</p> <p><b>2004 – 2011</b> Chairman of Homefront Crisis Executive Group</p>	<p><b>2018</b> Professor and Head of Interdisciplinary Division in Aeronautical and Aviation Engineering at Hong Kong Polytechnic University</p> <p>Trainer for Holistic Gas Turbine at Rolls Royce Singapore (since 2010)</p> <p><b>2013 – mid 2018</b> Professor and Founding Programme Director for Sustainable Infrastructure Engineering (Land and Building Services) at Singapore Institute of Technology (till mid 2018)</p> <p><b>2015 – 2018</b> Adjunct Professor, Dept of Architecture and Building Sciences at Xi'an JiaoTong University, China</p> <p><b>2009 – 2013</b> Founding Director, NTU-TUM Full-time Master of Science Programme in Aerospace Engineering at Nanyang Technological University (NTU)</p> <p>Head, Division of Aerospace Engineering, School of Mechanical and Aerospace Engineering at NTU</p>

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

	<b>JOHN DE PAYVA (Non-Executive &amp; Lead Independent Director)</b>
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
(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
(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





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**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

	<b>JOHN DE PAYVA (Non-Executive &amp; Lead Independent Director)</b>
(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,	
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(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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**LIM SEH CHUN**  
**(Non-Executive &**  
**Independent Director)****LIM SIANG HOE BENNY**  
**(Non-Executive &**  
**Independent Director)****YU CHING MAN**  
**(Non-Executive &**  
**Independent Director)**

No

No

No

No

No

No

No

No

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. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF 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 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 26 March 2019.

I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport Number)  
of \_\_\_\_\_ (Address)

being a member/members of SBS Transit Ltd (the "Company") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholding (%) (Note 2)

and/or (delete as appropriate)

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or failing him/them, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held on Thursday, 25 April 2019 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
<b>Ordinary Business</b>			
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Mr John De Payva as Director		
5.	Re-election of Professor Lim Seh Chun as Director		
6.	Re-election of Mr Lim Siang Hoe Benny as Director		
7.	Re-election of Professor Yu Ching Man as Director		
8.	Re-appointment of Auditors and authorising Directors to fix their remuneration		

\* Voting will be conducted by Poll. If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (v) within the box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of shares in the boxes provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

**Total Number of Shares Held (Note 1)**

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal

### IMPORTANT: PLEASE READ NOTES OVERLEAF

Should a member wish to receive acknowledgement of receipt of the Proxy Form from the Company, please provide your email address and/or mobile phone number.

Email Address: \_\_\_\_\_ Mobile Phone No: \_\_\_\_\_

**LIGHT REFRESHMENTS WILL BE SERVED AFTER THE AGM**

**NOTES:**

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he 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. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.  
  
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
3. A proxy need not be a member of the Company.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 72 hours before the time set for the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his 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.
7. Where an instrument appointing a 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.
8. 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

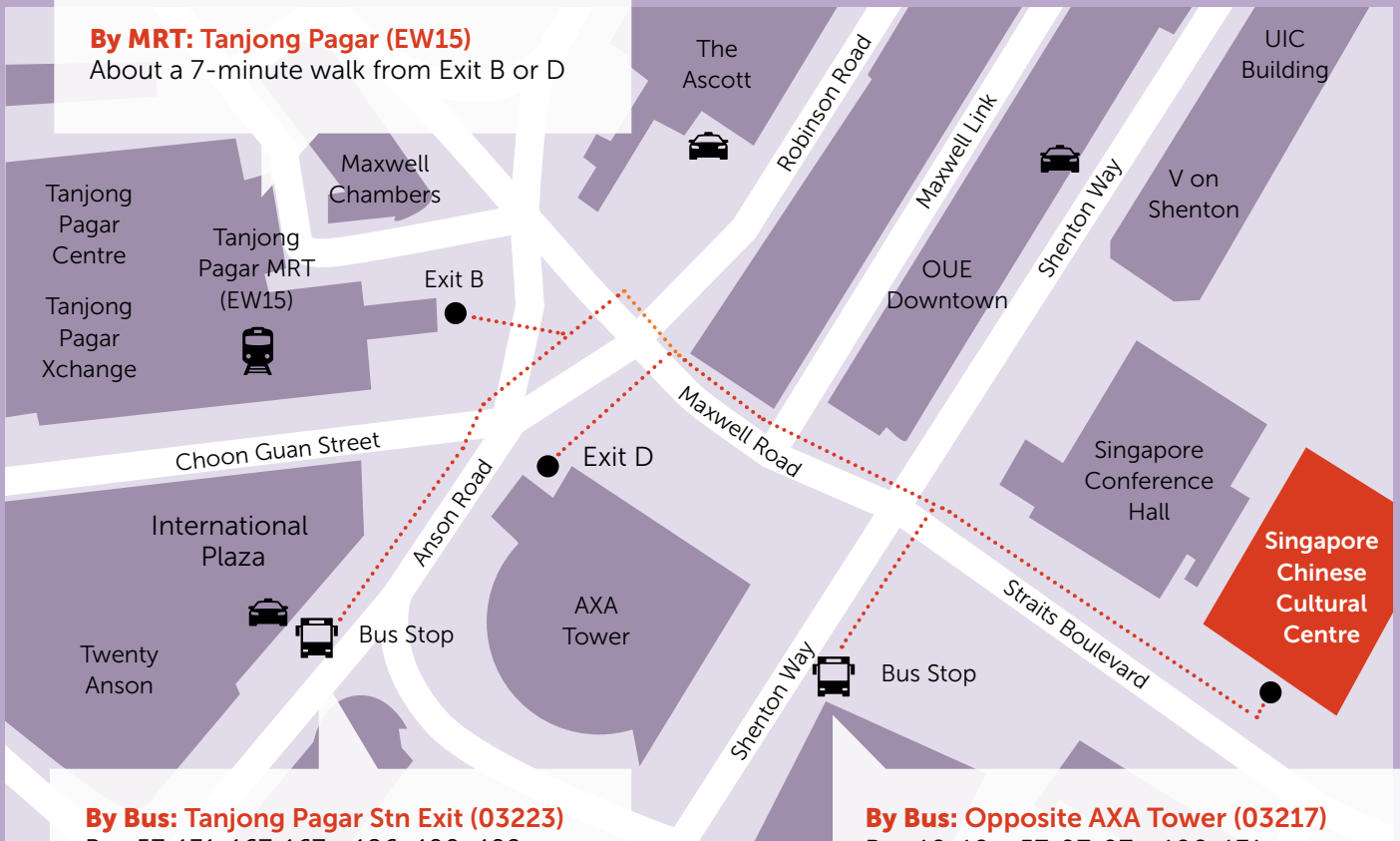
*This flap is for sealing. Glue all sides firmly. Stapling and spot sealing are disallowed.*

*Glue all sides firmly. Stapling and spot sealing are disallowed.*

*Glue all sides firmly. Stapling and spot sealing are disallowed.*

**By MRT: Tanjong Pagar (EW15)**

About a 7-minute walk from Exit B or D



**By Bus: Tanjong Pagar Stn Exit (03223)**

Bus 57, 131, 167, 167e, 186, 400, 402, 700, 970, 971E

About a 10-minute walk from the bus stop

**By Bus: Opposite AXA Tower (03217)**

Bus 10, 10e, 57, 97, 97e, 100, 131, 502, 971E, 982E

About a 5-minutes walk from the bus stop

**PLEASE NOTE THAT THIS YEAR'S ANNUAL GENERAL MEETING WILL BE HELD AT:**

AUDITORIUM  
SINGAPORE CHINESE CULTURAL CENTRE  
1 STRAITS BOULEVARD  
SINGAPORE 018906

Light refreshments will be served after the Annual General Meeting

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