

Annual Report

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OUR VISION

Moving people in a safe, reliable and affordable way.

OUR MISSION

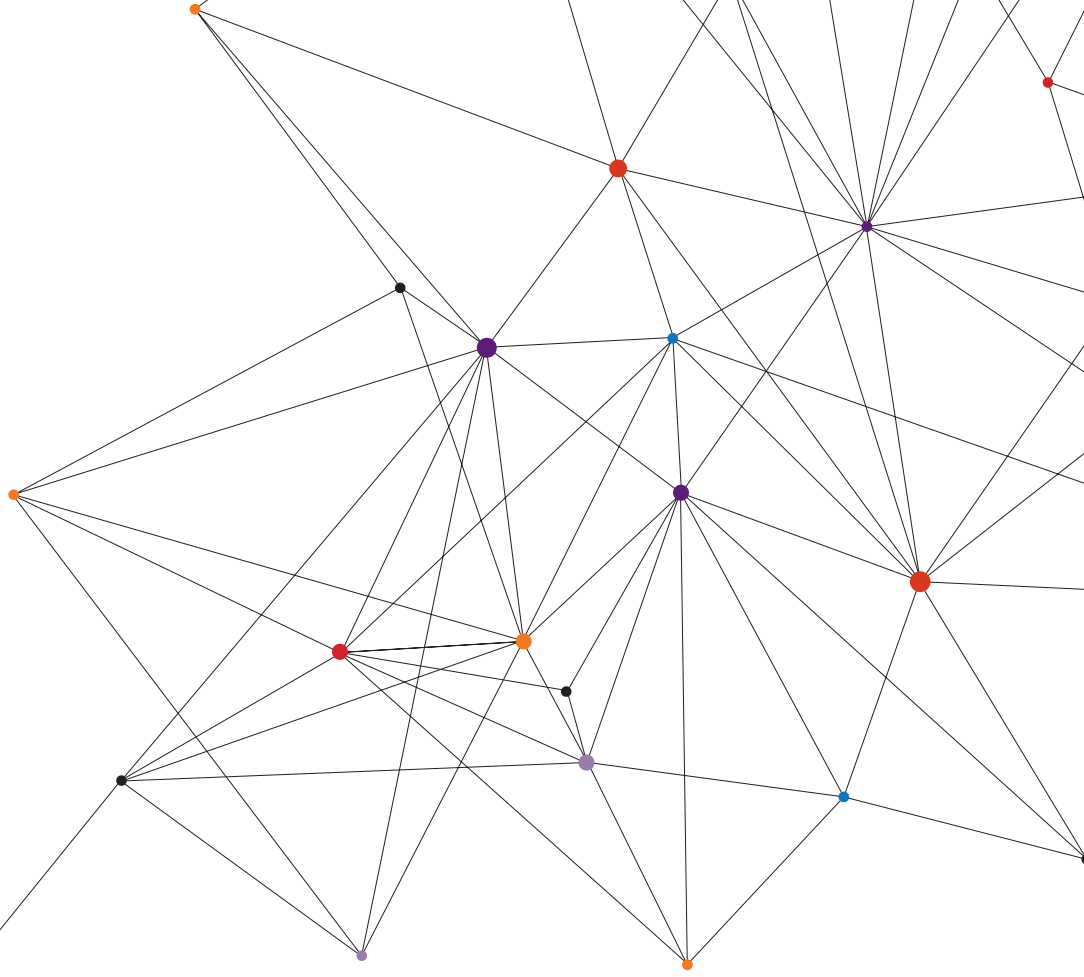
To achieve excellence for our customers, employees, shareholders and community. To this end, we are committed to delivering safe and reliable services at affordable prices, being an employer of choice, creating significant shareholder value and becoming a socially responsible corporate role model.

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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CHAIRMAN'S STATEMENT



INTRODUCTION

The Bus Contracting Model (BCM), introduced in 2016, entered its fourth year of implementation in 2019 with 14 packages made up of negotiated and tendered contracts. As some of the original contracts are coming to an end soon, the Land Transport Authority (LTA) has decided to introduce competition by cluster in the next tender. With this, two packages have been put up for tender simultaneously with tenderers given the option of bidding for either one, or both, of the packages together. The objective is to level the playing field between big and small operators.

In January 2020, the rail network in Singapore expanded with the opening of the Thomson-East Coast Line (TEL). Unlike other Lines before it, the TEL was not tendered as a whole package but had its non-fare revenue carved out as a separate business from operations. This is significant and it is likely to be the model upon which all future Lines are fashioned on.

Reliability of rail performance in Singapore continued to improve by leaps and bounds with the average Mean Kilometres Between Failure (MKBF) exceeding the one million train-km target set by the Minister for Transport. This has been achieved at great financial expense. To ensure equitable sharing among the authorities, operators and commuters, train fares were increased.

In keeping up with advancements in technology, we continue to conduct trials in autonomous vehicles (AV). The Government will also be introducing AVs in selected new towns.

In an attempt to meet the adverse effect of climate change, use of cleaner energy will be introduced in land transport. The Government has set a target of deploying electric vehicles on the road by 2040. To achieve this target, hybrid vehicles will be



NEL achieved an MKBF of 1.38 million train-km while the DTL clocked 1.14 million train-km.

intensely used while at the same time, electric vehicles will be put on the roads for trials.

The unexpected outbreak of the COVID-19 novel coronavirus at the beginning of 2020 will undoubtedly have a negative impact not just on ridership, but the general economy as well.

AUTONOMOUS VEHICLES

A major highlight in 2019 was our active involvement in the three-month long public trial of driverless buses on Sentosa Island with ST Engineering. Operated as an on-demand service, visitors on the island could book a shuttle ride on any of the four autonomous buses to get to popular destinations along the 5.7km route.

In addition, we are operating AVs on Jurong Island in a separate trial, also with ST Engineering. Unlike the vehicles used on Sentosa which have a maximum capacity of 11 passengers, the AVs on Jurong Island are 12-metre long, similar in length to public scheduled buses.

ComfortDelGro, our parent company, together with Inchcape Singapore, the National University of Singapore (NUS) and a French start-up, EasyMile, are also conducting an AV trial for a shuttle service on the NUS campus. They started the trial in July 2019 and it covers a route of 1.6km.

PUBLIC TRANSPORT SERVICES

We remained the largest public bus operator in Singapore with a market share of 61.1%. In 2019, we managed 223 bus routes – one more than in 2018 – and operated about 31,000 trips a day. Our fleet of 3,512 buses were garaged in seven bus depots and one bus park and they operated from 17 bus interchanges and 14 bus terminals.

The inaugural On-Demand Public Bus Services trial, where we operated five bus routes – three in the Joo Koon area and two in the Marina-Downtown area – for the LTA ended in June 2019. Conducted during off-peak hours on weekdays, commuters could book a ride with an app and request to be picked up and dropped off at any bus stop within the defined areas, even if the services did not normally stop at a certain bus stop on their regular routes. Upon the conclusion of the trial, the LTA announced that such bus services were not cost-effective due

to the high technology costs required in scaling up. The three Joo Koon bus services thereafter resumed their regular pre-trial schedules while the two Marina-Downtown bus services merged.

Demand for our rail services continued to grow albeit at a modest rate of 3.9% in 2019. On the 42-km long Downtown Line (DTL), ridership increased by 6.0% to 174 million while demand on the 17-year-old North East Line (NEL) grew marginally by 1.6% or 3.5 million to 219.3 million. For the 28-station Sengkang Punggol Light Rail Transit (SPLRT) systems, average daily ridership stood at 140,456 which is 6.7% or 8,873 higher than in 2018.

For the year under review, DTL operated 4,228 weekly trips or 5.0% lower than 2018 with trains running at a frequency of 2.5 minutes during peak hours and 5.5 minutes during off-peak periods. Likewise, NEL operated 4,029 trips a week or 3.2% lower than the previous year with trains arriving at between 2.25 and 2.5 minutes during peak hours and 5.5 minutes during off-peak hours. On the other hand, the SPLRT systems increased the number of trips operated a week by 12.0% or 1,927 to 17,967 to cater to the increase in ridership demand.

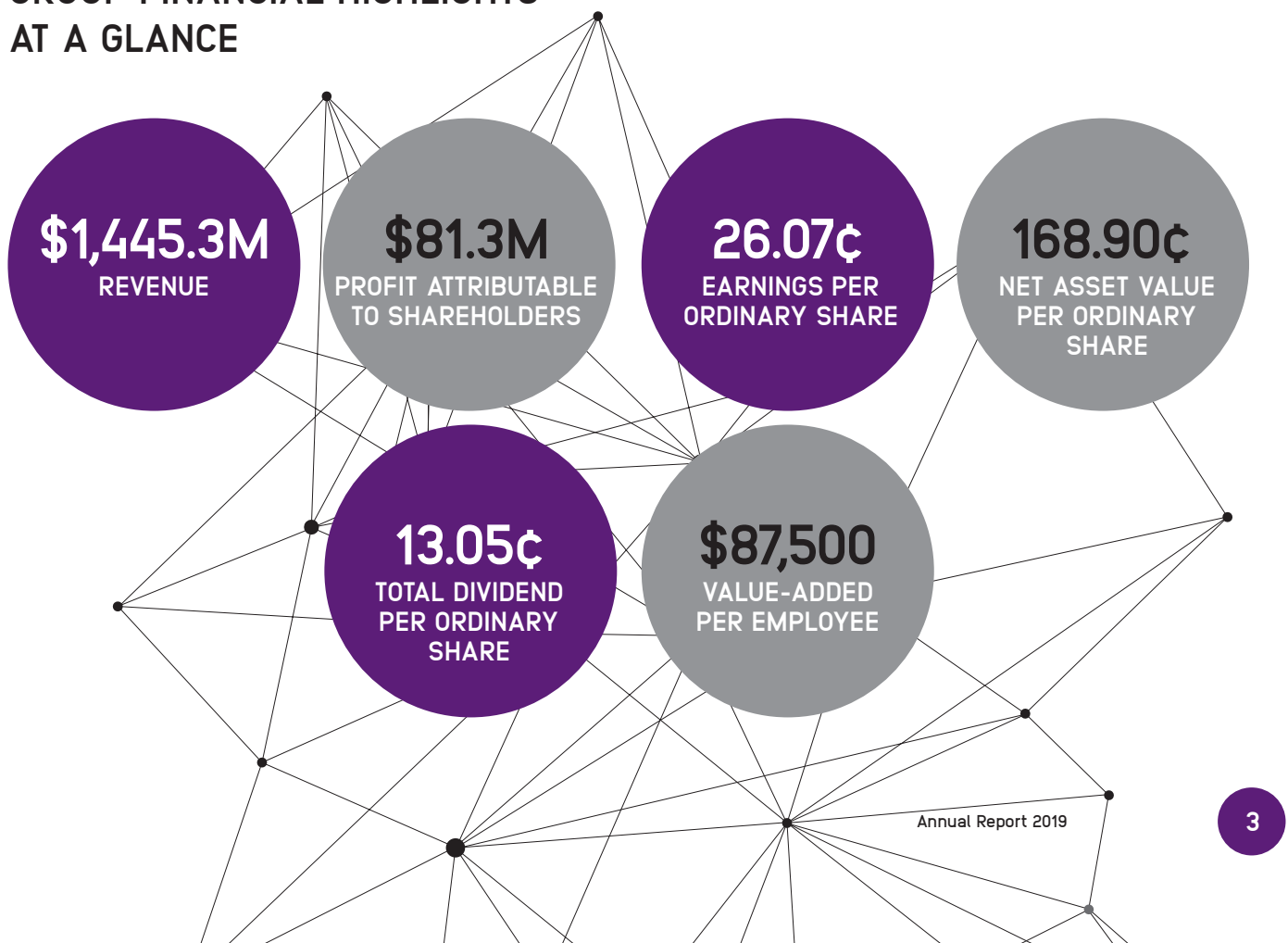
In train service reliability, there were no major disruptions on the NEL and DTL in 2019. There were however 11 instances of delays which were 15.0% lower than the year before. Consequently, NEL achieved an MKBF of 1.38 million train-km

while the DTL clocked 1.14 million train-km, both of which exceeded the one-million target set for 2020 by the Minister for Transport. The SPLRT clocked an MKBF of 251,000 train-km in 2019 compared to the nationwide LRT network's average of 154,000 train-km.

To boost rail reliability, we set up an Integrated Maintenance Diagnostics Centre (IMDC) at the NEL depot. It provides responsive and pre-emptive technical advice for incident recovery and impending failures by bringing together the relevant technical expertise to the Operations Control Centre. Equipped with real-time monitoring, data analytics and anomaly detection capabilities, it is able to pre-empt incipient faults where intervention efforts can be carried out to avoid a service disruption. The DTL depot in Gali Batu will also set up its own IMDC by 2021.

Driven towards achieving rail excellence, we continued to learn and adopt best practices from experienced railway operators from around the world. We held our second annual forum in October 2019 with the Taipei Rapid Transit Corporation (TRTC). TRTC manages Taipei Metro which is reputed to be the most reliable MRT system in the world. In 2018, we had signed a Memorandum of Understanding (MOU) with TRTC to leverage on each other's skills and experiences in operations, maintenance and engineering. Two other MOUs – one with France's RATP Dev and the other with Japan's JR East – were also signed in 2019 with similar outcomes to be achieved through study visits and training stints.

GROUP FINANCIAL HIGHLIGHTS AT A GLANCE



CHAIRMAN'S STATEMENT

To focus on new technologies to drive greater efficiency, two new departments – Future Systems and Technology and Rail Development – have been set up respectively in our bus and rail divisions.

The Land Transport Master Plan 2040 (Plan) was unveiled during the year. It is the Government's intention to have a 45-minute city with 20-minute towns. This essentially means that all journeys to the nearest neighbourhood centre using Walk-Cycle-Ride modes of transport will take less than 20 minutes and 9 in 10 peak-period journeys using the same Walk-Cycle-Ride will be completed in less than 45 minutes. The Plan also conveys the policies of "Transport for All" and "Healthy Lives, Safer Journeys".

To this end, the rail network will expand to 360 km by 2030. Bus speeds will improve with 211 km of bus lanes throughout Singapore as well as Transit Priority Corridors. The cycling path network will expand to 1,320 km by 2030. Self-driving bus services will be introduced. By 2040 also, the entire bus and taxi fleet will use cleaner energy. AVs will be deployed together with on-demand dynamically-routed buses in pilot programme in new towns in Punggol, Tengah and the Jurong Innovation District. However, the trial for on-demand bus plans in the busy Central Business District was dropped because of poor participation and higher running costs compared to regular-fixed-route buses.

SUSTAINABILITY

We continued to put in resources in promoting sustainability in all aspects of our business. In environmental sustainability, 79% of our bus fleet is at least Euro 5 compliant. We conducted a six-month trial of 25 hybrid buses for the LTA which started in December 2018. These diesel-hybrid buses were deployed on three bus services and continued to be operated on these routes after the trial ended.

In recognition of our environmental efforts that included installation of solar panels, piping in of NEWater for bus washing and other green initiatives, our Ulu Pandan Bus Depot was conferred the Green Mark Platinum (Super Low Energy) Award by the Building and Construction Authority (BCA) in February 2020.

In the area of safety, we maintained our accident rate of 0.12 per 100,000 km, similar to that of 2018's. Besides instituting safety protocols, policies and procedures, we continued to invest in training and technology to help our Bus Captains (BCs) to be safer drivers. With our entire fleet now fitted with Mobileye, which is an advanced driver assistance system that alerts BCs to an impending collision, the number of head-to-rear accidents has dropped. We are also working with the LTA to install a blinker light sensor system on selected parking lots in our interchanges to reduce the risk of collision by alerting BCs of oncoming or reversing buses. To-date, five interchanges have been fitted with this system and more are being planned for 2020.

We believe that doing business involves more than just the heart. It also involves the soul. For this reason, we launched a community initiative known as the MAGIC CARES Van programme to reach out to the elderly in our community. Partnering a social enterprise, I'm Soul Inc, it employs the sound beam technology and encourages the elderly to make movements and dance to create music. The programme was officially launched by the Minister for Transport on 10 October 2019 and two engagement sessions are being held every week in Toa Payoh and Ang Mo Kio.

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

RECOGNITION AND AWARDS

Our market capitalisation as at 31 December 2019 was \$1.2 billion – the second time in more than a decade that we have exceeded \$1 billion. SBS Transit was ranked in the 91st spot among Singapore companies; 18 places higher than the year before. We were also recognised as the "Best-Performing Stock for the Transport / Storage / Communications sector" by The Edge Singapore's Billion Dollar Club. SBS Transit was also named by The Straits Times and Statista, a global research firm, one of Singapore's 100 fastest growing companies with revenue growth from 2015 to 2018.

At the Securities Investors Association's 20th Investor Choice Awards 2019, we were Runner-up in the Most Transparent Company, Consumer Discretionary Category.

SBS Transit outperformed the FTSE ST All-Share Index and FTSE ST Mid-Cap Index by 35.2% and 31.1% points respectively.

In March 2019, in recognition of our efforts towards improving rail reliability, the Ministry of Transport awarded NEL the inaugural Challenge Shield for being the "Most reliable MRT Line". NEL and DTL also clinched the top two spots respectively in the "Best Land Transport Operations and Maintenance Initiative" Category while five of our staff were recognised as Outstanding Service Individuals (Public Transport) at the 2019 Land Transport Excellence Award.

At the LTA's Annual Safety Award Convention, our Bus Division was honoured with the "Safe Bus Operator of the Year (Excellence) award" while DTL received the "Safe Rail Line of the Year (Merit) award".

Our employees also gave us good reasons to be proud of them. Among them were Senior Assistant Station Manager, Mr Mohamed Ferdaus Mohamed Yusoff, who had risked his own safety to save a young child from falling five metres down from the top of a moving escalator and Senior BC Saw Cheong Seng who turned in about \$40,000 in cash that had been left behind on his bus.

Efforts by the Government to improve land transport have borne fruit as evidenced by the findings of the Annual Public Transport Customer Satisfaction Survey, conducted between mid-September and early October 2019 with results released in February 2020. The mean satisfaction score was 7.8 out of 10, a slight decline from 7.9 a year earlier. Overall, satisfaction levels rose to 99.4% from 97.9% with bus achieving 99.3% (2018: 98.0%) and mass rapid transit (MRT) 99.5% (2018: 97.8%). The score for MRT service was 7.7 compared to 7.9 in 2018. Rail reliability improved to 7.9 from 7.6. This is a result of the MKBF doubling to 1.32 million train-km from 0.66 million. Presently, all the MRT lines are exceeding the one million mark set by the Minister for Transport. In the case of bus service, the score was maintained at 7.9. Again, the improvement could be due to the implementation of the BCM in 2016.

FARE REVISION

In 2019, public transport fares were higher than the year before. Fares were adjusted upwards by 4.3% from 29 December 2018. This was the first increase in three years implemented by the Public Transport Council (PTC) based on its new fare formula which came into effect in 2018 and will be valid until 2022. Another 7% was increased from 28 December 2019.

As the provision of bus services now comes under the BCM, the fare revision affects only on our rail revenue. With costs continuing to rise due mainly to higher repairs and maintenance, these increases help mitigate some of the cost pressures we continue to face in our rail operations.

We are highly cognisant of the fact that any fare revision will have an impact on needy commuters. As such, we are contributing about \$1.9 million towards the Public Transport Fund to help needy families cope better with the fare increase.

COVID-19

The outbreak of COVID-19 in February 2020 has understandably created panic and anxiety in our community. For the protection of our commuters and employees, we have stepped up the cleaning and disinfection of our premises and vehicles. We have also placed hand sanitisers at the Passenger Service Centres for use by commuters and staff at our premises and have also issued personal-sized ones to all our employees. Our employees also carry out temperature checks twice a day and are constantly reminded to wash their hands with soap regularly. To boost immunity, we also dish out Vitamin C tablets to our staff.

In commuter education, we have put up posters on our premises and are making use of our communication platforms on social media to push out personal hygiene messages.

Our Business Continuity Plans have also been activated as we split our employees into teams to work at different locations. Telecommuting is also an option offered to employees.

Although this is a difficult time, I am heartened to know that it also brought out the best in many individuals who have come forward to cheer our frontliners on with words of appreciation and gifts.

FINANCIAL PERFORMANCE

Group Total Revenue for 2019 increased by 4.5% from \$1,383.6 million to \$1,445.3 million.

In Public Transport Services (bus and rail), revenue increased by 4.4% or \$58.0 million to \$1,383.3 million, which can be attributed mainly to the higher bus service fee coupled with a higher rail fare revenue. The increase in ridership and a higher average fare as a result of the 2018 fare revision contributed to the higher rail fare revenue.

Revenue from Other Commercial Services increased by 6.3% or \$3.7 million to \$62.0 million. The increase came mainly from higher advertising income.

The increase in Group Total Revenue of \$61.7 million was offset by an increase in Group Operating Expenses of 4.3% or \$55.5 million due mainly to higher repairs and maintenance costs, higher depreciation, higher fuel and electricity costs, higher manpower costs and higher other operating costs. As a result, Group Operating Profit increased by \$6.2 million or 6.4% to \$103.5 million.

At the Group level, net profit attributable to shareholders increased by 1.5% from \$80.1 million to \$81.3 million.

Earnings per share was 26.07 cents, 1.4% higher than the 25.72 cents earned previously. As at 31 December 2019, total equity for the Group increased by 5.7% to \$526.7 million due mainly to the profits generated from operations which was offset by the payment of dividends and prior years' adjustment arising from the adoption of SFRS(I) 16.

Your Directors have proposed a tax-exempt one-tier final dividend of 5.90 cents per share. Together with the tax-exempt one-tier interim dividend of 7.15 cents per share paid earlier, the total tax-exempt one-tier dividend to be paid out in 2019 will be 13.05 cents per share, 1.2% higher than the previous year. The dividend payout of 50.0% is in line with our dividend policy of distributing at least half of our profits as dividends. Based on year-end closing price of \$3.83, the dividend yield is 3.4%.

DIRECTORS

I wish to welcome two new Directors – Ms Chua Mui Hoong and Dr Tan Kim Siew – who joined us in 2019. The former is the current Opinion Editor of The Straits Times while the latter is an illustrious retired civil servant and now serves as a Senior Consultant in the Ministry of Finance. With Ms Chua on board, our female director participation rate now stands at 30%, exceeding the 20% target set by the Council for Board Diversity. Numerically we have three female directors out of a board of 10.

CHAIRMAN'S STATEMENT

We have been retiring long tenure directors in the last four years as part of our Board Renewal process. SBS Transit will not retire any director at the forthcoming Annual General Meeting (AGM) under its nine-year rule as its lone independent director with more than nine years of service was re-elected at the 2019 AGM.

It is inevitable that with such early acceleration of planned retirement of directors with more than nine years of service at each AGM, and new directors appointed annually, the pace for retirement of long-tenure directors will slow down as it is our intention to have a balance of directors with different years of service to maintain continuity. Now that our succession plans of director renewals have been put in place after four consecutive years of active execution, the slowdown of the pace will allow directors to settle down and consolidate their plans, build on teamwork and board-management relationships.

We have a good mix of skill-sets among our directors in technology, engineering, finance, legal, media, labour movement and governmental relations, the right ingredients for us to continue to move forward in the unique Singapore tripartite style.

Directors have to work as teams. They have to work well with management in mapping strategies and setting directions. They should guide, advise and counsel management and staff with realistic examples and effective networking. The challenge is to ensure that all views of our varied directors are considered and no group-think exists.

Our Directors together with Senior Management held a retreat in July 2019 to review the Group's strategic plans for the future and provided helpful advice, astute guidance and invaluable insights to sharpen the direction and strategies the Group should take for the next few years. It is our plan to convene the retreat once every two years.

We have also established a new Tender Steering Committee at the Board level to offer advice and guidance to the Management on the strategies to adopt and the quality of the proposals for tender submissions.

CODE OF CORPORATE GOVERNANCE (CODE 2018)

In the Annual Governance and Transparency Index Survey 2019 (11th year), SBS Transit improved by three points to 87 and performed significantly better than the average score of 59.3 of the 578 listed companies surveyed. We retained our 40th spot on the list and rank within the top 7% of all the listed companies.

We remained committed to upholding high standards of corporate governance in line with the Code 2018 which took

effect in 2019. Discounting ComfortDelGro's nominees and non-independent Director to the SBS Transit Board, there is only one director out of eight or 13% in the SBS Transit Board with over nine years of service. We should have no difficulty adopting the nine-year rule.

As a requirement under the new Code 2018, the Board and its committees undertook self-evaluation exercises. A fresh set of forms, prepared by external consultants, was used for the first time.

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

The Company is committed and adheres to the Code 2018 issued by the Monetary Authority of Singapore dated 6 August 2018 and ensures that it is upheld throughout the Group. The Company has also adopted a Code of Business Conduct, which sets out the principles and policies upon which the Company's 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.

THE YEAR AHEAD

The year ahead is expected to be a tough one. As we progress in 2020, it remains unclear how the COVID-19 crisis will turn out in the months ahead but a prolonged outbreak is anticipated. The crisis and the measures to fight it will result in economic slowdown and correspondingly affect ridership on our public transport network. The Government has also downgraded its 2020 economic growth forecast to between - 0.5 and 1.5%, indicating a possible recession due to a weakened outlook after the outbreak of COVID-19.

Electric buses are expected to hit the roads in 2020. We have taken delivery of some of these environmentally friendly buses from the LTA earlier this year and our BCs and engineering staff have been trained to operate them. Our technicians and engineers had also gone overseas to a China manufacturer to learn more about their maintenance in the past year.

In our rail division, we look forward to tenders being called for the operation and maintenance of the Jurong Region Line (JRL) as well as the Cross Island Line (CRL). The 24-km long JRL with

24 stations will be the seventh MRT line and serve the western part of Singapore including the Jurong Lake District, the Jurong Innovation District and the Nanyang Technological University. An elevated line, it is scheduled for opening in three phases starting from 2026. On the other hand, the 50-km long CRL will serve as a critical transport infrastructure that will greatly improve connectivity for commuters across Singapore. As almost half of its more than 30 stations will interchange with other existing MRT lines, it will raise the MRT network resilience. Similar to the JRL, it will be built in three stages with the first phase of 29 km starting in 2020 and scheduled for completion in 2029.

Concurrently, the LTA announced that Hume Station on the DTL is expected to be opened no later than 2025 and works are in progress. The Punggol Coast Station on the NEL is planned for opening in 2023.

APPRECIATION

I would like to take this opportunity to thank Mr Yang Ban Seng, the Executive Deputy Chairman, for his leadership in guiding the Company through this period of transition as its interim Chief Executive Officer (CEO). Ban Seng is concurrently also the Managing Director and Group CEO of ComfortDelGro, the parent company of SBS Transit.

I would like to congratulate Mr Cheng Siak Kian who has been promoted to Acting CEO on 1 March 2020. Siak Kian is no stranger to SBS Transit, having joined its bus division in September 2015 before he was posted to New South Wales, Australia, as CEO of ComfortDelGro's bus business there. He was appointed Chief Operating Officer on 1 July 2019 to assist Ban Seng in the management of the Company. I look forward to Siak Kian's further contributions.

I would also like to extend my appreciation to Management and Staff for all their hard work and unstinting commitment in not only meeting but also rising to the constant challenges of the dynamic public transport industry. I value their dedication and support in making SBS Transit a reliable public transport operator in bus and rail services.

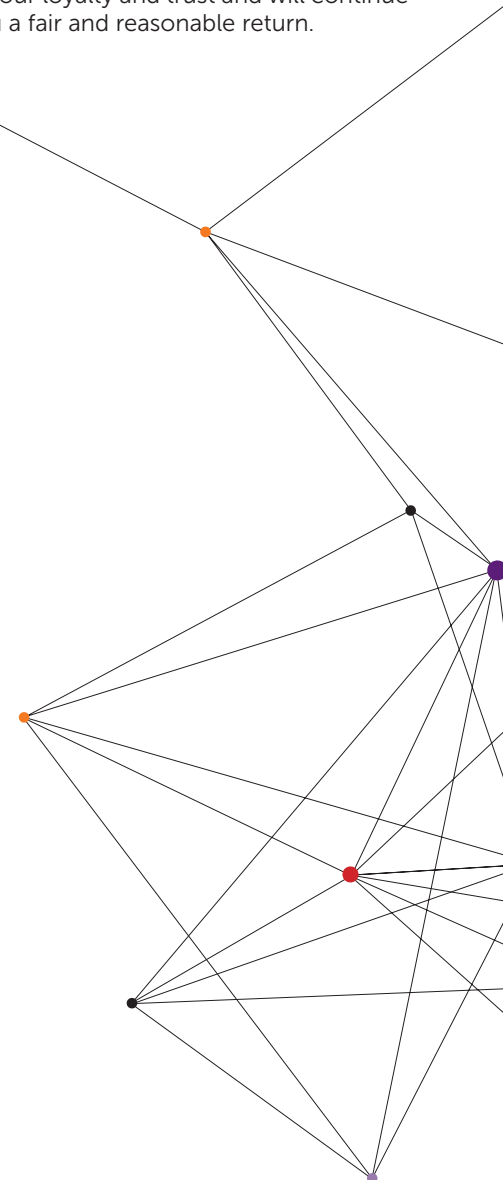
To my fellow Directors, thank you for your invaluable advice, continued guidance and unwavering support.

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

To our Commuters, thank you for your continued support and patronage. We remain committed to improving our services and service standards to enhance your travel experience with us.

Last but by no means least, my appreciation to our Shareholders, many of whom have been with us for a considerable length of time. We thank you for your loyalty and trust and will continue to work hard to give you a fair and reasonable return.

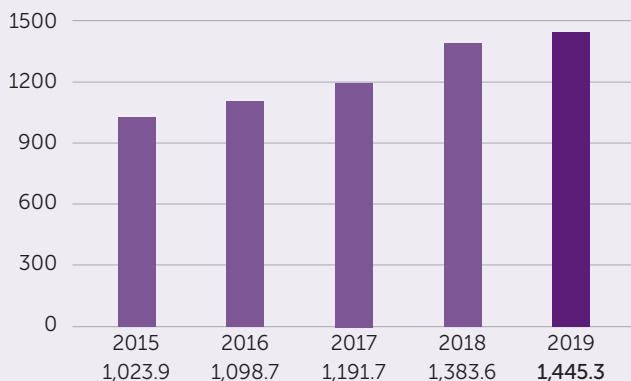
LIM JIT POH ●
Chairman
MARCH 2020



GROUP FINANCIAL HIGHLIGHTS

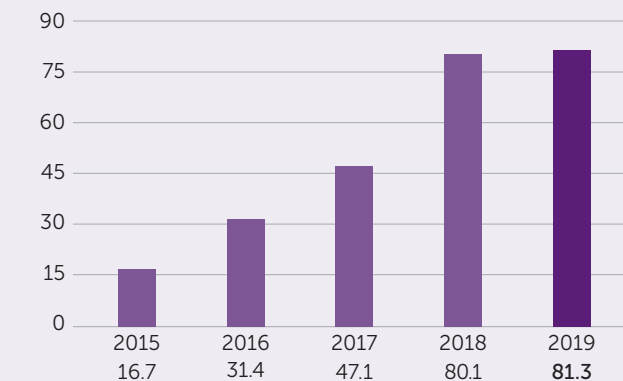
REVENUE

(\$'mil)



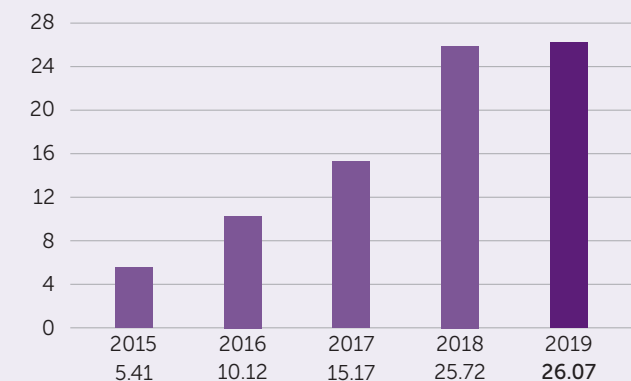
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

(\$'mil)



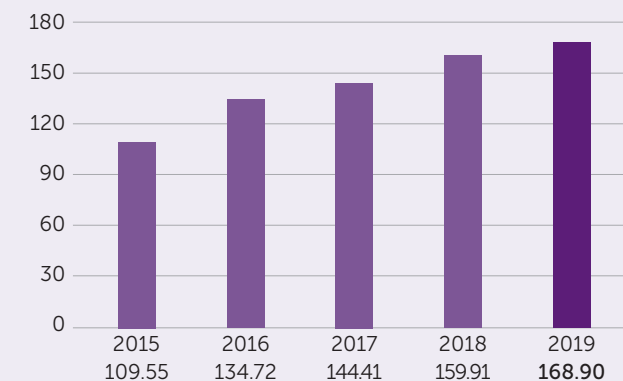
EARNINGS PER ORDINARY SHARE

(cents)



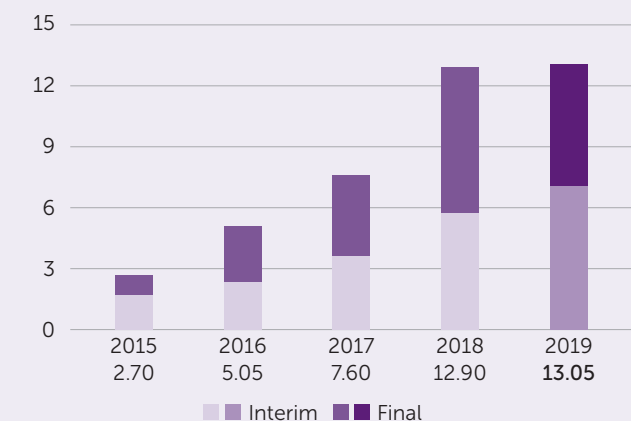
NET ASSET VALUE PER ORDINARY SHARE

(cents)



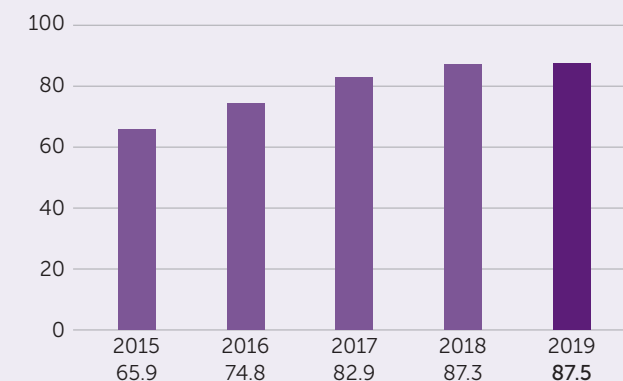
TOTAL DIVIDEND PER ORDINARY SHARE

(cents)



VALUE-ADDED PER EMPLOYEE

(\$'000)



SBS TRANSIT GROUP FINANCIAL SUMMARY

	2015	2016	2017	2018	2019
Revenue (\$'mil)	1023.9	1098.7	1191.7	1383.6	1445.3
Operating costs (\$'mil)	998.8	1057.0	1132.4	1286.3	1341.8
Operating profit (\$'mil)	25.2	41.8	59.3	97.3	103.5
Profit attributable to shareholders (\$'mil)	16.7	31.4	47.1	80.1	81.3
EBITDA (\$'mil)	110.5	123.4	156.3	190.4	207.6
Issued capital (\$'mil)	94.8	97.1	98.9	100.2	100.5
Capital and reserves (\$'mil)	338.7	418.0	449.2	498.4	526.7
Capital disbursement (\$'mil)	155.8	23.5	35.0	27.8	29.0
Return on shareholders' equity (%)	5.2	8.3	10.9	16.9	15.9
Earnings per ordinary share (cents)	5.41	10.12	15.17	25.72	26.07
Net asset value per ordinary share (cents)	109.55	134.72	144.41	159.91	168.90
Interim dividend per ordinary share (cents)	1.65	2.35	3.65	5.80	7.15
Final dividend per ordinary share (cents)	1.05	2.70	3.95	7.10	5.90
Total dividend per ordinary share (cents)	2.70	5.05	7.60	12.90	13.05
Dividend cover (number of times)	2.0	2.0	2.0	2.0	2.0

VALUE-ADDED FOR THE GROUP

	2015		2016		2017		2018		2019	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Suppliers of capital – dividends and term loan interest	14,189	2.3	15,803	2.2	24,224	3.0	33,765	3.7	48,686	5.2
Taxation to the government	21,834	3.5	24,582	3.4	27,205	3.4	32,066	3.5	28,731	3.1
Retained earnings	93,902	15.1	102,976	14.2	124,977	15.5	143,139	15.7	141,266	15.2
Employees – salaries and other staff costs	491,723	79.1	581,143	80.2	628,553	78.1	705,519	77.1	713,354	76.5
Total value-added	621,648	100.0	724,504	100.0	804,959	100.0	914,489	100.0	932,037	100.0
Number of employees	9,439		9,692		9,709		10,475		10,657	
Value-added per employee (\$'000)	65.9		74.8		82.9		87.3		87.5	

CORPORATE INFORMATION

BOARD OF DIRECTORS

LIM JIT POH
Chairman

YANG BAN SENG
Executive Deputy Chairman
(Re-designated on 15 January 2019) &
Chief Executive Officer
(Appointed on 15 January 2019)
(Stepped down as Chief Executive Officer
on 1 March 2020)

LIM SEH CHUN
Lead Independent Director (Appointed on 26 April 2019)

CHUA MUI HOONG (Appointed on 26 April 2019)
JOHN DE PAYVA
(Stepped down as Lead Independent Director on 26 April 2019)
SUSAN KONG YIM PUI
LEE SOK KOON
LIM SIANG HOE, BENNY
TAN KIM SIEW (Appointed on 1 June 2019)
YU CHING MAN
WEE SIEW KIM (Retired on 25 April 2019)

AUDIT AND RISK COMMITTEE

LEE SOK KOON
Chairman (Appointed on 26 April 2019)

WEE SIEW KIM
Chairman (Stepped down on 25 April 2019)

CHUA MUI HOONG (Appointed on 26 April 2019)
LIM SEH CHUN
LIM SIANG HOE, BENNY
TAN KIM SIEW (Appointed on 1 June 2019)

REMUNERATION COMMITTEE

SUSAN KONG YIM PUI
Chairman (Appointed on 26 April 2019)

JOHN DE PAYVA
Chairman (Stepped down on 26 April 2019)

JOHN DE PAYVA
LIM JIT POH
YU CHING MAN

NOMINATING COMMITTEE

LIM SEH CHUN
Chairman
(Appointed as Chairman on 26 April 2019)

SUSAN KONG YIM PUI
Chairman
(Stepped down as Chairman 26 April 2019)

JOHN DE PAYVA (Stepped down on 26 April 2019)
SUSAN KONG YIM PUI
LIM JIT POH
LIM SIANG HOE, BENNY

SERVICE QUALITY COMMITTEE

YU CHING MAN
Chairman (Appointed on 26 April 2019)

LIM SEH CHUN
Chairman (Stepped down on 26 April 2019)

CHUA MUI HOONG (Appointed on 26 April 2019)
JOHN DE PAYVA (Appointed on 26 April 2019)
LEE SOK KOON
TAN KIM SIEW (Appointed on 1 June 2019)
WEE SIEW KIM (Stepped down on 25 April 2019)

SBST TENDER COMMITTEE

LIM JIT POH
Chairman

YANG BAN SENG
Deputy Chairman

CHENG SIAK KIAN (Appointed on 14 November 2019)
SUSAN KONG YIM PUI (Appointed on 14 November 2019)
LEE SOK KOON
YU CHING MAN

CORPORATE DIRECTORY

REGISTERED OFFICE
205 Braddell Road
Singapore 579701
Mainline: (65) 6284 8866
Facsimile: (65) 6287 0311
Website: www.sbstransit.com.sg
Company Registration Number:
199206653M

JOINT COMPANY SECRETARIES
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



LIM JIT POH

- CHAIRMAN (NON-EXECUTIVE & NON-INDEPENDENT DIRECTOR)
- DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY: 1 JANUARY 2003
- DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY: 25 APRIL 2018

Mr Lim Jit Poh is the Chairman and a non-executive and non-independent Director of SBS Transit Ltd. He is the Chairman of SBST Tender Committee and a member of both the Nominating Committee and the Remuneration Committee. Mr Lim is also the Chairman of ComfortDelGro Corporation Limited and VICOM Ltd. These are listed companies with business interests in land transport and inspection and testing services. The Company and VICOM Ltd are subsidiaries of ComfortDelGro Corporation Limited. Mr Lim is also the Chairman of several non-listed companies owned by the 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



YANG BAN SENG

- EXECUTIVE DEPUTY CHAIRMAN (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 of SBS Transit. His appointment took effect from 15 January 2019. He is a non-independent Director of the Company and the Deputy Chairman of the SBST Tender Committee

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

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

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

BOARD OF DIRECTORS



LIM SEH CHUN

- **NON-EXECUTIVE & LEAD 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 2019**

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

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

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

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



CHUA MUI HOONG

- **NON-EXECUTIVE & INDEPENDENT DIRECTOR**
- **DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY: 26 APRIL 2019**

Ms Chua Mui Hoong 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.

Ms Chua is a journalist and editor. She is the Opinion editor of The Straits Times, Singapore's leading English language daily news publication. She is the author of several books, including Singapore, Disrupted (2018).

Over 27 years, she has led editorial teams covering political and social affairs. She writes regularly on social and political affairs.

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

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



JOHN DE PAYVA

- **NON-EXECUTIVE & INDEPENDENT DIRECTOR**
- **DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:**
26 JULY 1999
- **DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:**
25 APRIL 2019

Mr John De Payva is a non-executive and independent Director of SBS Transit Ltd. Mr De Payva is a member of both the Remuneration Committee and the Service Quality Committee.

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

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

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



SUSAN KONG YIM PUI

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

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

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

Ms Kong is Chairperson of the Board of Directors of Singapore Tyler Print Institute and a Director of HealthServe Limited.

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

BOARD OF DIRECTORS



LEE 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 the Chairman of the Audit and Risk Committee and a member of both the Service Quality Committee and the SBST Tender Committee.

She is also an independent non-executive Director of Japan Foods Holding Ltd, a public listed company on the Singapore Exchange and an honorary member of the School's Fundraising Committee of Singapore Arts School Ltd, Singapore's first 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 Institute of Directors in Singapore.



LIM SIANG HOE, BENNY

- **NON-EXECUTIVE & INDEPENDENT DIRECTOR**
- **DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:**
26 APRIL 2018
- **DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:**
25 APRIL 2019

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

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

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

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



TAN KIM SIEW

- **NON-EXECUTIVE & INDEPENDENT DIRECTOR**
- **DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY: 1 JUNE 2019**

Dr Tan Kim Siew is a non-executive and independent Director of SBS Transit Ltd. He is a member of both the Audit and Risk Committee and the Service Quality Committee of the Company. He is also a non-executive and independent Director of VICOM Ltd.

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

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

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



YU CHING MAN

- **NON-EXECUTIVE & INDEPENDENT DIRECTOR**
- **DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY: 26 APRIL 2018**
- **DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY: 25 APRIL 2019**

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

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

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

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

KEY MANAGEMENT



CHENG SIAK KIAN

ACTING CHIEF EXECUTIVE OFFICER

Mr Cheng Siak Kian is the Acting Chief Executive Officer of SBS Transit. He first joined the Company in September 2015, and served as Senior Vice President in the bus operations division where he was an integral member of the tender team that was successful in its bid for the Seletar Bus Package. In December 2016, he was posted to Australia to helm the New South Wales operations of our parent company, ComfortDelGro. He returned to SBS Transit in July 2019 to assume the appointment of Chief Operating Officer and was promoted to Acting Chief Executive Officer on 1 March 2020. Prior to joining the Company, Mr Cheng served in a number of senior appointments in the Ministry of Defence and the Republic of Singapore Air Force. He obtained a Bachelor of Electrical and Electronic Engineering (First Class) from the University of Manchester, United Kingdom and a Master of Business Administration from the Massachusetts Institute of Technology, USA.



TAN ENG KOK, IVAN

SENIOR VICE PRESIDENT
HEAD OF BUS

Mr Tan Eng Kok, Ivan is Head of Bus Business in SBS Transit. He joined SBS Transit in 1996 as Vice President (Corporate Development) and later assumed the position of Vice President (Operations). He was subsequently appointed Vice President in charge of bus operations for West District in 1998. He was promoted to Senior Vice President on 1 January 2012. Prior to joining the Company, Mr Tan had worked as an Engineer with Hewlett Packard. He also has corporate planning and market research experience from his stint with the former Singapore Institute of Standards and Research (SISR). Mr Tan holds a Bachelor of Engineering (Honours) in Mechanical Engineering from the National University of Singapore. He also obtained a Master of Business Administration from the same university.



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. He also currently serves as a member of the Dunman High School's School Advisory Committee.



PANG FUI ENG, IVAN

**SENIOR VICE PRESIDENT
HEAD BUS ENGINEERING**

Mr Pang Fui Eng, Ivan is Head of the Bus Engineering Division in SBS Transit. He joined SBS Transit as Deputy General Manager of Fleet Management in January 2007. He was promoted to General Manager in August 2008, where he was in charge of the maintenance management / operation of the Bus Business. With the restructuring of the Bus Business on 1 September 2016, he now heads the Bus Engineering Division. He oversees the new Bus Engineering Systems and Technology department, the Maintenance Planning and Bus Asset department, Workshops and Bus Engineering sections. The Bus Engineering Division is responsible for the bus fleet performance, maintenance, spares inventories, warehouses and on-board bus equipment to achieve the Negotiated Contracts and tender packages performance requirements and financial targets. It is also responsible for the modernisation of bus engineering and maintenance capabilities. Prior to joining SBS Transit, Mr Pang was with the Republic of Singapore Armed Forces for 25 years holding various staff and command appointments in the Army Logistics Department. His last appointment was a Senior Project Officer with the Joint Logistics Department, SAF. He holds a Bachelor of Engineering (1st Class) in Mechanical Engineering from the University of Birmingham, UK and a Master of Science (Gun Systems Design) from Cranfield University, UK.



LEONG YIM SING

**SENIOR VICE PRESIDENT
HEAD OF RAIL**

Mr Leong Yim Sing joined SBS Transit in 2003 and is currently the Head of Rail Business with responsibilities for the operations of the North East Line, the Sengkang Punggol LRT and the Downtown Line. Mr Leong has more than 30 years of experience in the operations and maintenance of Singapore's rail systems. He was actively involved in the startup of Singapore's first MRT system in 1985, as a Rolling Stock engineer and has been with the railway industry since then. Mr Leong graduated with First Class Honours in Mechanical Engineering from the Imperial College, London. He is a registered Professional Engineer in Singapore, and an Associate of the City & Guilds Institute, London. He is also a Fellow of the Institution of Engineers (Singapore) and a Chartered Engineer (Railway Engineering). He is a member of the Industry Advisory Committee (IAC) for the Sustainable Infrastructure Engineering Programme of the Singapore Institute of Technology (SIT).



GOEI BENG GUAN, ALEX

**CHIEF EXECUTIVE OFFICER
DOWNTOWN LINE**

Mr Goei Beng Guan, Alex is Chief Executive Officer of SBS Transit DTL Pte Ltd, which operates and maintains the Downtown Line. He first joined the Company in 1985, starting with bus service planning and project management. From September 1998, Mr Goei was extensively involved in the bid and launch of the Sengkang Punggol LRT and North East Line, of which the latter is Singapore's first underground, driverless rail system. Heading traffic, passenger service and operations, he played an integral role in ensuring the successful opening of the NEL in 2003. He was subsequently promoted to Senior Vice President, Rail Operations in January 2013. Mr Goei graduated from the National University of Singapore with a Bachelor of Arts in Economics and History. He also obtained postgraduate diplomas in Road Passenger Transport and Training and Development Management from the Chartered Institute of Logistics & Transport and UK Institute of Training and Development respectively. He is also an Associate of the Institution of Railway Signal Engineers.

KEY MANAGEMENT



FOO JANG KAE

**SENIOR VICE PRESIDENT
HEAD RAIL ENGINEERING (NORTH EAST LINE AND
SENGKANG PUNGGOL LRT)**

Er. Foo Jang Kae is the Head of Engineering for the North East Line and the Sengkang Punggol LRT. He has held this position since 2015 before he was assigned to head the Downtown Line's Engineering department for two years between 2017 and 2019. He resumed this current appointment in October 2019. An experienced railway engineer, he has been with the Company for 20 years, working primarily in the Power and Rolling Stock departments. Before joining SBS Transit, he had spent eight years in the electrical power industry. Er. Foo obtained First Class Honours in Electrical and Electronic Engineering from Strathclyde University (UK) and was a British High Commission Raffles Scholar where he graduated with a Master of Science in Electrical Power Engineering from the University of Manchester, Institute of Science and Technology (UK). He is a registered Professional Engineer and a Licensed Electrical Engineer in Singapore. He is also a Chartered Engineer with both the Engineering Council UK and the Institution of Engineers, Singapore. He is a Member of the Institution of Engineering and Technology (UK) and a Fellow of the Institution of Engineers Singapore. He also serves on the Industry Advisory Committee (IAC) for the Singapore Institute of Technology's Electrical Power Engineering Programme.



SIM VEE MING, JEFFREY

**VICE PRESIDENT (SPECIAL GRADE)
HEAD RAIL DEVELOPMENT**

Mr Sim Vee Ming, Jeffrey joined SBS Transit in 2015 and is currently the Head of Rail Development. He is responsible for business expansion both locally and internationally as well as in developing rail's operations and engineering capabilities. Before he assumed this appointment on 1 October 2019, Mr Sim was Head of Engineering of the North East Line and the Sengkang Punggol LRT. Prior to joining SBS Transit, Mr Sim was a Group Commander in the Republic of Singapore Air Force where he spent 15 years holding various command and staff positions in planning, engineering, maintenance and logistics. Mr Sim holds a Bachelor of Engineering (Honours) and a Master of Engineering from the National University of Singapore (NUS). He also graduated with a Master of Arts (with distinction) from the Massey University, New Zealand. He has also attended executive management programmes at the Lee Kuan Yew School of Public Policy and the NUS Business School.



LEE YAM LIM

**VICE PRESIDENT
HEAD RAIL ENGINEERING (DOWNTOWN LINE)**

Mr Lee Yam Lim is the Head of Engineering for the Downtown Line. He has been with the Company for more than 20 years and was appointed to this position in October 2019. He was extensively involved in the start-up and maintenance of the North East Line, which was reputed as the world's first automated heavy metro system. He was also extensively involved in the bid for the Downtown Line and upon the award of the contract, headed its Signalling Department. Mr Lee obtained a Bachelor of Computer Technology from the Nanyang Technological University. He is a member of the Institution of Engineers, Singapore and a registered Chartered Engineer in Railway Engineering accredited by the Institution of Engineers, Singapore.



MICHAEL JAMES HARRISON

**VICE PRESIDENT (SPECIAL GRADE)
HEAD RAIL OPERATIONS (DOWNTOWN LINE)**

Mr Michael James Harrison is responsible for operations on the Downtown Line, having previously been responsible for operations on the North East Line and the Sengkang Punggol LRT. He currently holds the position of Vice President (Special Grade), Rail Operations. He joined the Company in August 2014 after a long career with London Underground Ltd. During his career with London Underground, Mr Harrison was involved with the Jubilee Line Extension project, the first major line to be added to London Underground in over 25 years. He was also part of the team which introduced driverless operation to the Jubilee Line and the successfully managed operations for the London Olympics in 2012. Mr Harrison is a qualified barrister having been called to the bar by the Honourable Society of Lincoln's Inn in 2013. He specialises in international transport law and rail regulatory law. He graduated with a Master of Arts in Analytic Philosophy from the University of London. He also holds undergraduate degrees in law and diplomas in electrical and mechanical engineering. Mr Harrison is also an Associate Member of the Institute of Rail Operators.



MOK PENG FAI, ANTHONY

**VICE PRESIDENT (SPECIAL GRADE)
HEAD RAIL OPERATIONS (NORTH EAST LINE AND
SENGKANG PUNGGOL LRT)**

Mr Mok Peng Fai, Anthony is the Head of Operations for the North East Line (NEL) and the Sengkang Punggol LRT (SPLRT) systems. He honed his close to 20 years of experience in railway operations starting out as a Chief Controller in the NEL's Operations Control Centre (OCC). In this capacity, he was heavily involved in the start-up of the NEL, which was the world's first automated underground heavy metro system then. Over the years, he assumed responsibilities for the daily operations of the SPLRT as well as the NEL's OCC. In October 2017, he was appointed Head of Operations for the NEL and SPLRT. Mr Mok holds diplomas in Mechanical Engineering from the Singapore Polytechnic and in Management Studies from the Singapore Institute of Management.



CHEW KUM EE

CHIEF FINANCIAL OFFICER

Ms Chew Kum Ee joined SBS Transit on 18 December 2017 and was appointed as Chief Financial Officer on 11 May 2018. Ms Chew is responsible for the accounting, financial and statutory reporting, financial controls, budgeting, and taxation matters. Prior to this, Ms Chew was the Finance Director of Group Enterprise at Singapore Telecommunications Limited. She has over 20 years of financial management and accounting experience, including eight years in audit with PricewaterhouseCoopers. She graduated with a Bachelor of Accountancy (Second Upper Honours) from Nanyang Technological University and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

KEY MANAGEMENT



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.



LEE PENG CHOON

**VICE PRESIDENT (SPECIAL GRADE)
INFORMATION TECHNOLOGY**

Mr Lee Peng Choon joined the Company in March 2020 as the Head of Information Technology department. Prior to this, he was the Vice President of Group IT with the Great Eastern Life Assurance Corporation Limited. He has more than 30 years of experience and has worked in various multi-national corporations such as General Electric Pacific (Plastics) and Mitsubishi Electric Asia. Mr Lee obtained a Master's Degree (Science) in Information Technology from the University of Glasgow, Scotland, United Kingdom.



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.



CHOO PENG YEN

**COMFORTDELGRO GROUP
GROUP CHIEF BUSINESS DEVELOPMENT OFFICER
GROUP CHIEF INVESTOR RELATIONS OFFICER**

Mr Choo Peng Yen was appointed ComfortDelGro Corporation's Group Chief Investor Relations Officer in 2010. He is responsible for the investor relations function of the Group including SBS Transit's. He is also concurrently the Group Chief Business Development 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).



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.



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.

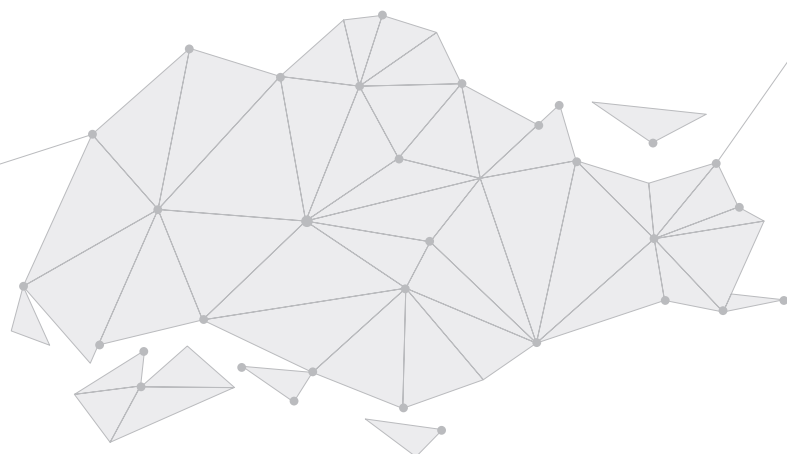


CHAN WAN TAK, WENDY

JOINT COMPANY SECRETARY

Ms Chan Wan Tak, Wendy is the Joint Company Secretary of SBS Transit. She also holds a similar appointment in ComfortDelGro Corporation Limited which is SBS Transit's parent company. She joined ComfortDelGro in September 2007 as Vice President of Group Finance. She is currently Senior Vice President of Group Finance of ComfortDelGro. Prior to this, Ms Chan was Vice President of Finance and Operations at k1 Ventures Limited. She had also been with Deloitte & Touche LLP as Senior Audit Manager. Ms Chan holds a Bachelor of Accounting & Finance (Hons) from the University of Glamorgan, United Kingdom. She is a non-practising Member of the Institute of Certified Public Accountants of Singapore and a Fellow of the Chartered Association of Certified Accountants.

OPERATIONS REVIEW



PUBLIC TRANSPORT SERVICES

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

1,383.3

REVENUE
(\$'MILLION)

10,916

TOTAL NUMBER OF
EMPLOYEES

3,512

TOTAL BUS FLEET

223

TOTAL BUS ROUTES
OPERATED

78

TOTAL STATIONS
IN OPERATION

192

TOTAL TRAIN FLEET

BUS SERVICES

SBS Transit maintained its pole position in Singapore's public bus industry with a market share of 61.1%. In 2019, we managed 223 bus routes – one more than in 2018 – and operated about 31,000 trips a day. Our fleet of 3,512 buses are garaged at seven bus depots and a bus park, and operated from 17 bus interchanges and 14 bus terminals.

With the Land Transport Authority (LTA) as the central planner of bus routes, we rolled out six short trip bus services – Services 33B, 116A, 117A, 117B, 137A and 163A – to provide commuters in the heartlands with greater convenience as they made transfers to and from the MRT stations.

Five bus routes – Services 102, 117, 145, 155 and 163 – also called at additional bus stops along their regular routes to better serve commuters' travel needs. For instance, Service 117 started to call at the newly installed bus stops outside the North-South Line's Canberra MRT Station when it started passenger service in November 2019.

Three bus routes – Services 5, 80 and 101 – were amended to better serve commuters in their respective neighbourhoods while another four services – Services 52, 74, 93 and 852 – had their routes altered to ply the north-bound Lornie Highway, just as they have been doing in the opposite direction since 2018.

For resource optimisation, Service 402 merged with Service 400 and continued to serve the Shenton Way and Marina Barrage areas. The route of the merged Service 400 was also extended to call at the Marina Bay Cruise Centre, which had been previously served by Service 402.

In 2019, we took over the operation of two City Direct Bus Services – Services 660 and 654 – from private bus operators. Under our management, we were able to deploy double deck buses, when required, to cater to increased demand. These services ferry commuters from their homes to the Central Business District (CBD) during the morning peak hours, and again in the evenings in the other direction. These services make minimal stops and use expressways to shorten the travel time.

Catering to our commuters' needs for late night services, we extended the operational hours of selected bus routes on the eve



island with ST Engineering. Visitors on the island could book a shuttle ride on any of the four autonomous buses to get to popular destinations along the seven stops on their 5.7km route. Available as an on-demand service, the autonomous vehicles (AVs) operated on weekdays with our Bus Captains on board serving as safety operators. Prior to this, our Bus Captains were trained to take over the operation of the AVs in case of emergencies. They had gained more than a year of experience through operating trial trips which started in June 2018. The vehicles, which have a maximum capacity of 11 passengers each, were equipped with various technologies, including Lidar (light detection and ranging) and global positioning systems. They were supported by ST Engineering's autonomous vehicle management system which analysed passenger demand and optimised route management.

In addition to the Sentosa AV trial, we are also operating an AV trial in Jurong Island with ST Engineering. Unlike the vehicles used on Sentosa, the AVs on Jurong Island are 12-metre long, similar in length to a public bus. Our Bus Captains also serve as safety operators onboard in this on-going trial.

The inaugural On-Demand Public Bus Services trial, where we operated five bus routes – three in the Joo Koon area and two in the Marina-Downtown area – for the LTA ended in June 2019. Conducted during off-peak hours on weekdays, commuters could book a ride with an app and request to be picked up and dropped off at any bus stop within the defined areas, even if the services did not normally stop at a certain bus stop on their regular routes. Upon the conclusion of the trial, the LTA announced that such bus services, which were based on real-time commuter demand and along dynamic routes, were not cost-effective due to the high technology costs required to scale them up. The three Joo Koon bus services – Services 253, 255 and 257 – thereafter resumed their regular pre-trial schedules while the two Marina-Downtown bus services – Services 400 and 402 – merged.

Our Yio Chu Kang Bus Interchange received a facelift with major expansion and upgrading works undertaken in two phases by the LTA. The expansion works, which

of public holidays and major events such as the Singapore Grand Prix.

On religious occasions when families paid respect to their departed loved ones, we made 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, another public transport operator, when it conducted engineering works on its North-South Line and East-West Line which resulted in the early closure of several stations on selected Fridays and weekends. We operated shuttle buses in partnership with SMRT and the LTA and even extended the operational hours of 14 bus routes to enable passengers to get to their destinations with the early closure of affected stations.

To ensure that our bus services continued to operate reliably when roads were closed to facilitate races and events, we planned ahead and performed temporary route diversions for affected services. In 2019, we planned and conducted close to 70 temporary route diversions for our bus services. Besides these, ad-hoc diversions

were also conducted whenever our buses were unable to travel on their regular routes due to situations like flooding and accidents.

In 2019, under the Bus Contracting Model, we took delivery of 54 buses from the LTA which increased our total fleet by 1.2% to 3,512 compared to the previous year. Our fleet comprised 56.2% single deck buses, 43.6% double decks and the rest or 10 of them articulated buses. Our fleet of double deck buses, which catered to bus services with higher demand, increased slightly by 33 or about 2.2% compared to 2018. The number of wheelchair accessible buses also increased to 98.6% from 98.2% in 2018 to support the 223 bus services we have – all of which are wheelchair-accessible.

As part of our environmentally friendly efforts, we conducted a six-month trial of 25 diesel hybrid buses for the LTA. These diesel-electric buses were deployed on three bus services – Services 59, 93 and 272 – and continued to be operated on these routes after the trial ended.

A major highlight in 2019 was our active involvement in the three-month long public trial of driverless buses on Sentosa

commenced in December 2017, were completed just before the last quarter of 2019. We shifted our operations and the boarding berths of our seven services progressively to the expanded site and are now operating from the expanded interchange with a new lobby and an air-conditioned canteen. The enhanced features included improved boarding points at each berth and graduated kerb edges to facilitate boarding by passengers-in-wheelchairs, barrier-free alighting areas, priority queue zones with seats, a nursing room and barrier-free toilets to cater to the needs of the elderly, less mobile and families with young children. There are also 150 bicycle parking lots to facilitate active mobility and first-and-last-mile connectivity to encourage more commuters to "Walk-Cycle-Ride". Meanwhile, upgrading works on the existing interchange is continuing and this is expected to be completed in 2021. By then, the size of the bus interchange will be more than three times the original and will measure about 16,200 square metres.

Fourteen of our bus services also shifted operation to the new Yishun Integrated Transport Hub which is managed by SMRT. With the new location, the routes of these services were slightly amended with some bus stop changes.

In the area of safety, we maintained our accident rate of 0.12 per 100,000 km, similar to that of 2018's. Besides instituting safety protocols, policies and procedures, we continued to invest in training and technology to help our Bus Captains to be safer drivers. With our entire fleet now fitted with Mobileye, which is an advanced driver assistance system that alerts Bus Captains to an impending collision, the number of head-to-rear accidents has dropped. We are also working with the LTA to install a blinker light sensor system on selected parking lots in our interchanges to reduce the risk of collision by alerting Bus Captains to other reversing or oncoming buses. To-date, five interchanges have been fitted with this system.

In contingency planning, we conducted four disruption exercises to review and validate our Business Continuity Plans.

This is to ensure that we can continue to operate our bus services with minimal disruption to minimise inconvenience for commuters. In 2019, the exercises were held at the Ulu Pandan and Ang Mo Kio Bus Depots and the Eunos and Tampines Bus Interchanges.

We also set up a new department – Future Systems and Technology – to drive innovation in our bus operations and maintenance and enhance work efficiency.

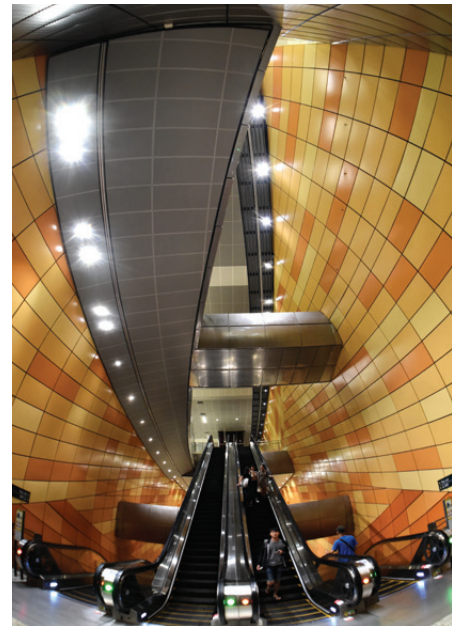
RAIL SERVICES

Demand for our rail services continued to grow albeit at a modest rate of 3.9% with an average daily ridership of 1.22 million in 2019. On the 42-km long Downtown Line (DTL), annual ridership increased by 6.0% to 174 million while demand on the 17-year-old North East Line (NEL) grew marginally by 1.6% or 3.5 million to 219.3 million. For the 28-station Sengkang Punggol LRT (SPLRT) systems, average daily ridership stood at 140,456 which is 6.7% or 8,873 higher than in 2018.

We now operate a total of 78 stations spanning a distance of 83 km. This translates to a market share of 36.3% of the rail network in Singapore. All stations on our lines are opened for passenger service except for one – Teck Lee – on the Punggol West LRT Loop. It will open in tandem with developments in the area.

To cater to commuters' travel needs on special occasions, we extended our train operational hours such as during the eve of Chinese New Year and other public holidays. We also operated our train services later during major national events such as the Singapore Grand Prix and coordinated our bus service extension hours to ensure commuters could get home from the MRT stations in selected heartlands.

To optimise the use of our rail resources by better matching commuter demand with supply, we extended the headways of our rail services on the NEL and DTL during off-peak hours starting from September 2019. This has helped to reduce wear and tear of our train systems and component parts, thereby lowering maintenance costs.



For the year under review, DTL operated 4,228 weekly trips or 5% fewer when compared to 2018. Trains ran at a frequency of 2.5 minutes during peak hours and 5.5 minutes during off-peak periods. Likewise, NEL operated 4,029 trips a week or 3.2% lower than the previous year with trains arriving at between 2.25 and 2.5 minutes during peak hours and 5.5 minutes during off-peak hours. On the other hand, the SPLRT systems increased the number of trips operated a week by 12.0% or 1,927 to 17,967 to cater to the increase in ridership demand.

To enhance the safety and travel experience of commuters, a new 65-metre long air-conditioned pedestrian underpass at DTL's Stevens Station was opened to the public, providing commuters with a safer access to Dunearn Road and Whitley Road. In particular, students from the nearby schools are now able to use the underpass when walking between their school and the station.

In train service reliability, there was no major disruption on the NEL and DTL in 2019. There were, however, 11 instances of delays – three on the NEL and eight on the DTL – which were 15% lower than the year before. Consequently, NEL achieved an MKBF¹ of 1.38 million train-km while the DTL clocked 1.14 million train-km, both of which exceeded the

1 MKBF stands for Mean Kilometres Between Failure, and is a widely used measure of reliability.

one-million target set for 2020 by the Transport Minister. In particular, NEL exceeded the nationwide MRT network's average of 1.32 million train-km.

On the SPLRT systems, there were six service disruptions in 2019 with each stretching more than 30 minutes long. The SPLRT clocked an MKBF of 251,000 train-km in 2019 compared to the nationwide LRT network's average of 154,000 train-km.

To minimise the recurrence of service delays and disruptions on our rail systems, we have been adopting the "People, Environment, Equipment, Procedures and Organisation" (PEEPO) methodology in our investigations to systematically identify the root and contributory causes that resulted in the incidents. We have since implemented action plans including design enhancements, maintenance improvements and asset renewals on our rail systems and equipment.

Apart from this, we commenced work on an Integrated Maintenance Diagnostics Centre (IMDC) at the NEL depot that will enable us to proactively monitor the condition of train systems to pre-empt faults. In 2019, we completed the installation of the physical and communication infrastructure and integrated the various condition-monitoring equipment. Works will continue with the development of a fault anomaly detection engine using data analytics. When completed, we expect to improve our ability to pre-empt faults. For example we can pre-emptively withdraw a train if there are early signs of deterioration in the transmission of signals between the train and the signalling system. The DTL depot in Gali Batu will also set up its own IMDC by 2021.

In contingency planning, we continued to conduct simulated rail disruption exercises to review and validate our emergency response preparedness plans. "Exercise Endeavour" was held in September 2019 after passenger service hours at the DTL Hillview Station while "Exercise Harmony" was conducted in March 2019 at the NEL Dhoby Ghaut Station. The SPLRT organised "Exercise Pinnacle" at Renjong Station on the Sengkang West Loop in December 2019.

Meanwhile, our staff continued to be systematically trained to assist commuters

at the stations during emergency situations. Training programmes for these Passenger Service Team members, who number about 800, are conducted regularly throughout the year.

To further improve rail reliability on the NEL, which is a 17-year-old line, we continued to conduct intensified preventive maintenance works. The works covered part of the power system and platform screen doors, rail crossings, signalling point machines and tracks. These works, which commenced in 2018, were done during extended engineering hours. As a result, stations along the affected sectors had to close earlier at about 11.00pm on selected Friday and Saturday evenings from January to March, and in July and November 2019. To minimise inconvenience for commuters, shuttle bus services were operated during the disruption hours.

Concurrently, upgrading works commenced for the mid-life refurbishment of the 25 first-generation NEL trains. This multi-year programme is expected to be completed in 2024 and will involve the installation of a new condition monitoring system which will provide early warning of impending faults for preventive action to be taken. It will also include an upgrade of the air-conditioning and passenger information systems and replacement of train interior fittings.

Between mid-June and October 2019, the SPLRT also carried out asset renewal and maintenance works with passenger service starting later on one platform on affected loops on selected Sundays. This, however, had minimal impact on commuters as train services remained available on the other platform. For the affected Sundays, asset renewal works were conducted on the viaduct bearings, signalling cables, power rails as well as the stations' Public Announcement systems while maintenance works were conducted on the concrete plinths. These plinths need resurfacing due to wear-and-tear over time and maintaining them well ensures that we can continue to provide commuters with smooth rides.

Besides performing maintenance works, we also reviewed the productivity and efficiency of our work processes by setting up a new department to drive process re-engineering. This new Rail Development department is also tasked to look out for new technologies to further improve rail reliability.

Driven towards achieving rail excellence, we continued to learn and adopt best practices from experienced railway operators from around the world. We held our annual forum with the Taipei Rapid Transit Corporation (TRTC) which manages Taipei Metro, one of the most reliable MRT systems in the world. Conducted in October 2019, the forum focussed on track access management policies and practices, station security related mechanisms and practices, as well as asset replacement strategy for the power supply system. This is the second in the series since we signed an MOU with TRTC in 2018 to leverage on each other's skills and experiences in operations, maintenance and engineering.

Two other MOUs – one with France's RATP Dev and the other with Japan's JR East – were also signed and study visits and training stints will ensue.

Locally, we joined hands with SMRT to sign an MOU with ST Engineering to collaborate and develop engineering capabilities for rail operations and maintenance, and address technology gaps faced by the local industry. One such area identified was that of electronic cards, which are critical components of our MRT trains and signalling systems. Since 2017, we have been working with ST Engineering to service our faulty electronic cards instead of sending them back to their manufacturers overseas. This has saved us travel time, costs and also decreased downtime for repair work. With this collaboration, we are able to synergise the expertise, resources and new technologies of our partners in a cost-effective manner.

Our efforts towards rail excellence did not go unnoticed by the LTA which awarded our NEL and DTL the top two spots respectively in the "Best Land Transport Operations and Maintenance Initiative" category at the 2019 Land Transport Excellence Award.

We also played host to governments and other operators who visited us to learn more about our rail experience and best practices. They included the Norwegian Transport Minister, VicTrack which owns all the transport land, assets and infrastructure in Victoria, Australia, Laos Ministry of Public Works and a Penang State delegation.

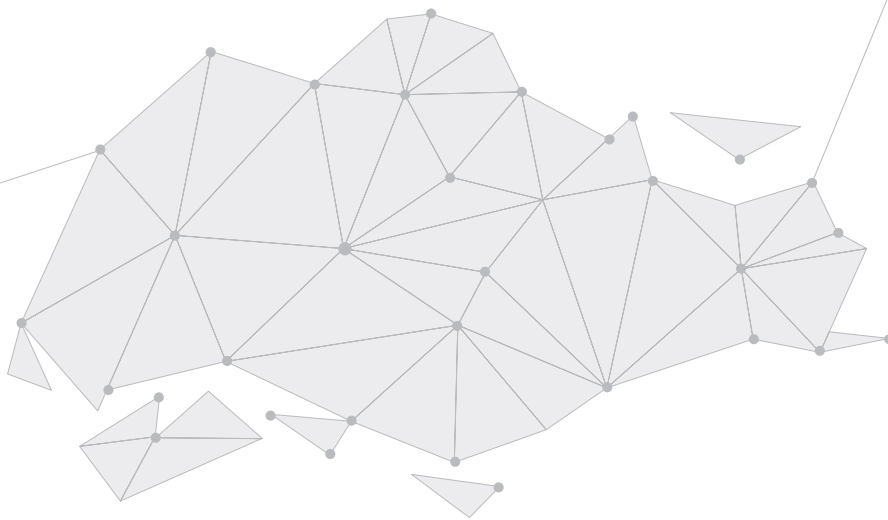
OTHER COMMERCIAL SERVICES

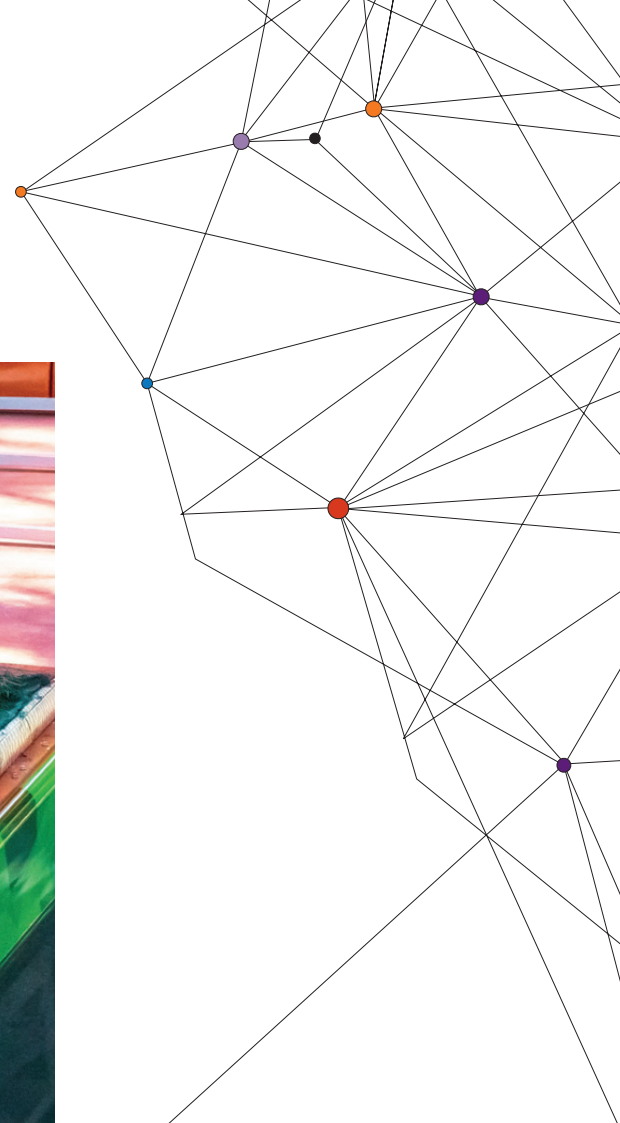
BUS ADVERTISING • IN-TRAIN ADVERTISING
BUS HUB ADVERTISING • TRAIN STATION ADVERTISING
SHOP SPACE • ROAD SHOW SPACE

ADVERTISING

Moove Media, our sister company, continued to develop innovative campaigns for advertisers that drew the attention of commuters and the public alike. With its extensive portfolio of advertisements on our buses and trains, as well as at our train stations and bus interchanges, Moove Media has managed to inject colour and cheer to our various modes of public transport.

For the Formula One Singapore Grand Prix publicity campaign, Moove Media came up with a bold and innovative idea to employ lighting technology using LumiWerkz to recreate the captivating night race visual experience. The campaign, which was an industry first, featured illuminated three-dimensional race car models. These displays accurately depicted body designs of F1 car models and were spray-painted with LumiWerkz,





which uses an electroluminescent coating system. At night, the car models, which were mounted on the roofs of our buses, lit up.

Moove Media also launched Singapore's first public buses with green 'roofs' to great media fanfare. Another first, it was specially created for a study by GWS Living Art, an urban greenery specialist, which had the support of the National Parks Board, Singapore Green Building Council and Temasek Foundation. The initiative aimed to find out if the green 'roofs' lowered temperatures inside the buses and helped reduce fuel consumption. Using a special soil-less system, plots of grass were installed atop 10 buses that operated all over the island over a period of three months.

Throughout the year, the interiors of the trains on the NEL and DTL were given

makeovers to increase awareness of consumer products and services. There was the Ben and Jerry's ice cream campaign, a cyber security campaign and a graciousness campaign. One of the more popular ones was Dynasty Travel's tour package campaign where train interiors were decorated with picturesque sceneries of various countries and interesting landmarks to entice travel. For major festivals such as Christmas and Deepavali, the team in collaboration with the Land Transport Authority decorated our trains and buses with festive themes and icons.

RENTAL OF COMMERCIAL SPACES

In 2019, we leased close to 97% of our commercial space at our bus interchanges and train stations. Tenants included convenience stores, food and beverage outlets and beauty and wellness clinics and salons.

To support our rental customers and promote environmentally green practices, we organised a campaign where commuters could redeem a set of reusable straws when they hit a minimum spend at participating shops on our premises. For the Lunar New Year, we engaged the 'God of Fortune' and during Christmas, Santa Claus, to meet and greet commuters who patronised the shops as well as to spread festive cheer and well wishes on our premises.

SUSTAINABILITY REPORT

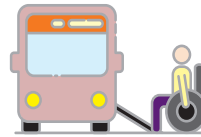
We continued to put in resources to promote sustainability across all aspects of our business. From environment to safety and security, staff recruitment to development, commuter engagement to reaching out to the communities we serve, we are and remain committed to ensuring a more sustainable future,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

Buses that are Euro 5 or Better



79%

Buses that are Wheelchair-accessible



98.6%

Staff who Received the National Excellent Service Award



1,989

Students Reached Out to in Our School Engagement Programme



26,079

Compliments and Commendations Received



58,978



ENVIRONMENT

Climate change is one of the most pressing challenges of our generation. As a responsible transport operator, we are keenly aware of the important role we play in the preservation of our environment.

GREEN BUSES

The number of environmentally friendly buses in our fleet is on a steady increase. In 2019, the number of buses that are at least Euro 5 compliant increased by 2% or 54 buses to 2,760. This represents 79% of our fleet.

Among the new buses are 25 diesel-electric ones. These buses were put on trial for the Land Transport Authority (LTA), and deployed on three bus services – Services 59, 93 and 272 – from December 2018. Following the end of the six-month trial, they continued to be operated on these same bus routes.

Electric buses will debut in 2020 on our local roads. Procured by the LTA under the Bus Contracting Model, we will be operating some of these buses which will provide commuters with a more comfortable ride as they are much quieter compared to the regular diesel buses. Significantly, they emit zero pollutants and will contribute to reducing noise pollution in our environment.

GREEN FACILITIES

Our two-year old Ulu Pandan Bus Depot, which was opened in 2018 and the first among bus depots to adopt green features such as solar panels to generate electricity

and piped-in NEWater for bus washing, received the Green Mark Platinum (Super Low Energy) rating from the Building and Construction Authority (BCA). This rating certifies the Depot as having achieved the standards of “best-in-class energy efficient building”.

Our expanded Yio Chu Kang Bus Interchange also received the BCA Green Mark GoldPLUS Award for environmental sustainability. Among its green features are a green roof to keep the interchange cool, more water-efficient fixtures and a more energy-efficient air-conditioning system, which will result in savings of an estimated 133,810 kWh in energy and 1,810 m³ of water every year.

GREEN PRACTICES

At our bus engineering workshops, we continued to reduce the use of paper forms and checklists for maintenance works with the use of electronic tablets. In 2019, we were able to save about 1,300 reams of A4-sized papers as a result of this. This has also enabled our technicians to be more efficient as information such as work instructions, drawings and electrical schematics are readily accessible on more than 300 electronic devices that are now in use.

In a move to strengthen our sustainability efforts, we are working towards the Singapore Environmental Council’s Eco Office certification. This will steer us to be more mindful in adopting environmentally friendly practices in our workplaces such as reducing electricity and water consumption as well as waste generation.



SOCIAL

EMPLOYEE SAFETY

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

In 2019, we maintained our accident rate of 0.12 per 100,000 km, similar to that of 2018’s. We unfortunately had one fatal accident. While this is two less than the 2018 figure, it is still one too many. We are committed towards achieving a zero-fatal-accident target and we continue to invest in training and technology to help our Bus Captains (BC) to be safer drivers besides instituting safety protocols, policies and procedures.

In June 2019, we completed the installation of Mobileye on our entire fleet of more than 3,500 buses. The Mobileye, which is an advanced driver assistance system that alerts BCs to an impending collision, has resulted in a decline in the number of head-to-rear accidents involving our buses. We have also implemented a telematics system known as SAGE to provide real-time feedback to our BCs through audio and visual alerts upon detecting events such as harsh braking or harsh acceleration.

Besides these, we have also trialled other systems such as the Mobileye Shield+,



which involves the installation of additional cameras at the rear of the bus to cover the blind spots, and Golden Eye, a fatigue management system, as part of our continual efforts to enhance road safety through technology.

At five of our interchanges, we have installed a blinker light sensor system on selected parking lots to reduce the risk of collision between buses. With this system, BCs who are reversing out of their lots are alerted to oncoming or other reversing buses. We will continue to work with the LTA to implement this system at more bus interchanges in 2020.

We also implemented a Vehicle-Activated Speed Display system (VASD) within the bus parks of bus interchanges and terminals as well as the depots to inform BCs of their travelling speeds and alert them to slow down if they exceed the speed limit. By 2020, the installation of the VASD will be completed at all our bus premises.

COMMUTER SAFETY

At our NEL stations, we focussed on escalator safety for elderly commuters. In 2019, modification works were carried out on 10 escalators at various stations to operate at lower speeds during off-peak hours. We had introduced this initiative at the Chinatown Station in 2018 and the results were positive which encouraged us to expand the initiative to more escalators to reduce the number of escalator safety incidents.

Concurrently, we continued with our public education campaign on escalator safety. For 2019, we conducted the campaign at seven 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.

RECOGNITION IN SAFETY PRACTICES

Our NEL and SPLRT were successfully certified under the ISO 45001 Occupational Health and Safety Management Systems in 2019 as they had complied with the requirements under its framework to improve employee safety, reduce workplace risks and create better, safer working conditions. Meanwhile, our Bus Division and DTL passed their annual surveillance audits, where they had achieved certification in 2018. Re-certification is conducted once every three years with annual audits conducted in between.

Our efforts in promoting and ensuring the safety of our employees and commuters were recognised by the LTA at its annual Safety Convention. Our Jurong West Bus Package was conferred the “Safe Bus Operator of the Year Excellence Award 2019” – which our Bus Division has won for the second year running – while our DTL received the “Safe Rail Line of the Year (Merit)” award.

We also dedicated efforts to help our contractors achieve excellence in safety for which our NEL and SPLRT were recognised with the “bizSAFE Partner Award”.

COMMUTER ENGAGEMENT

We continued to organise monthly ‘Commuter Chat’ sessions at our Bus Interchanges and ‘Meet the Managers’ at our MRT stations to reach out directly to our commuters. In 2019, we engaged 685 commuters on a one-to-one basis.

Besides this, our commuters took the time to write in to recognise and encourage

our efforts in improving our services. In 2019, the number of compliments/commendations received increased by more than 26.5% to 58,978 compared to 2018.

We also commissioned an independent survey firm to conduct commuter satisfaction surveys involving 1,000 commuters each for our DTL and NEL. The findings indicate that 94.0% of respondents were “satisfied” or “very satisfied” with our DTL services. The NEL recorded almost similar scores at 93.3%.

In the annual survey commissioned by the Public Transport Council, commuter satisfaction with public bus and train services in 2019 continued to remain high. The overall mean satisfaction score was 7.8 out of 10 points, which was a slight dip of 0.1 point compared to 2018. The percentage of people who said they were satisfied with public transport was, however, the highest in five years at 99.4% compared to 97.9% in 2018. The overall mean satisfaction score for bus services remained at 7.9, similar to the previous year, but the percentage of respondents who were satisfied increased from 98% to 99.3%. For rail services, the mean satisfaction score was 7.7, a 0.2 point dip compared to 2018, but the number of respondents who were satisfied grew from 97.8% in 2018 to 99.5% in 2019.

ENHANCED COMMUTER COMFORT

In commuter care, we have progressively started to install water coolers across our bus interchanges and terminals. Water coolers are now available at eight of our premises and more will be installed where feasible. Similarly, hand phone charging stations will also be made available at more of our premises.

The toilets across our bus interchanges and MRT stations have been awarded a four-star rating by the Restroom Association of Singapore with the support of the National Environment Agency under its Happy Toilet programme.



EQUAL OPPORTUNITY EMPLOYER

Our people are undoubtedly our most valued asset. They are at the heart of our success. Without them, we would not be where we are today. We strongly believe that a happy and engaged workforce translates into providing a higher standard of service for our customers. In the long run, this can only result in growth for our organisation.

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

In 2019, we had 11,002 staff, which was 0.3% lesser than the year before. Of this, 6,443 or 58.6% were BCs. They were our largest category of staff, with 45% being Singaporeans and Singapore Permanent Residents, 10.9% were Chinese nationals while the rest were Malaysians.

Nine in ten employees or 89.8% were males which is expected in our traditionally



Female employees rose by 0.5%

male-dominated business. The number of female employees, however, has been on a gradual increase. In 2019, the number of female employees rose slightly by 0.5%.

In 2019, we recruited 1,226 new employees, which comprised slightly more than one-tenth of our total workforce. Recruitment for BCs continued steadily throughout the year.

As an equal opportunity employer, we have a broad spectrum of staff across various age groups. In 2019, close to half of our workforce was aged between 30 and 50 years old. Staff over 50 years old made up 38.3% while those below 30 years old made up 12.1%.

In 2019, we were presented with the silver award in the “HR Excellence in Retention Strategy” category at the Human Resource Excellence Award. The award recognises excellence in maintaining employees in a highly competitive HR landscape while keeping the attrition at a low level, ensuring minimal business impact.

EMPLOYEE SKILLS AND TALENT DEVELOPMENT

We are committed to developing a competent and future-ready workforce. Be it new or experienced staff, we invest continually to develop their skills and talent. In 2019, we provided 48,773 training places or an increase in 3.6% compared to the previous year, with each employee averaging 37.4 training hours.

More BCs underwent the Operator-Maintainer (OMer) training programme to be trained to carry out simple repairs on buses. For 2019, there were 415 BCs, compared to the pioneer batch of 25 in 2018. We also piloted the OMer Train-the-Trainer (OMer TTT) programme with the enrolment of 20 BCs and two Assistant Chief Instructors.

Our rail staff continued with their train simulator training as part of their refresher programme. As of December 2019, 649 DTL and NEL staff refreshed their skills on train driving, rescue operation and defect handling.

To develop staff competency in quality investigative methodology and reporting using the People, Environment, Equipment, Procedures, Organisation (PEEPO) framework, we enrolled 92 staff in a specialised programme to equip them in handling various aspects of incident investigations. More than 700 employees have attended this training since we started it four years ago.

In line with the Industry Transformation Map for the land transport, we continued to work with SkillsFuture Singapore (SSG) to develop certified training courses under the Singapore Workforce Skills Qualifications (WSQ) programme to raise the competency standards of our public transport workers. For 2019, 69 new modules were rolled out under the new Skills Framework accreditation scheme. SSG also certified 381 of our in-house trainers and assessors to conduct WSQ courses for rail and bus operations and engineering, up from 338 in the previous year.

We are also mindful about upskilling and equipping our BCs with the necessary knowledge and skills in preparation for the potential deployment of autonomous buses in Singapore. We affirmed our commitment to this with the signing of a Memorandum of Understanding with eight industry stakeholders, including the LTA.

Besides technical skills, we also focussed on training in soft skills such as effective leadership as part of our people’s career development. To enhance our BCs’ leadership skills and to increase the possibility of them being able to switch to alternative career pathways such as becoming managers at the bus interchanges, Operations Control Centres or at the training centre, we put them through a structured “Basic Management Programme”. As of 2019, 91 BCs enrolled in at least one of the five WSQ modules under this programme. Meanwhile, 10 BCs have successfully completed all the five WSQ modules.

Apart from growing a skilled workforce, enhancing leadership capability is also a key priority for us. In 2019, 50 management staff attended leadership training such as the People Leadership Programme and the John Maxwell Leadership Programme to develop their leadership competencies.

In the area of customer service, we launched the third phase of CARES, known as CARES 4.0. CARES stands for Caring, Agile, Reliable, Safe and Secure with "Agile" as the new attribute to draw attention to the importance of being responsive to the changes around us by embracing a lifelong learning mind-set and in being flexible to adopt innovative ways to delight our commuters. As of December 2019, 2,456 staff or 22% of our workforce have attended the new CARES 4.0 training programme.

To assess the awareness and practice of CARES among our employees, we conducted a CARES Culture survey that involved about 1,650 staff. The findings reveal that our CARES culture is well entrenched with an overall average score of 99.5%.

Our employees also attended external training programmes to further develop their competency. At the LTA's Singapore Bus Academy (SGBA), 35 employees were enrolled in its Master classes which included Commuter Inclusiveness: Serving Commuters with Special Needs, SGSecure and Incident Management On-Board Buses, Cybersecurity Awareness and Effective Resource Management: Bus Operations Management throughout 2019.

Our bus workshop employees also obtained certification as Bus Technical Specialists at the Bus Technical Specialist Certification Centre (BTSCC) which comes under SGBA. We now have 40 technicians who have obtained certification at Level 1 and another 16 at Level 2 of the

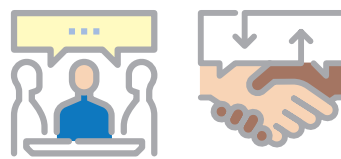
programme. Meanwhile, we continue with our involvement as members of the Advisory Committee and the Technical Expert Panel in BTSCC and are working closely with SGBA on the implementation of certification for Level 3.

As part of our efforts to attract and retain engineering talent and to develop professional competency, we encourage our engineers to be certified as Chartered Engineers accredited by the Institution of Engineers, Singapore. In 2019, one of them received accreditation, bringing the total number of Chartered Engineers to 19 in the Company.

We also sponsored our employees' training in specialised areas. As of December 2019, 16 staff have graduated out of the 44 who have enrolled for either the Singapore Polytechnic's Diploma in Engineering (Rapid Transit Technology) or the Ngee Ann Polytechnic's Diploma in Engineering (Electrical). Sponsorships have also been offered to three employees who are reading the Master in Railway Systems Engineering and Integration conferred by the University of Birmingham (UK). Five other staff had earlier received sponsorship for the Masters programme under the Study Award Scheme.

Our staff also participated in overseas study visits. In 2019, our bus engineering teams visited an electric bus manufacturer, Yutong, in China to find out more about the essential systems designed on these buses, their working principles and the diagnostic tools used in fault tracing.

Visits to established overseas railway operators were also organised such as to RATP in France, Taipei Rapid Transit Corporation in Taiwan and JR East in Japan. Our staff also had the opportunity to attend overseas conferences to be kept abreast of best practices in public transportation systems and emerging trends. These included the 'Rail Solutions Asia' conference in Kuala Lumpur, the 'Asia Pacific Rail' conference in Hongkong, a cybersecurity seminar in Israel and the UITP Global Public Transport Summit in Sweden. In all, 44 employees participated in these overseas programmes.



EMPLOYEE ENGAGEMENT

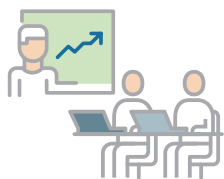
Recognising the role we play in Singapore's total defence, we whole-heartedly support our employees with pro-National Service policies and human resource practices. In recognition of this, we were honoured with the highest accolade in the Total Defence Awards (TDA) and received the NS Advocate Award for Large Companies from the Ministry of Defence.

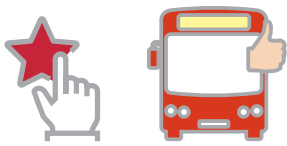
When it comes to building staff morale, we take the lead in appreciating the contributions of our employees. For instance, we organised a CARES Kindness month in May where close to 1,500 students from about 50 schools including kindergartens visited our bus interchanges and train stations bearing 'Thank You' cards and gifts for our frontline employees.

Get-togethers such as fruit parties and movie screenings were organised to generate fun and foster better relationships among staff. Besides these, regular activities such as 'Walk for Health' and 'Active! CDG Day' were also held to actively promote healthier lifestyles in an enjoyable manner.

Meanwhile, we continued with our voluntary health screening initiative for all staff with the Health Promotion Board. In recognition of our consistent efforts to support our staff in staying healthy, in particular by offering free health screening at the workplace, we were conferred the Special Mention Award at the 2019's Singapore HEALTH Award ceremony.

Our care for our employees is also extended to their family members in the form of annual education awards. For 2019, 95 children of our employees received a total of \$194,200 in education awards.





EMPLOYEE AWARDS AND RECOGNITION

We also took time to recognise and thank our staff for their years of long service with the Company. Long service awards were handed out to 301 employees, who had served between 15 and 35 years. Another 152 employees were appreciated at retirement ceremonies.

Employees who provided quality service to our commuters also received recognition for their good efforts. At our internal CARES quarterly awards in 2019, 985 staff were honoured for providing caring, reliable, safe and secure services to our commuters. BC Saw Cheong Seng, in particular, was recognised for his honesty when he turned in about \$40,000 in cash that had been left behind on his bus.

At the LTA's Land Transport Excellence Awards, five of our staff employees were recognised as "Outstanding Service Individual (Public Transport)". They were Chief BC Goh Soon Huat, Senior BC Lim Ah Lek, Interchange Supervisor Lee Teh Huat, Service Controller Deng Ziliang and Customer Service Captain Ngew Seng Hau.

Another six also did us proud as outstanding winners of the National Kindness Award – Transport Gold 2019 (TGA). From our Bus Division were BC Ang Eng Huat, BC Kou Xiaofen and BC Lee Yee Ching while those from our Rail Division were Station Manager Eddie Yeow, Station Manager Raymond Teo and Assistant Station Manager Abdul Azim Abdul Azizam. Another 119 staff received the Commendation Award.

At the national Excellent Service Award 2019 (EXSA), 1,989 staff were honoured with 22% of them being Star award winners, which is the highest level. Of the recipients, 39% of them were first-time winners. Within the Company, 61% of our staff have won at least one EXSA award.

In addition, two of our employees – BC Thian Siew Mui and Senior Assistant Station Manager Mohamed Ferdaus Bin Mohamed Yusoff – were presented with the Singapore Civil Defence Force's Community Lifesaver Awards. BC Thian was commended for singlehandedly putting out a fire on a passing lorry while she was on her driving duty while Senior Assistant Station Manager, Mr Mohamed Ferdaus, was lauded for his heroic act of rescuing a young child from falling off a moving escalator.

On safe driving, Senior BC Muthiah s/o Suppiah clinched the "Safe Driver" award in the Public Bus category at the Singapore Road Safety Awards.

Notably, two of our staff – Master Technical Specialist Chew Wi Meen and Senior Manager Arifin bin Abdul Talib – were honoured at the SkillsFuture Fellowship Award 2019 for being lifelong learners. They each received a \$10,000 training award from the President of Singapore, Mdm Halimah Jacob, for being champions of lifelong learning and their commitment to contributing to the skills development of others. This brings the total number of our recipients to six over the past three years.

INDUSTRIAL RELATIONS

SBS Transit believes in developing and sustaining a harmonious tripartite labour-management relationship with 89% of our non-executive staff covered by a Collective Agreement that has been signed with the National Transport Workers' Union (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, union members are elected and appointed as union representatives by union members to provide the crucial link between Management and Union.

In 2019, eight BCs filed civil law suits against the Company disputing the prescribed rest days and overtime. Separately, the Company made an application to the Industrial Arbitration Court (IAC) to interpret the relevant clauses in the Collective

Agreements. The IAC issued a written ruling which stated that the Company had acted in accordance with the Employment Act in relation to the BCs' prescribed rest days, working hours and overtime. The BCs, however, through their lawyer, are contesting that ruling. The law suits, meanwhile, are still ongoing.

We continued to support the NTWU, for the second year running, 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 benefit our staff.

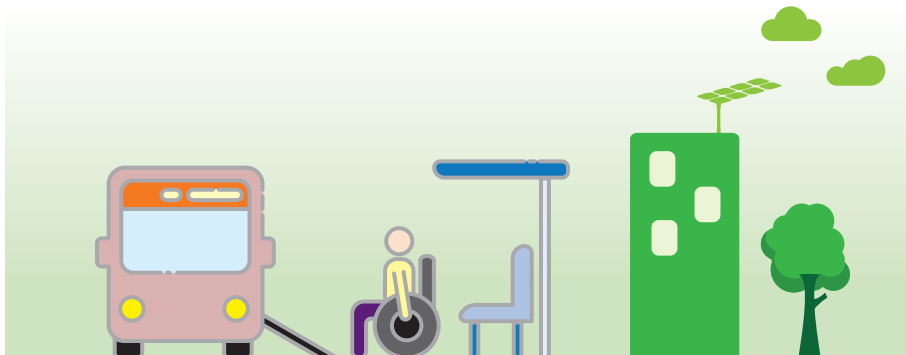


INCLUSIVENESS IN PUBLIC TRANSPORT

All 223 of our bus services are wheelchair friendly with 98.6% of our fleet being wheelchair-accessible. In 2019, our fleet of wheelchair-accessible buses increased by 1.6% to 3,462.

To promote and encourage inclusiveness on our public transport network, we conducted a 10-day exhibition at the Sengkang Bus Interchange in May 2019. Besides sharing practical tips on how to help commuters with special needs or physical disabilities on public buses and trains, we invited service ambassadors from Disabled People's Association Singapore to share their challenges faced when travelling on public transport. Students also had the opportunity to experience being visually-handicapped through an activity while a guide dog was also present to help students appreciate the role it plays for its owner.

In 2019, we also worked with the Singapore Association of the Visually Handicapped to screen educational videos on our premises of how commuters can assist the visually disabled when they meet them at the MRT stations or bus interchanges or on board buses or trains. Tips such as holding them



by the elbow are offered instead of holding them by the hand.

For visually impaired and hearing impaired commuters, we continued to support the LTA in several trials where assistive technologies are employed to make it easier for them to travel on public buses. Three buses, which serve the Enabling Village and the Singapore Association of the Visually Handicapped, are involved in the trial.

We also donated a decommissioned bus to the St. Andrew's Autism School so that its students can practise travelling on public buses independently.

As part of the CARES 4.0 training, we continued to focus efforts on serving our commuters with special needs. One of the initiatives was the setting up of a dedicated team of CARES Ambassadors who are our frontline supervisors selected from various interchanges and stations to engage our commuters and understand their diverse needs. These 66 CARES Ambassadors have undergone a series of training to equip them for their role. They also serve as mentors in their areas of responsibilities.

In 2019, our CARES Ambassadors together with new BCs continued to make monthly visits to the NTUC Silver Circle Senior Care Centre and the Lions Befrienders Senior Activity Centre to interact and spend time with their members. This is to help our staff better understand the mobility challenges faced by elderly commuters.

A visit to the school operated by the Cerebral Palsy Alliance Singapore (CPAS) also gave our BCs serving the area an opportunity to observe and interact with the students so that they can provide better assistance when ferrying them to and from school on our buses.



SUPPORT FOR THE NEEDY AND THE COMMUNITY

In 2019, we gave away more than \$640,000 in cash sponsorships towards charity, community and industry causes.

Unclaimed articles that are left behind on our buses and trains and at our bus interchanges and MRT stations are donated to the Red Cross for sale at its thrift shops with the proceeds going towards its humanitarian efforts to help the disabled and less fortunate in Singapore.

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

At our bus interchanges and MRT stations, we offered free use of publicity spaces to create awareness and promote security and community messages. This included crime prevention and graciousness messages. Besides this, our bus interchanges were

frequently used as collection centres by charity organisations for their flag days. We also sponsored advertising spaces on our buses and trains and at our premises to promote national campaigns such as "Speak Mandarin" and "Speak Good English".

We believe that doing business involves more than just the heart. It also involves the soul. For this reason, we launched a community initiative known as the MAGIC CARES Van programme to reach out to the elderly in our community. Partnering a social enterprise, I'm Soul Inc., we employ the sound beam technology to encourage the elderly to make movements and dance to create music. The programme was officially launched by the Transport Minister on 10 October 2019 and two engagement sessions a week are being held in Toa Payoh and Ang Mo Kio.

On an on-going basis, students visit our bus interchanges, MRT stations and depots to discover more about our operations while we conduct school talks and mini exhibitions that focus on safety and graciousness in public travel. In 2019, we conducted a total of 80 sessions which reached out to close to 24,000 students.

As an established public transport operator with 47 years of experience, we also opened our doors to share best practices in public transport operations and management with governments and other railway operators. In 2019, we played host to the Laos Ministry of Public Works and Transport, a Penang State Government delegation, Norway's Transport Minister and Australia's VicTrack which owns Victoria's transport land, assets and infrastructure.



GOVERNANCE

PHYSICAL SECURITY

On security, we completed the implementation of the Visitor Management System across all our premises where the identity of persons who enter or exit our

premises for work purposes are logged into the electronic system. Adjustments to the system were also made to comply with the Personal Data Protection Act in the collection and storage of the individual's personal information. Our rail depots also employ Radio Frequency Identification (RFID) technology in access control for employees and contractors with long term passes. The RFID reader scans the passes which are embedded with RFID chips and access is only granted if the data matches with that registered in our backend system.

As part of our enhanced security measures, handheld metal detectors have been introduced for security screening. Across our Bus and Rail Divisions, body-worn cameras are now in use by all frontline staff.

Meanwhile, 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 all our bus depots, terminals and selected bus interchanges such as Bukit Merah and HarbourFront.

In security management, we adopted the Threat Oriented Person Screening Integrated System (TOPSIS) developed by the Ministry of Home Affairs (MHA) to enhance the security skillsets of our employees to detect and screen suspicious persons on our premises. We have made it mandatory for all staff, vendors and tenants to attend the TOPSIS training. As at 31 December 2019, more than 9,000 have been trained, up from 6,000 in 2018.

Regular security trainings and exercises continued to be conducted so that our frontline staff are able to respond promptly and appropriately to potential security threats and situations. Our staff also attended security briefings conducted by the MHA and the Singapore Police Force to be updated on the dynamic security environment.

We also participated in joint exercises with the LTA, the Police and the Singapore Civil Defence Force (SCDF) as part of our security and emergency preparedness efforts.

With the LTA, we were involved in a security screening exercise that was conducted at our NEL HarbourFront Station. Codenamed "Exercise Station Guard", it was conducted on a regular weekday in August 2019 during passenger service hours to validate the security measures and plans during periods of heightened security. Commuters entering the station had to pass through metal detectors while their belongings and baggage were scanned by X-ray machines.

The Police and SCDF conducted a joint counter-terrorism readiness exercise, named Exercise Quicksand at our DTL Tampines West Station during passenger service hours. The simulated terror attack involved two gunmen and a suicide bomber.

CYBERSECURITY

Besides protecting our physical assets and premises, we also paid attention to the security of our information assets. Our rail systems have been designated as Critical Information Infrastructure (CII) under the Cybersecurity Act in 2018. Accordingly, as a CII owner, we hold the key responsibility to ensure that our information assets remain protected from and defended against cyber threats. Hence, we continually review our security processes and control measures to ensure that these meet the requirements under the Cybersecurity Act. They included independent assessment of our compliance to the Cybersecurity Code of Practice for Critical Information Infrastructure (CCOP), annual security awareness briefings to staff and vendors, risk assessments and cyber security incident response exercises to test our state of preparedness.

As employees are our first and primary line of defence, we rolled out a programme, "Cybersecurity Awareness for Everyone", on our e-learning platform to equip our employees with knowledge and skills to protect our information assets. Comprising six modules with a duration of two weeks per module, it aims to prepare our staff for the digitalisation of the public transport business and the requirements of CCOP. More than 650 rail employees have already attended training in the first two

modules. Concurrently, close to 80 staff, in particular division heads and heads of departments, have attended the course on "Operational Technology Security Training for Transport Sector".

Meanwhile, we continued to implement additional measures to keep our information assets secure. Employees are no longer able to access the Internet from their PCs and laptops that are connected to our internal networks and systems. Separate terminals instead have been set up for this purpose. Besides this, we implemented two-factor authentication when accessing emails on our PCs/laptops for added security. These complement the other measures that were instituted the previous year such as prohibiting the use of personal USB devices at the workstations.

In 2019, both our Bus and Rail Divisions were recertified under the ISO 22301 Societal Security – Business Continuity Management System Standard as we had met the requirements under its framework to set up and manage an effective business continuity management system.



DISCRIMINATION AND CORRUPTION AT THE WORKPLACE

Our policy of non-discrimination guides our human rights and labour practices. In 2019, there were no reports of discrimination filed.

As a responsible corporate citizen, we also do not condone any corrupt practices or anti-competitive behaviour when our employees deal with suppliers. Hence, we have put in place a strict procurement policy which, among other things, conducts supplier assessment to ensure there is no adverse impact on society. In 2019, we have zero incident of corruption or fraud involving our staff.

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

CORPORATE GOVERNANCE

SBS TRANSIT LTD (“SBS TRANSIT” or the “Company”, and together with its subsidiary, the “Group”), believes 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, the Company maintains the highest standards of Corporate Governance, professionalism and integrity as we build an organisation that our Shareholders, Employees, Business Partners, the Authorities and other Stakeholders can trust and be proud of.

The Company is committed and adheres to the Code of Corporate Governance issued by the Monetary Authority of Singapore dated 6 August 2018 (the “Code”) and ensures that it is upheld throughout the Group. The Company has also adopted a Code of Business Conduct, which sets out the principles and policies upon which the Company’s 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 Financial Year 2019, with specific references to the Code. For the Financial Year 2019, we are pleased to report that the Company complied in all material respects with the Code.

1. BOARD MATTERS

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

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

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

Board’s Role and Responsibilities

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

- (i) Providing entrepreneurial leadership and guidance, setting strategic directions and objectives of the Group (which include appropriate focus on value creation, innovation and sustainability) and ensuring that adequate financial and human resources are in place to achieve the objectives;
- (ii) Ensuring that appropriate and adequate systems of internal controls, risk management processes and Financial Authority Limits are in place to safeguard Shareholders’ interests and the Group’s assets, and to achieve an appropriate balance between risks and company performance;
- (iii) Challenging Management constructively and monitoring its performance;
- (iv) Identifying the key Stakeholder groups and guiding Management in the Company’s strategy and approach in addressing the concerns of these key Stakeholder groups, and ensuring transparency and accountability to all Stakeholders;
- (v) Instilling an ethical corporate culture and ensuring the Company’s values, standards, policies and practices are consistent with the culture; and
- (vi) Considering environmental, social and governance issues as part of its strategic formulation on sustainability.

Induction, Training and Development of Directors

Upon appointment as a Director, the 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 undergo continual professional development during the term of their appointment to update their knowledge and better equip themselves to discharge

their duties as Directors for the Company. 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. External consultants are also engaged to conduct seminars on specific topics as and when necessary. For example, the Directors attended a Sustainability Workshop conducted by PAIA Consulting on 17 October 2019.

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.

Reserved Matters

SBS Transit has adopted clear, established and documented internal guidelines setting forth certain matters that require the Board's approval. Under these guidelines, 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 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 and effectiveness of internal controls, risk management and Financial Authority Limits to ensure that while there is delegation of authority, there are sufficient checks and balances in place to monitor such delegation.

Conflicts of Interest

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

Delegation by the Board

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision-making, five Board Committees are formed, namely, the Audit and Risk Committee (ARC), the Nominating Committee (NC), the Remuneration Committee (RC), the Service Quality Committee (SQC) and the SBST Tender Committee (SBSTTC). 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.

The terms of reference and summary of the activities of the ARC, NC and RC are described in further detail in the relevant sections below. The SQC's terms of reference are to provide strategic directions and review initiatives to enhance the Group's service quality standards, customer service and safety. The SQC also reviews customers' feedback on service quality. The SBSTTC was established with the terms of reference to oversee the Group's bus and rail tender strategies and provide guidance on bid preparations.

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

Directors' Attendance at Board and Board Committee Meetings

At least four scheduled Board Meetings are held every year 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. In 2019, the Board had additional two meetings which included an off-site meeting on 19 July 2019 to conduct a Corporate Strategy Review.

On 9 January 2020, Singapore Exchange Regulations ("SGX RegCo") announced that quarterly reporting of financial results will no longer be mandatory with effect from 7 February 2020. Accordingly, the Company would only announce financial results semi-annually. However, in the interest of good corporate governance, the Board will continue to hold Board meetings on a quarterly basis to review the performance of the Group.

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 2019

Name	Annual General Meeting	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee		Service Quality Committee		SBST Tender Committee	
	Attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Jit Poh	✓	6	6	–	–	2	2	2	2	–	–	1	1
Yang Ban Seng	✓	6	6	4	4 ^a	2	2 ^a	2	2 ^a	2	2 ^a	1	1
Lim Seh Chun	✓	6	6	4	4	2	1	–	–	2	1	–	–
Chua Mui Hoong ^b	–	4	4	3	2	–	–	–	–	1	1	–	–
John De Payva	✓	6	6	–	–	2	1	2	2	2	1	–	–
Susan Kong Yim Pui	✓	6	6	–	–	2	2	2	2	–	–	1	1
Lee Sok Koon	✓	6	6	4	4	–	–	–	–	2	2	1	1
Lim Siang Hoe, Benny	✓	6	6	4	4	2	2	–	–	–	–	–	–
Tan Kim Siew ^c	–	3	3	2	2	–	–	–	–	1	1	–	–
Yu Ching Man	✓	6	6	–	–	–	–	2	2	2	2	1	1
Wee Siew Kim ^d	✓	2	2	1	1	–	–	–	–	1	1	–	–

Notes:

- a) Attended meetings by invitation of the Committee.
b) Appointed on 26 April 2019.
c) Appointed on 1 June 2019.
d) Retired on 25 April 2019.

Access to Information

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

Independent Professional Advice

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

Company Secretaries

The Company Secretaries assist in organising Board and Board Committee Meetings 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.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE**Board Independence**

As at 31 December 2019, the Board comprised ten Directors with 80% independent Directors. There is a strong level of independence in the Board. Except for the Chairman who is a non-executive non-independent Director and the Executive Deputy Chairman who is an executive non-independent Director, all the remaining eight non-executive Directors (NED) are considered by the NC to be independent. Mr Yang Ban Seng was re-designated as Executive Deputy Chairman and CEO on 15 January 2019 and relinquished his appointment as CEO as of 1 March 2020, following the appointment of

Mr Cheng Siak Kian as Acting CEO on the same date. Mr Yang remained as Executive Deputy Chairman of the Company. This composition exceeds the requirement under the Code for the majority 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 Substantial Shareholder (as defined under the code), 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 Substantial 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 a nominee and Chairman of ComfortDelGro, a Substantial Shareholder of the Company. Mr Yang Ban Seng is deemed as non-independent as he is a nominee and the Managing Director/Group CEO of ComfortDelGro, a Substantial Shareholder of the Company, and he is also the Executive Deputy Chairman of the Company.

As at 31 December 2019, Mr John De Payva is the only one out of the eight independent Directors who has served on the Board for more than nine years. The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of service. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging Management in the best interests of the Group as he/she performs his/her duties in good faith, are more critical measures in ascertaining his/her independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent Directors. In taking a holistic approach, the Board and the NC exercise due and careful review, taking into consideration 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.

Independent Judgement

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

Board Size, Composition and Competency

The NC examines the size and composition of the Board and the Board Committees annually to ensure an appropriate balance and diversity of knowledge, skills, experiences, age 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 is appropriate.

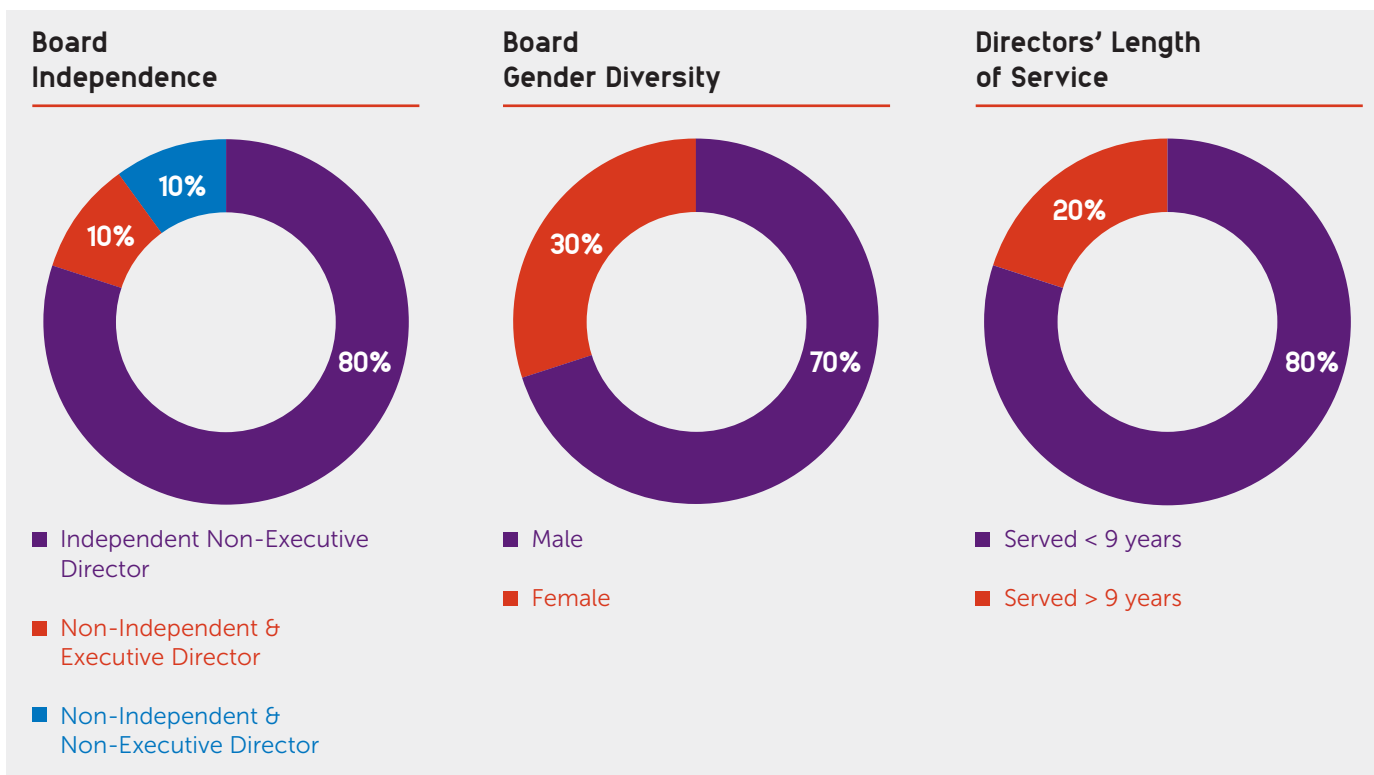
The Group is committed to building an open, inclusive and collaborative culture and recognises the importance of all aspects of diversity in supporting the achievement of its strategic objectives, growth and sustainable development.

The Board recognises the merits of gender diversity in relation to composition of the Board and in identifying suitable candidates for new appointments to the Board would ensure that female candidates are included for consideration. As at 31 December 2019, out of ten directors on the Board three of them or 30% are females.

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

The NC is satisfied that the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, age, 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 commitment and listed company directorships and chairmanships held currently in the preceding five years, are found in the 'Board of Directors' and 'Directors' Particulars' sections on pages 11 to 15 and pages 53 to 57 of this Annual Report.



Non-Executive Directors' Participation

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

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

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

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Roles of Chairman and 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 from pages 28 to 35 of our Sustainability Report.

Mr Cheng Siak Kian was appointed as Acting CEO to oversee the operations of the Company on 1 March 2020.

Lead Independent Director

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

PRINCIPLE 4: BOARD MEMBERSHIP

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

Nominating Committee

As at 31 December 2019, the NC comprised 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, its Board Committees and Individual Directors' performance, including comparison with industry peers; and
- (iv) Make recommendations to the Board on the review of training and professional development programmes for the Board and the Directors.

Multiple Board Representations

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

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

As the number of board representations should not be the only measure of a Director's commitment and ability to contribute effectively, the NC takes the view that if a Director wishes to hold more board representations than the maximum stated in the guidelines, a request must be made to the Chairman 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 2019, all Directors comply with the guideline on multiple board representation.

Alternate Director

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

Process for Selection, Appointment and Re-appointment of Directors

As part of the Board Succession Plan, new Directors may be identified from time to time for appointment to the Board after

the NC evaluates and assesses their suitability in strengthening the diversity of skills, experience, gender, age, 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 Yang Ban Seng, Ms Susan Kong Yim Pui and Ms Lee Sok Koon are due for re-election pursuant to Regulation 100 of the Constitution of the Company, while Ms Chua Mui Hoong and Dr Tan Kim Siew are due for re-election pursuant to Regulation 106 of the Constitution of the Company.

Key Information on Directors

The profile of the Directors and key information are set out in this Annual Report from page 11 to 15. The Notice of AGM sets out the Directors proposed for re-election or re-appointment at the forthcoming AGM. Key information on Directors are also available on the Company's website.

PRINCIPLE 5: BOARD PERFORMANCE

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

The NC is delegated by the Board to undertake a process to assess the effectiveness of the Board in terms of overall performance and growth of the Group, achieving an adequate return for Shareholders, preventing conflicts of interest and balancing the competing demands of the Group. In evaluating the contributions and performance of each individual Director, factors taken into consideration include attendance at AGM, Board and Board Committee Meetings and corporate activities, contributions in specialist areas and maintenance of independence. The performance criterion is determined by the NC and does not change from year to year.

In the last quarter of 2019, the NC conducted a performance evaluation of the Board, the Board Committee, and individual Directors. The performance evaluation which included key points on Board's composition, Board's contributions, contributions at Board Committees and conduct of proceedings and whether the Directors had discharged their duties effectively. The findings were then presented by the Chairman of the NC to the Board during its meeting for deliberation and discussion on possible areas for improvement to enhance overall effectiveness.

2. REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Remuneration Committee

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

As at 31 December 2019, the RC comprised four independent NEDs, of whom three including the chairman are independent. This is in accordance with the Code. The RC considers all aspects of remuneration to ensure they are fair. Members of RC are independent of Management and also free from any business or other relationships, which may materially interfere with the exercise of independent judgement.

All decisions by the RC are made by a majority of votes of the RC members who are present and voting. Any member of the RC with a conflict of interest in relation to the subject matter under consideration would abstain from voting, approving or making recommendations that would affect the decisions of the RC. The CEO 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 Key Management Personnel is discussed. No Director is involved in deciding his or her own remuneration.

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

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

The RC has unrestricted access to the ComfortDelGro Group Chief Human Resource Officer, who attends all RC meetings and provides the relevant market remuneration data and practices to the Committee. The RC may also seek external independent expert advice on such matters where needed. In 2019, the Group continued to engage the services of an external consulting firm, Willis Towers Watson to conduct an Executive Compensation Benchmarking exercise for an independent review of the Compensation package of its senior executives.

PRINCIPLE 7: LEVEL OF MIX OF REMUNERATION

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

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

Performance-related Remuneration

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

Short-term and Long-term Incentive Schemes

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

Remuneration of Non-Executive Directors

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

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

CORPORATE GOVERNANCE

Board	Basic fee (per annum)	
Chairman		\$66,000
Deputy Chairman		\$49,500
Lead Independent Director		\$39,600
Member		\$33,000
	Additional fees (per annum) as	
Board Committee	Chairman	Member
Audit and Risk Committee	\$22,000	\$15,400
Nominating Committee	\$11,000	\$7,700
Remuneration Committee	\$11,000	\$7,700
Service Quality Committee	\$11,000	\$7,700

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

Meetings	Additional fees (per annum) as	
	In-person	Dial-in
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 8: DISCLOSURE ON REMUNERATION

Remuneration of Directors and Executives

CEO's remuneration:

Remuneration	The Group			
	Salary	Bonus	Others	Total Compensation
	\$	\$	\$	\$
2019				
Yang Ban Seng	240,000	-	-	240,000 ¹

Note:

¹ Amount constitutes Mr Yang Ban Seng's CEO's remuneration for the period from 15 January 2019 to 31 December 2019. His CEO's remuneration is paid to the Company's holding company, ComforDelGro Corporation Limited.

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

Directors' fees	
2019	
\$	
Lim Jit Poh	81,400
Yang Ban Seng	1,899 ¹
Lim Seh Chun	63,921
Chua Mui Hoong	38,425 ²
John De Payva	51,519
Susan Kong Yim Pui	51,700
Lee Sok Koon	60,620
Lim Siang Hoe, Benny	56,100
Tan Kim Siew	32,738 ³
Yu Ching Man	50,660
Wee Siew Kim	19,755 ⁴

Notes:

- 1 Amount constitutes Mr Yang Ban Seng's Directors' fees for the period from 1 January 2019 to 14 January 2019. Mr Yang was re-designated as Executive Deputy Chairman & CEO as of 15 January 2019, and stepped down as CEO on 1 March 2020. His Director's Fees are paid to the Company's holding company ComfortDelGro Corporation Limited.
- 2 Amount constitutes Ms Chua Mui Hoong's Directors' fees for the period from 26 April 2019 to 31 December 2019. Ms Chua was appointed as an Independent Non-Executive Director and a Member of the Audit and Risk Committee and the Service Quality Committee with effect from 26 April 2019.
- 3 Amount constitutes Dr Tan Kim Siew's Directors' fees for the period from 1 June 2019 to 31 December 2019. Dr Tan was appointed as an Independent Non-Executive Director and a Member of the Audit and Risk Committee and the Service Quality Committee with effect from 1 June 2019.
- 4 Amount constitutes of Mr Wee Siew Kim's Directors' fees from 1 January 2019 to 25 April 2019. Mr Wee retired at the conclusion of the Company's AGM held on 25 April 2019, and ceased to be the Chairman of the Audit and Risk Committee and a Member of the Service Quality Committee.

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			
	Salary	Bonus	Others	Total Compensation
	%	%	%	%
2019				
\$500,000 to \$749,999				
Cheng Siak Kian	51.5	40.7	7.8	100
\$250,000 to \$499,999				
Leong Yim Sing	52.7	37.4	9.9	100
Goei Beng Guan, Alex	54.2	36.1	9.7	100
Tan Eng Kok, Ivan	52.9	37.4	9.7	100
Pang Fui Eng, Ivan	51.9	34.6	13.5	100

The total remuneration paid to these five Executives holding the key portfolios (who are not Directors or the CEO) amounts to \$2,181,253.

Remuneration of Certain Related Employees

During the Financial Year 2019, no key executive whose remuneration exceeded \$100,000 was a substantial shareholder of the Company, or an immediate family member of a Director or the CEO. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

3. ACCOUNTABILITY AND AUDIT

The Board has overall accountability to the Shareholders of the Company and ensures that the Group is managed well and guided by sustainable long-term strategic objectives. The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects. Material price sensitive and trade sensitive information, Annual Reports and other material corporate developments are disseminated in a timely and transparent manner and posted on the Company's website as well as SGXNet. The Financial Results are reported 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.

The Group has formalised a Policy on Securities – Restrictions Against Dealings to provide guidance to Directors and executives of the Group in relation to dealings in the securities of the Company, ComfortDelGro Corporation Limited (ComfortDelGro) and VICOM Ltd (VICOM). Directors and executives of the Group are prohibited from dealing in the securities of the Company, ComfortDelGro and VICOM during the period commencing two weeks before the announcement of the Company's, ComfortDelGro 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 and trade sensitive information relating to the relevant securities; and (ii) the securities of other listed companies while in possession of unpublished material price-sensitive and trade sensitive information relating to those securities. Executives are required to notify the Company upon disposal of shares arising from the exercise of options under the Employees' Share Option Scheme which expired on 8 June 2010.

The Group has put in place a Standard Operating Procedure (SOP) on compilation of information on privy persons who have access to material information of transactions that have

yet to be disclosed to the public. The SOP prescribes that the person-in-charge of such transactions must remind all privy persons to keep all material information strictly confidential.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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

Risk management is an important and integral part of SBS Transit's strategic planning and decision making process. Key risks are identified and presented to the ARC and Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional level. 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 58 to 60 of this Annual Report.

In 2019, the Group engaged an external consultant to review its risk management framework. The findings affirmed that key foundations of Enterprise Risk Management ("ERM"), including ERM function, risk governance and processes are in place in the Group. The consultants have also scrutinised the documentation and evidence of all risk controls, and are satisfied that the required measures and processes are in place.

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 2019, the Board has received assurance from the CEO and Chief Financial Officer (CFO) that (i) the financial records have been properly maintained and the financial statements are prepared in compliance with the Singapore Financial Reporting Standards (International) and are correct in all material aspects and give a true and fair view of the operations and finances of the Group; and (ii) the Group's internal controls system (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective.

Key risks, mitigating controls and business continuity plans in place are reviewed annually by the ARC and the Board. Based on these reviews, the Board is of the view, with the concurrence of the ARC, that the systems of risks management and internal

controls in place for the Group are adequate and effective to address its financial, operational, compliance and information technology risks and to provide reasonable assurance against material financial misstatements or loss.

PRINCIPLE 10: AUDIT AND RISK COMMITTEE

As at 31 December 2019, the ARC comprises five independent NEDs. None of the ARC members are previous partners or directors of the External Auditors within the previous 24 months and none of the ARC members hold any financial interest in the External Auditors. The Chairman and Members of the ARC are rotated periodically. The Board has reviewed and is satisfied that the members of the ARC are appropriately qualified to discharge their responsibilities.

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

- (i) Ms Lee Sok Koon, Chairman of the ARC, is a non-executive and independent Director of SBS Transit. She is also a member of both the Service Quality Committee and the SBST Tender Committee of the Company. She is also an independent non-executive Director of Japan Foods Holding Ltd, a public listed company on the Singapore Exchange and an independent Director of NUS America Foundation, Inc., a tax exempt public charity in the United States of America. Ms Lee was a board member of Singapore Arts School Ltd, a role she relinquished on 31 January 2020. Ms Lee was the Finance Director of Lum Chang Holdings Ltd and L.C. Development Ltd (now known as AF Global Limited), public companies which are listed on the Singapore Exchange Ltd. She was responsible for the finance and corporate affairs of the two listed companies covering all financial matters, corporate governance, tax, legal, corporate communications and internal audit for more than 20 years. Ms Lee holds a Bachelor of Accountancy (Hons) from the then University of Singapore in 1975. She is a Member of the Institute of Singapore Chartered Accountants and a member of the Institute of Directors in Singapore.
- (ii) Ms Chua Mui Hoong, Member of the ARC, is a non-executive and independent Director of SBS Transit. She is also a member of the Service Quality Committee of the Company. Ms Chua is a former board member of the Agri-Food and Veterinary Authority, where she was a member of the Audit and Risk Committee. She is also a former director of Straits Times Press, a subsidiary of Singapore Press Holdings. She has been a journalist with The Straits Times since 1991 and is currently the Opinion editor. Ms Chua holds a Bachelor of Arts (Honours) in English literature from Cambridge University and a Master in Public Administration from the Harvard Kennedy School.

- (iii) Prof Lim Seh Chun, Member of the ARC, is the Lead Independent and non-executive Director of SBS Transit. He is also the Chairman of the Nominating Committee of the Company. Prof Lim is the Interim Provost and 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. Prof Lim 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.

- (iv) Mr Lim Siang Hoe, Benny, Member of the ARC, is a non-executive and independent Director of SBS Transit. He is also a member of the Nominating Committee of the Company. Mr Lim is the Chairman of Temasek Foundation Connects CLG Limited and an Independent Director of Tridex 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). 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.

- (v) Dr Tan Kim Siew, Member of the ARC, is a non-executive and independent Director of SBS Transit. He is also a member of the Service Quality Committee of the Company. He is also a non-executive and independent Director of VICOM Ltd. Dr Tan is presently a Senior Consultant in the Ministry of Finance and Chairman of the Governing Board for the Mechanobiology Institute, National University of Singapore. Dr Tan holds a Bachelor of Arts (Honours) (Engineering Tripos) with Distinction in Electronics Engineering and Doctor of Philosophy (Engineering) from the University of Cambridge.

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

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

- (i) Risk identification and reviewing the adequacy and effectiveness of financial, operational, compliance and information technology controls and risk management systems to ensure effectiveness in the management of risks and compliance with internal policies and external regulations;
 - (ii) Review the effectiveness, adequacy and independence of the Group's 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 60 of this Annual Report.
- (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;
 - (vii) Risk Management and adequacy and effectiveness of internal controls;
 - (viii) Independence of the External Auditors;
 - (ix) Re-appointment of External Auditors and its remuneration and recommendation to the Board; and
 - (x) Significant matters (if any) raised through the whistle-blowing channel.

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

The ARC meets with the Internal and External Auditors annually in the absence of Management.

During these meetings, the Auditors may raise issues encountered in the course of their work directly to the ARC.

Audit and Risk Committee's Activities

The ARC held four 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:

Significant Financial Reporting Matters

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

Significant matters	Review of significant matters by the ARC
Valuation and completeness of provision for accident claims	The ARC considered the approach and methodology applied to the valuation and completeness of provision for settlement of accident claims. Following the review and discussions with Management and the External Auditors, the ARC is satisfied with the estimates used in determining the probability and amounts of expected settlement claims.

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 2019.

Review of Independence of External Auditors

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

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

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 and evaluation of the GCIAO.

The 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 meets with the GCIAO at least once a year in the absence of Management. The Group Internal Audit Division is given unfettered access to all the Group's documents, records, properties and personnel, including access to the ARC.

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. SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Disclosure of Information to Shareholders

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

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

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

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

Conduct of Shareholder Meeting

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

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

The 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 on the Company's website.

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

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 12: ENGAGEMENT WITH SHAREHOLDERS

Regular, Effective and Fair Communications with Shareholders

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

ComfortDelGro IR team works with Senior Management to proactively carry out this engagement programme.

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

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

5. MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

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

The Company has arrangements in place to enable it to engage stakeholders so as to better understand and take action to address their needs and interests. The basis for and methods of engagement with the stakeholders, along with the key areas of focus for each stakeholder group, can be found on pages 28 to 35 of the Sustainability Report. Our Sustainability Report highlights the economic, environmental and social aspects of our developments and operations in accordance with the Global Reporting Initiative Guidelines (G4 Core) and is issued ahead of the requirement under the SGX-ST Listing Manual.

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

ADDITIONAL MEASURES TO ENHANCE CORPORATE GOVERNANCE

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

Corporate Gifts/Entertainment Policy

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

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

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

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

Anti-Corruption Policy

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

Block Leave Policy

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

Health and Safety Policy

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

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

Information Protection Policy

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

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

Data Protection Policy

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

Cyber Security Policy

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

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

Interested Person Transactions

Listing Manual – Rule 907

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
ComfortDelGro Corporation Limited	ComfortDelGro is the majority shareholder of the Company	\$5,842,000	NIL
VICOM Ltd	VICOM is an associate of the Company	\$738,000	NIL

The aggregate value of the above transactions does not include the aggregate value of \$3.3 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.

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 practise 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.

DIRECTORS' PARTICULARS

Name	Age	Present Directorships / Chairmanships (as at 31 December 2019)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2015 to 31 December 2019)	Present Principal Commitments	Past Principal Commitments over the preceding five years
Lim Jit Poh Chairman (Non-executive & Non-independent)	80	<p>Principal Directorships in the ComfortDelGro Group</p> <ul style="list-style-type: none"> • ComfortDelGro Corporation Limited* • Beijing Jin Jian Taxi Services Co., Ltd • Comfort Transportation Pte Ltd • CityCab Pte Ltd • ComfortDelGro Engineering Pte Ltd • CityFleet Networks Limited • ComfortDelGro Corporation Australia Pty Ltd • Guangzhou Xin Tian Wei Transportation Development Co., Ltd • Metroline Limited • Swan Taxis Pty Ltd <p>Principal Directorships in the VICOM Group</p> <ul style="list-style-type: none"> • VICOM Ltd* • Setsco Services Pte Ltd <p>Other Companies</p> <ul style="list-style-type: none"> • Family Leisure Pte Ltd • NCI Golf Pte Ltd • Pasir Ris Resort Pte Ltd • SLF Leisure Enterprises (Pte) Ltd • Surbana Property Investment Pte Ltd • CapitaLand Township Development Fund Pte Ltd • CapitaLand Township Development Fund II Pte Ltd 	<ul style="list-style-type: none"> • Ascott Residence Trust Management Ltd* 	Nil	Nil

* Listed Company

DIRECTORS' PARTICULARS

Name	Age	Present Directorships / Chairmanships (as at 31 December 2019)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2015 to 31 December 2019)	Present Principal Commitments	Past Principal Commitments over the preceding five years
Yang Ban Seng Executive Deputy Chairman (Executive & Non-Independent)	63	<p>Directorship in the SBS Transit Group</p> <ul style="list-style-type: none"> • SBS Transit DTL Pte Ltd <p>Principal Directorships in the ComfortDelGro Group</p> <ul style="list-style-type: none"> • ComfortDelGro Corporation Limited • Beijing Jin Jian Taxi Services Co., Ltd • Comfort Transportation Pte Ltd • CityCab Pte Ltd • ComfortDelGro Engineering Pte Ltd • CityFleet Networks Limited • ComfortDelGro Corporation Australia Pty Ltd • Guangzhou Xin Tian Wei Transportation Development Co., Ltd • Metroline Limited • Swan Taxis Pty Ltd <p>Principal Directorships in the VICOM Group</p> <ul style="list-style-type: none"> • VICOM Ltd* • Setsco Services Pte Ltd • JIC Inspection Services Pte Ltd 	Nil	<ul style="list-style-type: none"> • ComfortDelGro Corporation Limited* (Managing Director & Group Chief Executive Officer) 	Nil

* Listed Company

Name	Age	Present Directorships / Chairmanships (as at 31 December 2019)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2015 to 31 December 2019)	Present Principal Commitments	Past Principal Commitments over the preceding five years
Lim Seh Chun Director (Non-executive & Lead Independent)	65	Nil	Singapore Symphony Group	<ul style="list-style-type: none"> Singapore University of Technology and Design (Interim Provost and Associate Provost, Student Affairs) Singapore School of Science and Technology (Chairman) 	<ul style="list-style-type: none"> Deputy Dean of Faculty of Engineering at National University of Singapore
Chua Mui Hoong Director (Non-executive & Independent)	51	Nil	<ul style="list-style-type: none"> Straits Times Press Pte Ltd Agri-Food and Veterinary Authority 	<ul style="list-style-type: none"> Singapore Press Holdings Ltd* (Opinion Editor of the Straits Times) 	Nil
John De Payva Director (Non-executive & Independent)	70	Other Company <ul style="list-style-type: none"> SLF Leisure Enterprises (Pte) Ltd 	Nil	<ul style="list-style-type: none"> DBS – Staff Union (Trustee) Education Services Union (Advisor) National Trades Union Congress (NTUC) (Trustee) NTUC International Relations (Advisor) National Transport Worker’s Union (Trustee) Union Network International (UNI) (Board Member, Nyon, Switzerland) UNI – Professional and Managerial (Asia Pacific Regional Office – Chairman) 	<ul style="list-style-type: none"> Pasir Ris Resort Pte Ltd (Director) ITUC – Asia Pacific (Vice-President) International Trade Union Confederation (ITUC) General Council (Vice President, Brussels Office) ITUC – Asia Pacific (Executive Bureau – Chairman) Ong Teng Cheong Institute of Labour Studies (Member of Board of Governors)

* Listed Company

DIRECTORS' PARTICULARS

Name	Age	Present Directorships / Chairmanships (as at 31 December 2019)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2015 to 31 December 2019)	Present Principal Commitments	Past Principal Commitments over the preceding five years
Susan Kong Yim Pui Director (Non-executive & Independent)	59	Other Companies <ul style="list-style-type: none"> HealthServe Limited Singapore Tyler Print Institute Q.E.D. Law Corporation 	Nil	<ul style="list-style-type: none"> Q.E.D. Law Corporation (Partner) 	Nil
Lee Sok Koon Director (Non-executive & Independent)	66	Other Companies <ul style="list-style-type: none"> Japan Foods Holding Ltd* NUS America Foundation, Inc. Singapore Arts School Ltd 	<ul style="list-style-type: none"> Invictus Group Pte Ltd 	Nil	<ul style="list-style-type: none"> National University of Singapore (Director of Operations in the Development Office)
Lim Siang Hoe, Benny Director (Non-executive & Independent)	63	Other Companies <ul style="list-style-type: none"> Temasek Foundation Connects CLG Limited Tridex Ptd Ltd Raffles Health Insurance Pte Ltd <i>(Resigned as Independent Non-Executive Director w.e.f. 2 March 2020)</i> 	<ul style="list-style-type: none"> Rysense Ltd 	<ul style="list-style-type: none"> National Parks Board (Chairman) National Library Board (Member of the National Records Advisory Committee) Ministry of National Development (Special Advisor to the Centre for Liveable Cities) Nanyang Technology University (Special Advisor for the National Security Studies Programme of the S. Rajaratnam School of International Studies) 	<ul style="list-style-type: none"> Permanent Secretary of Prime Minister's Office Permanent Secretary of National Security and Intelligence Coordination Permanent Secretary of Ministry of National Development

* Listed Company

Name	Age	Present Directorships / Chairmanships (as at 31 December 2019)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2015 to 31 December 2019)	Present Principal Commitments	Past Principal Commitments over the preceding five years
Tan Kim Siew Director (Non-executive & Independent)	66	Directorship in the VICOM Group • VICOM Ltd*	Nil	Nil	Nil
Yu Ching Man Director (Non-executive & Independent)	54	Nil	Nil	<ul style="list-style-type: none"> Hong Kong Polytechnic University (Professor, Interdisciplinary Division in Aeronautical and Aviation Engineering) 	<ul style="list-style-type: none"> Singapore Institute of Technology (Professor and Programme Director in Sustainable Infrastructure Engineering (Land Transport) and Sustainable Infrastructure Engineering (Building Services))

* Listed Company

RISK MANAGEMENT

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

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

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

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

FINANCIAL RISKS

The company has established internal control systems to safeguard its assets and regularly reviews the effectiveness of these controls to improve and fortify financial discipline. All policies

and procedures on financial matters, including approval limits and authority, are clearly defined in the Company's Financial Procedures Manual.

Financial Authority Limits

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

Budgetary Control

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

Economic Cycle

Changes in economic conditions may impact the businesses in terms of customer demand and the cost of providing the services. We manage these risks by continuously scanning and monitoring political and economic issues. We also monitor demand trends, cost structures and operating margins closely. Expenses are managed in the light of revenue patterns and changing market conditions. Where possible, revenue risks are mitigated by diversifying revenue streams to non-fare sources.

A detailed description of the financial risks and how the Company manages them are set out in the Notes to the Financial Statements on pages 77 to 120.

OPERATIONAL RISKS

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

Safety and Security

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

Environmental

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

Manpower

The Company's ability to develop and grow the business depends on the quality of its employees, and we are committed to invest in building our resource pool. We have in place various programmes and processes that focus on several key areas, including talent management, building management bench strength, succession planning, performance management, compensation and benefits, training and development and employee conduct and supervision. We ensure that our employees are selected and promoted based on merit, they understand their responsibilities and are given access to necessary training. At all times, a positive, constructive and productive working climate

based on strong tripartite relations is fostered. We ensure that all policies, processes, terms and conditions of employment, including those relating to foreign labour force, are in compliance with the relevant regulations.

Property and Liability

The Company's exposure to property damage, business interruption and other liability risks is constantly monitored and reviewed with the ComfortDelGro's in-house insurance broking subsidiary. 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 databases and other assets. Such risks can arise from adverse natural events like flooding or from pandemic outbreaks. The BCPs include identification and planning of alternate recovery centres, operational procedures to maintain communication, measures to ensure continuity of critical business functions, protection of our employees and customers, and recovery of information databases. We update and test the BCPs regularly. Drills and emergency response exercises are conducted to familiarise employees with the various incident management plans. The BCPs enhance the Company's operational readiness and resilience to potential business disruptions.

INFORMATION TECHNOLOGY RISKS

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

RISK MANAGEMENT

COMPLIANCE RISKS

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

STRATEGIC RISKS

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

AUDIT PROCESS

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

CODE OF BUSINESS CONDUCT AND WHISTLE BLOWING POLICY

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

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

FINANCIAL CALENDAR

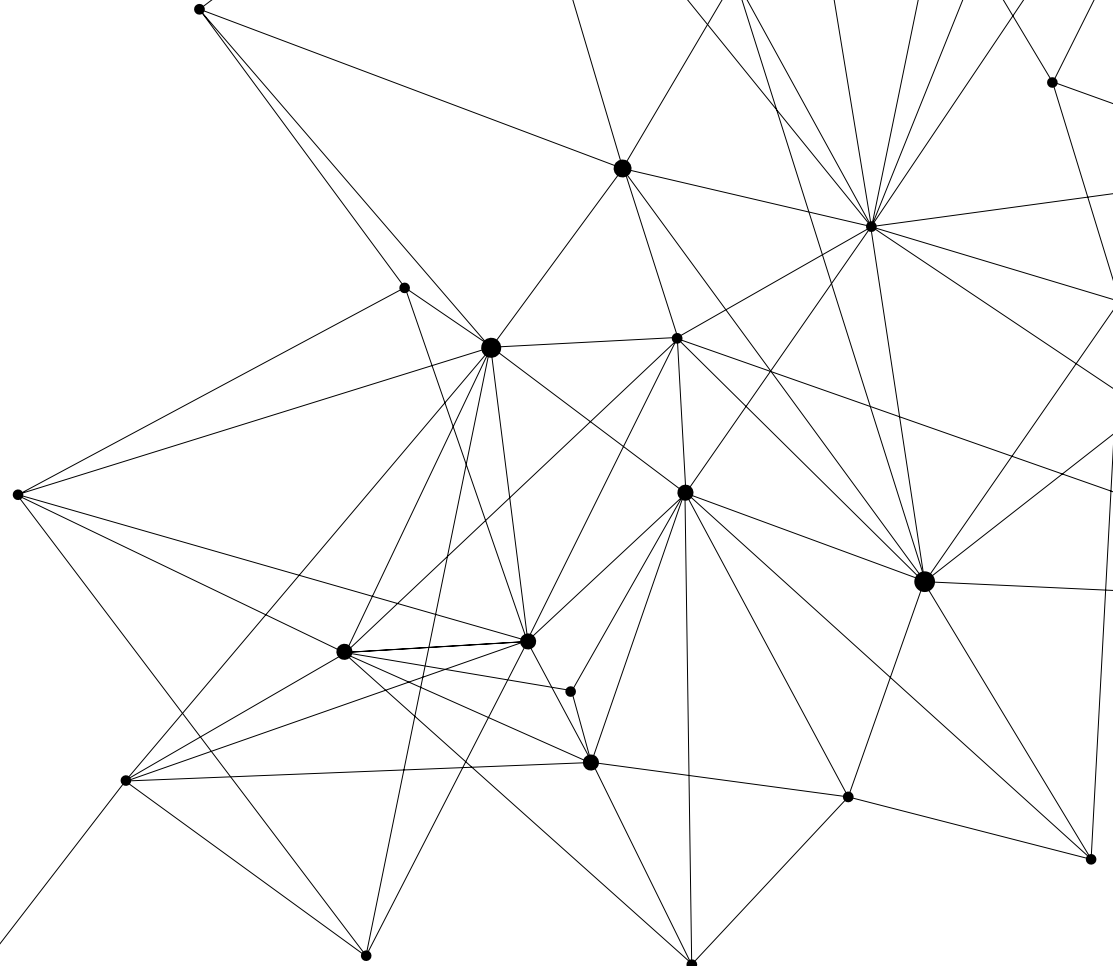
2019

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

2020

Announcement of 2019 Full Year Results	13 February 2020
Annual General Meeting	23 April 2020
Payment of 2019 final dividend (5.90 cents/share) (Subject to Shareholders' approval at the forthcoming Annual General Meeting)	12 May 2020
Announcement of 2020 Half Year Results	13 August 2020*

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



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DIRECTORS' STATEMENT

The Directors present their annual statement together with the audited Consolidated Financial Statements of the Group and Statement of Financial Position and Statement of Changes in Equity of the Company for the financial year ended 31 December 2019.

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 70 to 120 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 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Lim Jit Poh	(Chairman)
Yang Ban Seng	(Executive Deputy Chairman and Chief Executive Officer)
Lim Seh Chun	(Appointed as Lead Independent Director on 26 April 2019)
Chua Mui Hoong	(Appointed on 26 April 2019)
John De Payva	
Susan Kong Yim Pui	
Lee Sok Koon	
Lim Siang Hoe, Benny	
Tan Kim Siew	(Appointed on 1 June 2019)
Yu Ching Man	

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

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

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	At	At
		1 January 2019	31 December 2019	21 January 2020
Interest in ultimate holding company, ComfortDelGro Corporation Limited				
(a)	Ordinary shares			
	Lim Jit Poh	244,425	244,425	244,425
	Yang Ban Seng	157,168	7,168	7,168
	Yang Ban Seng (Deemed Interest)	18,185	18,185	18,185
(b)	Options to subscribe for ordinary shares			
	Yang Ban Seng	660,000	660,000	660,000
Interest in related company, VICOM Ltd				
(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 Ms Susan Kong Yim Pui (Appointed as Chairman on 26 April 2019), Mr John De Payva, Mr Lim Jit Poh and Prof Yu Ching Man.
- (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 2019 are as follows:

Date of grant	Number of options to subscribe for ordinary shares			Outstanding at 31 December 2019	Subscription price per share	Expiry date
	Outstanding at 1 January 2019	Exercised	Lapsed			
25 June 2009	232,500	195,000	37,500	–	\$1.58	25 June 2019
	232,500	195,000	37,500	–		

- (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 2019	Aggregate options exercised since the commencement to 31 December 2019	Aggregate options lapsed since the commencement to 31 December 2019	Aggregate options outstanding as at 31 December 2019
Lim Jit Poh	780,000	480,000	300,000	–
John De Payva	495,000	135,000	360,000	–

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.

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:

Lee Sok Koon	(Appointed as Chairman on 26 April 2019)
Chua Mui Hoong	(Appointed on 26 April 2019)
Lim Seh Chun	
Lim Siang Hoe, Benny	
Tan Kim Siew	(Appointed on 1 June 2019)

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

In performing its functions, the Audit and Risk Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors 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
13 February 2020

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 2019, 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 70 to 120.

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 2019 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 2019.

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

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.

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

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- (d) Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (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
13 February 2020

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2019

	Note	The Group		The Company	
		31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
ASSETS					
Current assets					
Short-term deposits and bank balances	5	31,463	32,711	30,280	31,785
Trade receivables	6	167,433	123,509	164,063	120,225
Other receivables and prepayments	7	67,748	56,466	317,693	259,551
Inventories	8	130,571	117,142	104,126	99,102
Total current assets		397,215	329,828	616,162	510,663
Non-current assets					
Subsidiary	9	–	–	5,000	5,000
Prepayments	10	3,385	6,021	3,327	5,889
Vehicles, premises and equipment	11	644,165	705,304	625,013	685,463
Right-of-use assets	12	70,980	–	70,980	–
Deferred tax assets	13	21,540	21,680	–	–
Total non-current assets		740,070	733,005	704,320	696,352
Total assets		1,137,285	1,062,833	1,320,482	1,207,015

See accompanying notes to the Financial Statements.

	Note	The Group		The Company	
		31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	14	75,000	–	75,000	–
Lease liabilities	30	11,375	–	11,375	–
Trade and other payables	15	257,866	293,771	219,384	253,450
Deposits received	16	3,560	2,588	2,917	2,259
Insurance premiums payable and provision for accident claims	17	21,205	19,533	21,205	19,533
Fuel price equalisation account		19,992	19,992	19,992	19,992
Income tax payable		30,612	31,394	30,612	31,394
Total current liabilities		419,610	367,278	380,485	326,628
Non-current liabilities					
Borrowings	14	–	75,000	–	75,000
Lease liabilities	30	71,801	–	71,801	–
Deferred grants	18	6,248	6,326	6,248	6,326
Deposits received	16	6,618	7,157	5,553	5,865
Deferred tax liabilities	13	74,940	77,676	74,940	77,676
Provision for service benefits and long service awards	19	11,335	11,004	10,930	10,706
Fuel price equalisation account		19,992	19,992	19,992	19,992
Total non-current liabilities		190,934	197,155	189,464	195,565
Total liabilities		610,544	564,433	569,949	522,193
Capital and reserves					
Share capital	20	100,499	100,162	100,499	100,162
Other reserves	21	40,543	38,628	40,285	39,450
Accumulated profits		385,699	359,610	609,749	545,210
Total equity		526,741	498,400	750,533	684,822
Total liabilities and equity		1,137,285	1,062,833	1,320,482	1,207,015

See accompanying notes to the Financial Statements.

GROUP INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2019

	Note	The Group	
		2019 \$'000	2018 \$'000
Revenue	22	1,445,297	1,383,613
Staff costs	23	(713,354)	(705,519)
Repairs and maintenance costs		(192,741)	(173,219)
Fuel and electricity costs		(182,008)	(171,844)
Premises costs		(48,078)	(64,155)
Depreciation expense	11, 12	(104,070)	(93,136)
Other operating costs		(101,560)	(78,439)
Total operating costs		(1,341,811)	(1,286,312)
Operating profit	24	103,486	97,301
Net income from investments	25	137	274
Finance costs	26	(4,249)	(3,390)
Profit before taxation		99,374	94,185
Taxation	27	(18,086)	(14,083)
Profit attributable to shareholders		81,288	80,102
Earnings per share (in cents):			
Basic	28	26.07	25.72
Diluted	28	26.07	25.71

See accompanying notes to the Financial Statements.

GROUP COMPREHENSIVE INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2019

	The Group	
	2019 \$'000	2018 \$'000
Profit attributable to shareholders	81,288	80,102
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value adjustment on cash flow hedges	1,948	(1,670)
Fair value adjustment on investments	–	(133)
Total comprehensive income for the year attributable to shareholders of the Company	83,236	78,299

See accompanying notes to the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	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 2018	98,873	40,522	309,831	449,226
<i>Total comprehensive income (expense) for the year</i>				
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
<i>Transactions recognised directly in equity</i>				
Exercise of share options	1,289	(62)	–	1,227
Payment of dividends (Note 34)	–	–	(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
Adoption of SFRS(I) 16 (Note 2)	–	–	(10,775)	(10,775)
Balance at 1 January 2019	100,162	38,628	348,835	487,625
<i>Total comprehensive income for the year</i>				
Profit for the year	–	–	81,288	81,288
Other comprehensive income for the year	–	1,948	–	1,948
Total	–	1,948	81,288	83,236
<i>Transactions recognised directly in equity</i>				
Exercise of share options	337	(28)	–	309
Payment of dividends (Note 34)	–	–	(44,437)	(44,437)
Other reserves	–	(5)	13	8
Total	337	(33)	(44,424)	(44,120)
Balance at 31 December 2019	100,499	40,543	385,699	526,741

See accompanying notes to the Financial Statements.

The Company

	Share capital (Note 20) \$'000	Other reserves (Note 21) \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2018	98,873	40,522	457,911	597,306
<i>Total comprehensive income (expense) for the year</i>				
Profit for the year	–	–	117,622	117,622
Other comprehensive expense for the year	–	(981)	–	(981)
Total	–	(981)	117,622	116,641
<i>Transactions recognised directly in equity</i>				
Exercise of share options	1,289	(62)	–	1,227
Payment of dividends (Note 34)	–	–	(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
Adoption of SFRS(I) 16 (Note 2)	–	–	(10,775)	(10,775)
Balance at 1 January 2019	100,162	39,450	534,435	674,047
<i>Total comprehensive income for the year</i>				
Profit for the year	–	–	119,738	119,738
Other comprehensive income for the year	–	868	–	868
Total	–	868	119,738	120,606
<i>Transactions recognised directly in equity</i>				
Exercise of share options	337	(28)	–	309
Payment of dividends (Note 34)	–	–	(44,437)	(44,437)
Other reserves	–	(5)	13	8
Total	337	(33)	(44,424)	(44,120)
Balance at 31 December 2019	100,499	40,285	609,749	750,533

See accompanying notes to the Financial Statements.

GROUP CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2019

	The Group	
	2019 \$'000	2018 \$'000
Operating activities		
Profit before taxation	99,374	94,185
Adjustments for:		
Depreciation expense	104,070	93,136
Finance costs	4,249	3,390
Net gain on disposal of vehicles and equipment	(76)	(261)
Interest income	(137)	(274)
Provision for service benefits and long service awards	1,167	954
Insurance premiums payable and provision for accident claims	7,400	2,606
Provision for stock obsolescence	1,887	–
Operating cash flows before movements in working capital	217,934	193,736
Trade receivables	(43,924)	(927)
Other receivables and prepayments	(10,413)	(24,799)
Inventories	(15,316)	(23,130)
Trade and other payables	(34,401)	19,840
Deferred grants	(78)	(632)
Deposits received	433	497
Payment of service benefits and long service awards	(836)	(668)
Payment of insurance premiums and accident claims	(5,728)	(5,038)
Receipt from net investment on sublease	181	–
Cash generated from operations	107,852	158,879
Income tax paid	(21,863)	(34)
Interest paid arising from leases	(2,341)	–
Net cash from operating activities	83,648	158,845
Investing activities		
Interest received	141	308
Proceeds from disposal of vehicles and equipment	124	29,991
Maturity of investments	–	5,000
Purchase of vehicles, premises and equipment	(28,976)	(27,810)
Net cash (used in) from investing activities	(28,711)	7,489
Financing activities		
New loans raised	406,000	619,800
Repayment of borrowings	(406,000)	(725,800)
Payments under lease liabilities	(10,157)	–
Proceeds from share issue	309	1,227
Interest paid	(1,908)	(3,773)
Dividends paid	(44,437)	(30,375)
Others	8	23
Net cash used in financing activities	(56,185)	(138,898)
Net (decrease) increase in cash and cash equivalents	(1,248)	27,436
Cash and cash equivalents at beginning of year	32,711	5,275
Cash and cash equivalents at end of year (Note 5)	31,463	32,711

See accompanying notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

1 GENERAL

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

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

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

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

The Consolidated Financial Statements of the Group for the financial year ended 31 December 2019 and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2019 were authorised for issue by the Board of Directors on 13 February 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS – On 1 January 2019, the Company has adopted all the new and revised SFRS(I)s that are relevant to its operations and effective from that date. The adoption of these new/ revised SFRS(I)s does not result in changes to the Company’s accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

SFRS(I) 16 Leases

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, with exemption for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group’s consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- Requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- Does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

(a) Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

- Recognises right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii), except for the right-of-use asset for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in Profit or Loss; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the Group Cash Flow Statement.

Lease incentives (eg. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Impact on lessee accounting (cont'd)

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS(I) 1-36. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and lease of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating costs in Profit or Loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- No reassessment on whether a contract is or contains a lease if the contract was entered into before 1 January 2019. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or modified before 1 January 2019.
- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

The right-of-use asset and the lease liability are accounted for applying SFRS(I) 16 from 1 January 2019.

(c) Impact on lessor accounting

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the Statement of Financial Position on 1 January 2019 is 2.7%.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the Statement of Financial Position at the date of initial application.

	2019 \$'000
Operating lease commitments at 31 December 2018	26,863
Less: Short-term leases and leases of low value assets	(210)
Less: Effect of discounting the above amounts	(8,285)
Add: Present value of the lease payments due in periods covered by extension options	55,954
Add: Present value of the lease payments within the scope of SFRS(I) 16 but not previously included in operating lease commitments	14,692
Lease liabilities recognised at 1 January 2019	89,014

Right-of-use assets were measured on a modified retrospective basis as if the Standard had been applied since the commencement date. Consequently, right-of-use assets of \$78,038,000, net investment from sublease of \$201,000, and the net impact on retained earnings of \$10,775,000 relating to the lease liabilities above were recognised on 1 January 2019.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

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

Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Classification of financial assets

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

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

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

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

All other financial assets are subsequently measured at FVTPL.

Amortised cost and effective interest method

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

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

Debt instruments classified as FVTOCI

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

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

Impairment of financial assets

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 33).

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

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

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

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

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

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

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

LEASES

Leases (Before 1 January 2019)

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.

Leases (From 1 January 2019)

The Group as lessor

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

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

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

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

The Group as lessee

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee (cont'd)

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee (cont'd)

The right-of-use assets are presented as a separate line in the Statement of Financial Position.

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

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

INVENTORIES – Inventories are stated at 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 (including leasehold improvements)	Over the remaining lease period
Computers and automated equipment	3 to 5
Workshop machinery, tools and equipment	3 to 7
Motor vehicles	5 to 10
Furniture, fittings and equipment	5 to 7

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

FUEL PRICE EQUALISATION ACCOUNT – At the direction of the Public Transport Council (“PTC”), a fuel price equalisation account (“FPEA”) has been set up to account for diesel price and electricity tariff adjustment charge for the purpose of mitigating the effects of any increase in fuel price and electricity tariff.

Annual contributions to the FPEA may be required as determined by the PTC, based on the reference electricity tariff and diesel price for the year.

Applications can be made to the PTC to seek approval for a draw down as may be catered for by the purpose of the FPEA mechanism, provided that the amount drawn does not exceed half of the available FPEA balance.

PROVISION FOR ACCIDENT CLAIMS – Claims for accident, public liability and others are provided in the Financial Statements based on the claims outstanding and the estimated amounts payable.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

DEFERRED INCOME – Deferred income comprises advance receipts from customers that are recognised to Profit or Loss when the services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

SERVICE BENEFITS – These comprise the following:

- (a) Retirement benefits – Under the Collective Agreement entered into by the Group with the Union, a retirement benefit subject to a maximum of \$3,000 is payable to an employee retiring on or after attaining the retirement age and on completion of at least five years of service. Provision is made in the Financial Statements based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period and after taking into account an estimated attrition rate. The estimated attrition rate used is based on the Management's best estimate using historical trend.
- (b) Long service awards – Staff serving more than 15 years are entitled to long service awards of \$500 for 15 years of service, \$700 for 20 years, \$900 for 25 years, \$1,100 for 30 years and \$1,300 for 35 years. Provision is made in the Financial Statements based on the number of years of service rendered by qualifying employees.

The provision for retirement benefits and long service awards is discounted using the market yield of Singapore Government Bonds at end of the reporting year.

- (c) Apart from the retirement benefits described in (a) above, the Group participates in a defined contribution plan managed by the Singapore Government ("Singapore Central Provident Fund"). Payments made to the plan are charged as an expense when the employees have rendered the services entitling them to the contributions.
- (d) Employee leave entitlement – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting year.
- (e) Share-based payments – The Company issues share options to certain employees and Directors. Share options are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on Management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants 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.

Government grants in relation to form of a transfer of a non-monetary asset, such as land or other resources, for the use of the Group, are recognised as both asset and grant at a nominal amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

REVENUE RECOGNITION – The Group recognises revenue from the following sources:

- Transport services
- Lease revenue
- Other commercial services

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from transport services comes from the provision of bus and rail services to commuters travelling on public transport systems. Revenue from transport regulator for scheduled bus services is recognised as and when services are rendered, including an estimation of the expected consideration on achieving certain performance targets. Revenue from 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.

BORROWING COSTS – Borrowing costs incurred to finance the purchase of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in Profit or Loss in the period which they are incurred.

INCOME TAX – Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, provision for fuel equalisation and future tax benefits from certain provisions are not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised on taxable temporary differences arising from investment in subsidiary except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and deferred tax are recognised as an expense or income in Profit or Loss, except when they relate to items credited or debited outside Profit or Loss (either in Other Comprehensive Income or directly in equity), in which case the tax is also recognised outside Profit or Loss (either in Other Comprehensive Income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS – The individual Financial Statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The Consolidated Financial Statements of the Group and the Statement of Financial Position and Statement of Changes in Equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the Consolidated Financial Statements.

Transactions in currencies other than each Group entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in Profit or Loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in Profit or Loss for the period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in Other Comprehensive Income. For such non-monetary items, any exchange component of that gain or loss is also recognised in Other Comprehensive Income.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (please see above for details of the Group's accounting policies in respect of such hedging instruments).

CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT OF THE GROUP – Cash and cash equivalents in the Cash Flow Statement of the Group comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

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).

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

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) 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 1.60% to 1.88% (2018 : 1.93% to 2.37%) 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.

(c) Long service awards

Staff with more than 15 years of service are entitled to long service awards of \$500 for 15 years of service, \$700 for 20 years, \$900 for 25 years, \$1,100 for 30 years and \$1,300 for 35 years. Provision is made based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period of 1.60% to 1.88% (2018 : 1.93% to 2.37%) 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 11.

4 HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS

The Company's immediate and ultimate holding company is ComfortDelGro Corporation Limited, incorporated in Singapore.

Related companies in these Financial Statements refer to members of the ultimate holding company's group of companies.

Some of the Group's transactions and arrangements are with related parties and other members of the ultimate holding company's group of companies and the effects of these on the basis determined between the parties are reflected in these Financial Statements.

Related parties include associate or joint venture of a member of the ultimate holding company.

Significant intercompany and related party transactions during the financial year, other than those disclosed elsewhere in the notes to the Financial Statements are as follows:

	The Group	
	2019 \$'000	2018 \$'000
Purchases of inventories from a related company	28,568	30,450
Rental expense from:		
Ultimate holding company	3,316	3,222
Related company	600	600
Purchase of goods and services from:		
Ultimate holding company	4,300	2,845
Related companies	2,929	2,646
Associate of the ultimate holding company	27	25
Sales of goods and services to:		
Ultimate holding company	(21)	(21)
Related companies	(990)	(1,098)
Associate of the ultimate holding company	(7)	(7)
Rental income from related companies	(243)	(233)

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

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5 SHORT-TERM DEPOSITS AND BANK BALANCES

	The Group		The Company	
	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
Cash and bank balances	5,963	5,711	4,780	4,785
Fixed deposits	25,500	27,000	25,500	27,000
Total	31,463	32,711	30,280	31,785

Fixed deposits bear effective interest rate of 1.65% to 1.77% (2018 : 1.60% to 1.74%) per annum and for a tenure of approximately 10 to 16 days (2018 : 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 TRADE RECEIVABLES

	The Group		The Company	
	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
Related companies (Note 4)	14	15	14	15
Related parties (Note 4)	99	–	73	–
Outside parties	167,320	123,494	163,976	120,210
Total	167,433	123,509	164,063	120,225

The amounts outstanding are interest-free and the credit period ranges from 7 to 30 days (2018 : 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.

7 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
Receivables from:				
Related companies (Note 4)	736	1,749	736	1,749
Subsidiary (Note 9)	–	–	262,501	213,194
	736	1,749	263,237	214,943
Prepayments	12,628	11,432	7,266	7,560
Interest receivable	9	13	9	13
Staff advances	329	525	156	334
Security deposits from outside parties	1,091	961	1,074	941
Accrued income	8,755	18,703	3,589	14,249
Net investment on sublease	30	–	30	–
Receivables from outside parties	44,170	23,083	42,332	21,511
Total	67,748	56,466	317,693	259,551

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

8 INVENTORIES

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

At the end of the reporting period, the inventories are stated net of allowance of \$1,887,000 (2018: Nil) due to certain parts being phased out.

9 SUBSIDIARY

The Company has investment in unquoted equity shares representing 100% equity interest in SBS Transit DTL Pte. Ltd. incorporated in Singapore. The cost of investment in the subsidiary was \$5,000,000 (2018 : \$5,000,000). The subsidiary is audited by Deloitte & Touche LLP, Singapore.

The principal activities of the subsidiary are those of the operation and maintenance of Downtown Line.

The Group is in compliance with Listing Rules 712 and 715 of The Singapore Exchange Securities Trading Limited as suitable auditing firms have been appointed to meet the Group's audit obligations.

10 PREPAYMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

11 VEHICLES, PREMISES AND EQUIPMENT

	Buses \$'000	Leasehold land and building ^(N1) \$'000	Leasehold improve- ments \$'000	Computers and automated equipment \$'000	Workshop machinery, tools and equipment \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Capital projects in progress \$'000	Total \$'000
The Group									
Cost or valuation:									
At 1 January 2018	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 ^(N2)	(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
Additions	1,251	219	2,727	5,498	5,737	1,006	2,774	12,399	31,611
Disposals	(10,201)	–	–	(757)	(194)	(496)	(336)	–	(11,984)
Reclassification	3,961	–	504	1,396	577	–	520	(6,958)	–
Transfer to Ultimate holding company	–	–	–	(1)	–	–	–	–	(1)
At 31 December 2019	1,120,006	64,208	55,995	26,775	52,393	9,026	21,873	10,600	1,360,876
Accumulated depreciation:									
At 1 January 2018	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 ^(N2)	(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
Additions	75,135	4,729	2,451	3,067	4,669	988	1,663	–	92,702
Disposals	(10,200)	–	–	(757)	(190)	(455)	(334)	–	(11,936)
Transfer to Ultimate holding company	–	–	–	(1)	–	–	–	–	(1)
At 31 December 2019	589,004	15,706	38,542	19,652	33,586	5,872	14,349	–	716,711
Carrying amount:									
At 31 December 2019	531,002	48,502	17,453	7,123	18,807	3,154	7,524	10,600	644,165
At 31 December 2018	600,926	53,012	16,673	3,296	17,166	3,177	5,895	5,159	705,304

11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

	Buses \$'000	Leasehold land and building ^(N1) \$'000	Leasehold improve- ments \$'000	Computers and automated equipment \$'000	Workshop machinery, tools and equipment \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Capital projects in progress \$'000	Total \$'000
The Company									
Cost or valuation:									
At 1 January 2018	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 ^(N2)	(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
Additions	1,251	219	2,332	4,759	5,107	650	2,654	12,264	29,236
Disposals	(10,201)	–	–	(726)	(194)	(496)	(295)	–	(11,912)
Reclassification	3,961	–	504	1,396	577	–	520	(6,958)	–
Transfer to Ultimate holding company	–	–	–	(1)	–	–	–	–	(1)
Transfer to subsidiary	–	–	–	(4)	–	–	–	–	(4)
At 31 December 2019	1,120,006	64,208	38,623	23,381	46,109	6,543	19,584	10,457	1,328,911
Accumulated depreciation:									
At 1 January 2018	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 ^(N2)	(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
Additions	75,135	4,729	1,321	2,585	3,857	662	1,349	–	89,638
Disposals	(10,200)	–	–	(726)	(189)	(455)	(293)	–	(11,863)
Transfer to Ultimate holding company	–	–	–	(1)	–	–	–	–	(1)
Transfer to subsidiary	–	–	–	(5)	–	–	–	–	(5)
At 31 December 2019	589,004	15,706	33,729	17,233	30,566	4,422	13,238	–	703,898
Carrying amount:									
At 31 December 2019	531,002	48,502	4,894	6,148	15,543	2,121	6,346	10,457	625,013
At 31 December 2018	600,926	53,012	3,379	2,577	13,721	2,174	4,523	5,151	685,463

^(N1) : 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 36). As at 31 December 2019, the carrying amount of Soon Lee bus depot would have been \$18,143,000 (2018 : \$19,665,000), had the depot been carried at cost less accumulated depreciation.

^(N2) : The disposals for 2018 included assets sold to LTA under the New Rail Financing Framework at net book values of \$29,210,000 (Note 35).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

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

Location	Approximate land area	Tenure	Usage
No. 28 Soon Lee Road Singapore	26,670 sq m	30 years from 1 April 2000 (10 years 3 months unexpired)	Bus depot

Details of other leasehold buildings are as follows:

Location	Approximate land area	Tenure	Usage
No. 550 Bukit Batok Street 23 Singapore	52,187 sq m	43 years from 1 January 1983 (6 years unexpired)	Bus depot
No. 4 Defu Ave 1 Singapore	74,236 sq m	38 years from 1 January 1983 (1 year unexpired)	Bus depot
No. 1470 Bedok North Ave 4 Singapore	62,220 sq m	Under Temporary Occupation Licence	Bus depot
No. 2A Ayer Rajah Crescent Singapore	17,939 sq m	Under Temporary Occupation Licence	Bus park
No. 15 Ang Mo Kio Street 63 Singapore	63,955 sq m	30 years 9 months from 1 March 1994 (4 years 11 months unexpired)	Bus depot

12 RIGHT-OF-USE ASSETS

The Group leases several leasehold land and buildings at an average lease term of 9 years, where the Group makes periodic payments which are used for its day to day bus operations. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

	<u>The Group and The Company</u> \$'000
Cost:	
At 1 January 2019	118,516
Additions	4,310
At 31 December 2019	122,826
Accumulated depreciation:	
At 1 January 2019	40,478
Additions	11,368
At 31 December 2019	51,846
Carrying amount:	
At 31 December 2019	70,980

Approximately one third of the leases for property expired in the current financial year. The expired contracts were extended through exercising the extension options. This resulted in additions to right-of-use assets of \$2,450,000 in 2019.

In addition, the Group has also secured the right-of-use of certain leasehold land with no future payments required. This leasehold land amounting to \$13,281,000 (2018: \$14,577,000) for the Group is presented within vehicles, premises and equipment (Note 11).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

13 DEFERRED TAX ASSETS/LIABILITIES

	The Group		The Company	
	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
Deferred tax assets	21,540	21,680	–	–
Deferred tax liabilities	(74,940)	(77,676)	(74,940)	(77,676)
Net	(53,400)	(55,996)	(74,940)	(77,676)
At beginning of year	(55,996)	(64,375)	(77,676)	(87,112)
Credit to Profit or Loss (Note 27)	10,537	16,666	2,913	9,262
Utilisation of deferred tax assets under Group Relief Scheme				
– SBS Transit DTL Pte. Ltd.	(7,542)	(8,629)	–	–
Arising from movement in Other Comprehensive Income Statement	(399)	342	(177)	174
At end of year	(53,400)	(55,996)	(74,940)	(77,676)

The balance comprises the tax effects of:

	The Group		The Company	
	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
Deferred tax assets				
Unutilised tax losses	20,130	20,435	–	–
Excess of tax written down value over carrying amount	1,342	1,026	–	–
Other items	68	219	–	–
	21,540	21,680	–	–
Deferred tax liabilities				
Excess of carrying amount over tax written down value	(91,572)	(97,650)	(91,572)	(97,650)
Other items	16,632	19,974	16,632	19,974
	(74,940)	(77,676)	(74,940)	(77,676)
Net deferred tax liabilities	(53,400)	(55,996)	(74,940)	(77,676)

14 BORROWINGS

	The Group and The Company	
	31 December 2019 \$'000	31 December 2018 \$'000
Long Term Bank Loans	75,000	75,000
Analysed as:		
Current	75,000	–
Non-current	–	75,000
Total	75,000	75,000

The long term bank loan which has a remaining tenure of 1 year (2018 : 2 years), is unsecured and bears a fixed interest rate of 1.91% (2018 : 1.91%) per annum.

15 TRADE AND OTHER PAYABLES

	The Group		The Company	
	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
Payables to:				
Ultimate holding company (Note 4)	1,252	884	1,227	870
Related companies (Note 4)	4,252	7,391	4,153	4,928
Related parties (Note 4)	5	–	5	–
Outside parties	62,009	59,968	54,369	52,552
Accruals	187,533	222,281	157,345	192,419
Deferred income	2,815	3,247	2,285	2,681
Total	257,866	293,771	219,384	253,450

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 (2018 : 30 days).

16 DEPOSITS RECEIVED

	The Group		The Company	
	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
Deposits received	10,178	9,745	8,470	8,124
Less: Due within 12 months	(3,560)	(2,588)	(2,917)	(2,259)
Due after 12 months	6,618	7,157	5,553	5,865

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

17 INSURANCE PREMIUMS PAYABLE AND PROVISION FOR ACCIDENT CLAIMS

	The Group and The Company	
	31 December 2019 \$'000	31 December 2018 \$'000
At beginning of year	19,533	21,965
Charge to Profit or Loss	7,400	2,606
Payments	(5,728)	(5,038)
At end of year	21,205	19,533

The balance comprises provision for:

Accident claims	21,205	19,533
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The provision for accident claims represents the estimated amount which the Group will have to pay to outside parties for accident claims involving the Group Vehicles (Note 3 (a)).

18 DEFERRED GRANTS

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

19 PROVISION FOR SERVICE BENEFITS AND LONG SERVICE AWARDS

	The Group		The Company	
	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
At beginning of year	11,004	10,718	10,706	10,496
Charge to Profit or Loss	1,167	954	1,057	876
Payments	(836)	(668)	(833)	(666)
At end of year	11,335	11,004	10,930	10,706

The balance comprises provision for:

Retirement benefits	7,767	7,617	7,517	7,438
Long service awards	3,568	3,387	3,413	3,268
Total	11,335	11,004	10,930	10,706

20 SHARE CAPITAL

	The Group and The Company			
	31 December 2019 Number ('000) of ordinary shares	31 December 2018	31 December 2019 \$'000	31 December 2018 \$'000
Issued and paid up:				
At beginning of year	311,670	311,085	100,162	98,873
Exercise of share options	195	585	337	1,289
At end of year	311,865	311,670	100,499	100,162

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 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
Share option reserve:				
At beginning of year	33	124	33	124
Transfer to share capital on exercise of share options (Note 20)	(28)	(62)	(28)	(62)
Transfer to accumulated profits	(5)	(29)	(5)	(29)
At end of year	–	33	–	33
Investments revaluation reserve:				
At beginning of year	–	133	–	133
Maturity of investments	–	(133)	–	(133)
At end of year	–	–	–	–
Premises revaluation reserve:				
At beginning of year	40,265	40,265	40,265	40,265
At end of year	40,265	40,265	40,265	40,265
Hedging reserve:				
At beginning of year	(1,670)	–	(848)	–
Gain (Loss) on cash flow hedges	1,948	(1,670)	868	(848)
At end of year	278	(1,670)	20	(848)
Total	40,543	38,628	40,285	39,450

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22 REVENUE

Revenue comprises the following amounts:

	The Group	
	2019 \$'000	2018 \$'000
Transport services	1,283,771	1,226,013
Lease revenue	99,564	99,314
Other commercial services	61,962	58,286
Total	1,445,297	1,383,613

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.

23 STAFF COSTS

(a) Included in staff costs are:

- (i) The remuneration of the Directors (executive and non-executive) and key executives comprised mainly short term benefits amounting to \$2,929,990 (2018 : \$3,708,030).

	The Group	
	2019 \$'000	2018 \$'000
(ii) <u>Cost of contribution to Central Provident Fund</u>	<u>57,386</u>	<u>54,719</u>

(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.

23 STAFF COSTS (CONT'D)

(b) Share-based payments (cont'd)

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

	The Company			
	2019		2018	
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Outstanding at beginning of year	232,500	1.58	1,040,000	1.91
Lapsed during the year	(37,500)	1.58	(222,500)	1.78
Exercised during the year	(195,000)	1.58	(585,000)	2.10
Outstanding at end of year	–	–	232,500	1.58
Exercisable at end of year	–	–	232,500	1.58

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

The weighted average share price at the date of exercise for share options during the year was \$3.20 (2018 : \$2.60). As at 31 December 2019, there was no option outstanding. The options outstanding at the end of the prior year had a weighted average remaining contractual life of 0.5 year.

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	
	2019 \$'000	2018 \$'000
Directors' fees	509	508
Cost of inventories recognised in repairs and maintenance costs	138,034	130,139
Net gain on disposal of vehicles and equipment	(76)	(261)
Insurance premiums payable and provision for accident claims	7,400	2,606
Provision for service benefits and long service awards	1,167	954
Audit fees:		
Paid to auditors of the Company	122	122
Non-audit fees:		
Paid to auditors of the Company	37	32

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25 NET INCOME FROM INVESTMENTS

	The Group	
	2019 \$'000	2018 \$'000
Interest income from bank and short-term deposits	134	79
Interest income from net investment on sublease	3	–
Interest income from bonds	–	195
Total	137	274

26 FINANCE COSTS

	The Group	
	2019 \$'000	2018 \$'000
Interest expense on lease liabilities	2,341	–
Interest expense on bank loans	1,908	3,390
Total	4,249	3,390

27 TAXATION

	The Group	
	2019 \$'000	2018 \$'000
Current taxation	28,623	30,749
Deferred tax (Note 13)	(10,537)	(16,666)
Total	18,086	14,083

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2018 : 17%) to profit before taxation as a result of the following differences:

	The Group	
	2019 \$'000	2018 \$'000
Profit before taxation	99,374	94,185
Taxation charge at statutory rate	16,894	16,011
Non-allowable items	897	612
Tax-exempt income	(17)	(26)
Under (Over) provision of deferred tax in prior years	312	(2,500)
Other items	–	(14)
	18,086	14,083

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:

	2019	2018
Profit attributable to shareholders of the Company (\$'000)	81,288	80,102
Weighted average number of ordinary shares in issue ('000)	311,825	311,448
Basic earnings per share (in cents)	26.07	25.72

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.

	2019	2018
Profit attributable to shareholders of the Company (\$'000)	81,288	80,102
Weighted average number of ordinary shares in issue ('000)	311,825	311,448
Adjustment for share options ('000)	–	91
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	311,825	311,539
Diluted earnings per share (in cents)	26.07	25.71

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.

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29 BUSINESS SEGMENT INFORMATION (CONT'D)

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's Profit or Loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and vehicles, premises and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire vehicles, premises and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accruals.

	Public Transport Services \$'000	Other Commercial Services \$'000	Total \$'000
31 December 2019			
REVENUE	1,383,335	61,962	1,445,297
RESULTS			
Segment results	61,948	41,538	103,486
Net income from investments			137
Finance costs			(4,249)
Profit before taxation			99,374
Taxation			(18,086)
Profit after taxation			81,288
OTHER INFORMATION			
Additions of vehicles, premises and equipment	30,243	1,368	31,611
Depreciation expense	102,521	1,549	104,070
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Segment assets	1,063,037	22,927	1,085,964
Unallocated corporate assets			51,321
Consolidated total assets			1,137,285
LIABILITIES			
Segment liabilities	386,918	28,995	415,913
Unallocated corporate liabilities			194,631
Consolidated total liabilities			610,544

29 BUSINESS SEGMENT INFORMATION (CONT'D)

	Public Transport Services \$'000	Other Commercial Services \$'000	Total \$'000
31 December 2018			
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

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30 LEASE LIABILITIES

The Group as lessee

Disclosure required by SFRS(I) 16

	The Group
	2019
	\$'000
Maturity analysis:	
Within one year	13,485
In the second to fifth year inclusive	59,991
After five years	17,113
	90,589
Less: Future finance charges	(7,413)
	83,176
Analysed as:	
Current	11,375
Non-current	71,801
	83,176

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

31 OPERATING LEASE ARRANGEMENTS

Disclosure required by SFRS(I) 16

As at 31 December 2019, the Group is committed to \$93,000 for leases exempted under SFRS(I) 16.

Disclosure required by SFRS(I) 1-17

As at 31 December 2018, the Group had outstanding commitments under non-cancellable operating leases, which fell due as follows:

	The Group
	2018
	\$'000
Within one year	10,606
In the second to fifth year inclusive	12,581
After five years	3,676
Total	26,863

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

31 OPERATING LEASE ARRANGEMENTS (CONT'D)

The Group as lessor

Disclosure required by SFRS(I) 16

Operating leases, in which the Group is the lessor, relate to rental of spaces and floor areas at bus interchanges, bus depots and train stations. The properties are managed and maintained by the Group.

	<u>The Group</u>	<u>The Company</u>
	2019	2019
	\$'000	\$'000
Maturity analysis of operating lease payments:		
Within one year	16,876	13,941
In the second to fifth year inclusive	15,479	12,067
Total	32,355	26,008

Disclosure required by SFRS(I) 1-17

For the year ended 31 December 2018, the Group rented 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 in 2018 was \$19,096,000. The properties were managed and maintained by the Group.

As at 31 December 2018, the Group and the Company contracted with tenants for the following future minimum lease payments:

	<u>The Group</u>	<u>The Company</u>
	2018	2018
	\$'000	\$'000
Within one year	16,032	12,876
In the second to fifth year inclusive	13,053	11,085
Total	29,085	23,961

32 CAPITAL COMMITMENTS

As at 31 December 2019, the Group and the Company have the following capital commitments contracted for but not provided for in the Financial Statements:

	<u>The Group</u>		<u>The Company</u>	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Purchase of vehicles, premises and equipment	31,847	37,833	29,819	36,234

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33 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 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
Financial assets				
Amortised cost	253,172	201,254	504,342	404,001
Financial instruments designated in hedge accounting relationships:				
Hedging instrument	843	–	428	–
Financial liabilities				
Amortised cost	317,067	343,437	277,084	304,888
Financial instruments designated in hedge accounting relationships:				
Hedging instrument	508	2,012	404	1,021

(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.

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

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

Foreign currency sensitivity

Based on sensitivity analysis performed, the exposure to changes in foreign exchange rates is minimal and hence the resulting impact on profit or equity of the Group is insignificant.

Interest rate risk management

The Group's primary interest rate risk relates to borrowings, investments in fixed income securities and deposits. The Group uses hedging instruments such as interest rate swaps and caps, where necessary, to achieve the desired interest rate profile in its effort to manage interest rate risk.

Summary quantitative data of the Group's interest-bearing financial instruments are disclosed in Section (e) of this note.

Interest rate sensitivity

Based on sensitivity analysis performed at end of the reporting period, the exposure to changes in interest rates is minimal and hence the resulting impact on the profit or Other Comprehensive Income of the Group is insignificant.

Credit risk management

The Group has minimal credit risk arising from its public transport operations as the credit risk that arises from its public transport operations is mainly from LTA and commuters who use the contactless smart card where cash is collected upfront. The remaining credit risk from advertisement and rental revenue is controlled via upfront deposits or strict credit terms and regular monitoring of advertisers' and tenants' financial standing. The Group enters into treasury transactions only with creditworthy institutions. Its investments in fixed income instruments are above investment grade as assigned by international credit-rating agencies. Cash and deposits are kept with reputable financial institutions. There is no significant concentration of credit risk. In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivables from the date credit was initially granted up to the reporting date and expected credit losses as at end of the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the rate of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, where relevant.

The carrying amount of financial assets represents the Group's maximum exposure to credit risk as disclosed in the notes to the Financial Statements.

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.

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

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

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 \$300,000 (2018 : \$300,000). The sensitivity analysis assumes that consumption is held constant at the same level as in 2019.

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.

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

(c) Hedging instruments

	The Group		The Company	
	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
Financial assets				
At fair values:				
Fuel hedges	843	–	428	–
	843	–	428	–
Financial liabilities				
At fair values:				
Foreign exchange hedges	508	109	404	55
Fuel hedges	–	1,903	–	966
	508	2,012	404	1,021

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 contract 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. The fair value of the Group's and the Company's fuel hedging instruments comprised \$843,000 and \$428,000 respectively of assets (2018 : \$1,903,000 and \$966,000 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. The fair value of the Group's and the Company's foreign exchange hedging instruments comprised \$508,000 and \$404,000 respectively (2018 : \$109,000 and \$55,000 respectively) of liabilities on cash flow hedges in Other Comprehensive Income.

At the end of the reporting period, the Group has outstanding fuel and foreign exchange hedges with notional amounts totalling \$37,518,000 (2018 : \$29,706,000).

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

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33 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 while equity refers to total equity.

No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 2018.

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

	Carrying amount \$'000	Contractual cash flows			Effective interest rate %
		Total \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	
2019					
Long Term Bank Loans					
– Unsecured	75,000	76,001	76,001	–	–
					1.91
2018					
Long Term Bank Loans					
– Unsecured	75,000	77,433	1,432	76,001	–
					1.91

34 DIVIDENDS

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

	2019 \$'000	2018 \$'000
Tax-exempt one-tier final dividend in respect of the previous financial year: – 7.10 cents (2018 : 3.95 cents) per ordinary share	22,139	12,298
Tax-exempt one-tier interim dividend in respect of the current financial year: – 7.15 cents (2018 : 5.80 cents) per ordinary share	22,298	18,077
Total	44,437	30,375

(b) Subsequent to the end of prior financial year, the Directors of the Company recommended that a tax-exempt one-tier final dividend of 5.90 cents per ordinary share totalling \$18,400,000 (2018 : \$22,139,000) be paid for the financial year ended 31 December 2019. 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 7.15 cents per ordinary share (2018 : 5.80 cents per ordinary share), total distributions paid and proposed in respect of the financial year ended 31 December 2019 will be 13.05 cents per ordinary share (2018 : 12.90 cents per ordinary share).

35 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 New Rail Financing Framework 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.

35 LICENCE FOR RAIL SERVICES (CONT'D)

New Licence Under the New Rail Financing Framework ("NRFF") (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 as well as profit sharing via an Earnings Before Interest and Tax Cap/Collar. These are explained below:

(i) Fare Revenue Shortfall Sharing ("FRSS")

The licence charge structure has a FRSS mechanism which offers some level of protection against revenue risks arising from uncertainties in ridership and fares. Under this mechanism, if the actual revenue falls short of the target revenue by 2% to 6%, LTA will share 50% of the shortfall. If the shortfall between the actual revenue and the target revenue exceeds 6%, LTA will bear 75% of the incremental revenue shortfall beyond 6%.

(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.

35 LICENCE FOR RAIL SERVICES (CONT'D)

Downtown Line MRT System

A licence dated 19 December 2013 was issued by LTA to the subsidiary of the Company under which the subsidiary of the Company is licensed to operate the Downtown Line MRT System.

The licence sets out the conditions governing the operation of the Downtown Line MRT System and includes, among others, the following:

- (a) The licence is for a period of 19 years commencing from 20 December 2013. LTA may, if it deems fit, renew the licence for such further period with revised terms and conditions of the renewed licence.
- (b) The licence fee payable to LTA is prescribed under the subsidiary legislation of the Rapid Transit Systems Act during the Licence Term.
- (c) The subsidiary of the Company shall pay LTA a licence charge which consists of Fixed Charge and Revenue Share Charge. A yearly Fixed Charge is payable from financial year 2019 to end of licence period. If the Operating Surplus minus the Fixed Charge for a financial year is more than the Threshold Profit, the subsidiary of the Company shall pay Revenue Share Charge.
- (d) After the commencement of revenue service of the last stage, the subsidiary of the Company shall pay LTA a Cash-Bid Amount if the Net Operating Surplus for a financial year is more than the Threshold Profit.
- (e) All Operating Assets shall remain the property of LTA except for Spares, Special Tools, Non-Proprietary Items and End Devices purchased by the subsidiary of the Company during the Licence Term.

36 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

36 CONTRACTS UNDER THE BUS CONTRACTING MODEL ("BCM") (CONT'D)

Including the two bus packages secured through tender, the Company operates a total of 9 bus packages which cover a total of 223 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.

37 CONTINGENT EVENT

5 Bus Captains commenced legal proceedings against the Company on 20 September 2019, and 3 Bus Captains commenced legal proceedings against the Company on 24 December 2019, disputing the prescribed rest day and overtime. At the date of this report, the Company is in the midst of legal proceedings. As at 31 December 2019, Management is of the view that no provision is required with regards to the above lawsuits.

38 SUBSEQUENT EVENT

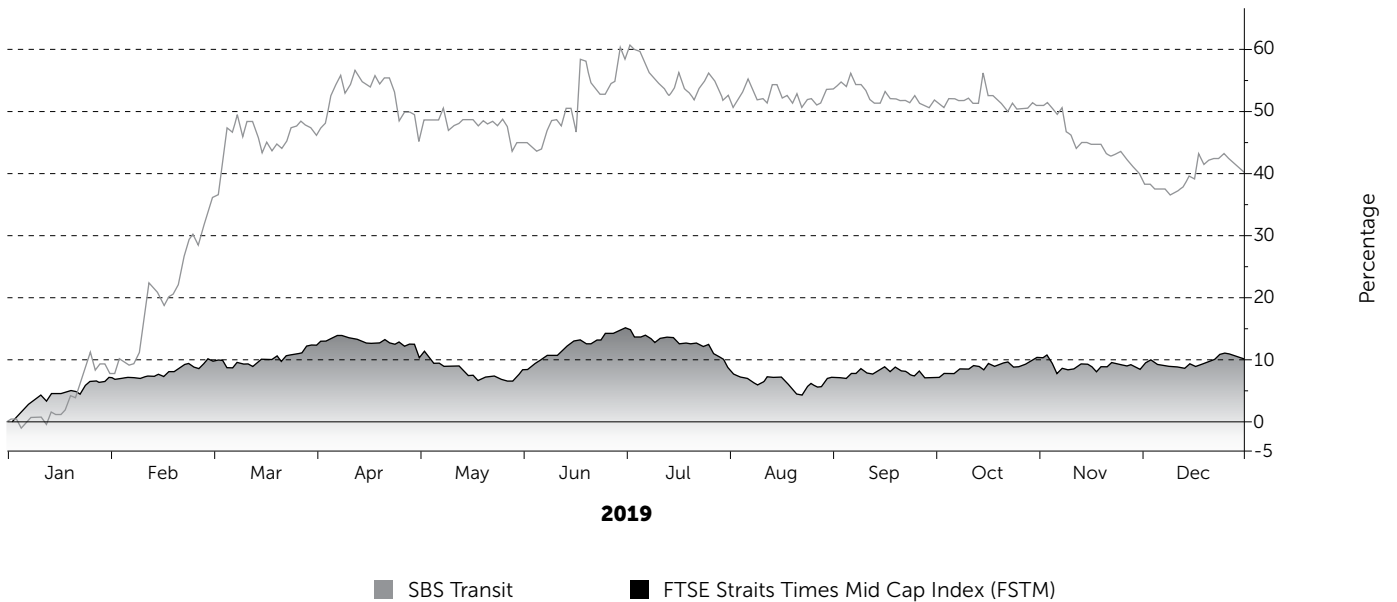
The Coronavirus outbreak subsequent to the reporting period is expected to impact the business of the Group. As the situation relating to the spread remains uncertain, it is currently not possible to ascertain the full financial impact it may have on the financial performance of the Group in 2020.

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 2020

Issued and fully paid-up capital	:	\$100,498,983
Number of Shares Issued	:	311,864,766
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

The Company does not hold any treasury shares and subsidiary holdings.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 27 FEBRUARY 2020

Size Of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	26	0.14	621	0.00
100 – 1,000	3,612	19.99	2,250,186	0.72
1,001 – 10,000	14,011	77.52	24,046,272	7.71
10,001 – 1,000,000	415	2.30	17,880,443	5.74
1,000,001 & above	10	0.05	267,687,244	85.83
TOTAL	18,074	100.00	311,864,766	100.00

LIST OF TWENTY (20) LARGEST SHAREHOLDERS

(As recorded in the Depository Register as at 27 February 2020)

	Name of Shareholder	No. of Shares	%
1	COMFORTDELGRO CORPORATION LIMITED	232,125,512	74.43
2	BPSS NOMINEES SINGAPORE (PTE.) LTD.	10,267,200	3.29
3	DBS NOMINEES PTE LTD	8,063,387	2.58
4	RAFFLES NOMINEES (PTE) LIMITED	4,093,200	1.31
5	CITIBANK NOMINEES SINGAPORE PTE LTD	3,362,845	1.08
6	DB NOMINEES (SINGAPORE) PTE LTD	3,142,900	1.01
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,048,400	0.66
8	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,026,800	0.65
9	OCBC NOMINEES SINGAPORE PTE LTD	1,380,200	0.44
10	THAM KIM FAY OR KWA AI TEE JEANNE	1,176,800	0.38
11	HSBC (SINGAPORE) NOMINEES PTE LTD	963,000	0.31
12	CHANGI BUS COMPANY (PRIVATE) LIMITED	691,548	0.22
13	DBSN SERVICES PTE LTD	656,501	0.21
14	UOB KAY HIAN PTE LTD	578,400	0.18
15	PHILLIP SECURITIES PTE LTD	568,319	0.18
16	PANG CHEOW JOW	400,000	0.13
17	TAN KUANGXU	398,000	0.13
18	JUSIN PRIVATE LIMITED	300,000	0.10
19	GOEI BENG GUAN ALEX	275,000	0.09
20	CHIN HSIANG SAN (QIAN XIANGSHAN)	250,000	0.08
	TOTAL	272,768,012	87.46

Note: The percentage of shareholding is calculated based on 311,864,766 issued shares as at 27 February 2020

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 27 February 2020)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
COMFORTDELGRO CORPORATION LIMITED	232,125,512	74.43	–	–

Notes: The percentage is calculated based on 311,864,766 issued shares as at 27 February 2020.

COMPLIANCE WITH RULE 723 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) LISTING MANUAL

Based on information available and to the best knowledge of the Company as at 27 February 2020, approximately 25.52% of the ordinary shares of the Company are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

SBS TRANSIT LTD

(Incorporated in the Republic of Singapore)

(Co. Reg. No.: 199206653M)

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of the Company will be held on Thursday, 23 April 2020 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 2019 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a tax-exempt one-tier final dividend of 5.90 cents per ordinary Share in respect of the Financial Year ended 31 December 2019. **(Resolution 2)**
3. To approve the payment of Directors' fees of \$508,737 for the Financial Year ended 31 December 2019. (FY2018: \$507,732) **(Resolution 3)**
4. To re-elect Mr Yang Ban Seng, a Director retiring pursuant to Regulation 100 of the Company's Constitution. [Please refer to Explanatory Note (a)] **(Resolution 4)**
5. To re-elect Ms Susan Kong Yim Pui, a Director retiring pursuant to Regulation 100 of the Company's Constitution. [Please refer to Explanatory Note (b)] **(Resolution 5)**
6. To re-elect Ms Lee Sok Koon, a Director retiring pursuant to Regulation 100 of the Company's Constitution. [Please refer to Explanatory Note (c)] **(Resolution 6)**
7. To re-elect Ms Chua Mui Hoong, a Director retiring pursuant to Regulation 106 of the Company's Constitution. [Please refer to Explanatory Note (d)] **(Resolution 7)**
8. To re-elect Dr Tan Kim Siew, a Director retiring pursuant to Regulation 106 of the Company's Constitution. [Please refer to Explanatory Note (e)] **(Resolution 8)**
9. To re-appoint Messrs Deloitte & Touche LLP as Auditors and authorise the Directors to fix their Remuneration. **(Resolution 9)**

RECORD AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 4 May 2020, at 5.00 p.m. for the purposes of determining Shareholders' entitlements to the proposed tax-exempt one-tier final dividend of 5.90 cents per ordinary Share for the Financial Year ended 31 December 2019.

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 4 May 2020 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 4 May 2020 will be entitled for the proposed final dividend.

The final dividend, if approved by the Shareholders at the Twenty-Seventh AGM of the Company, will be paid on 12 May 2020.

By Order of the Board

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

24 March 2020

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 AGM. 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 AGM, 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 AGM.

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 AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any actions, proceedings, penalties, liabilities, claims, demands, costs, expenses, losses and damages suffered or incurred by the Company as a result of the member's breach of warranty.

EXPLANATORY NOTES:

ORDINARY BUSINESS:

- (a) Ordinary Resolution 4. Mr Yang Ban Seng⁽¹⁾, if re-elected, will continue to serve as Executive Deputy Chairman of the Company, and the Deputy Chairman of the SBST Tender Committee. Mr Yang is considered an Executive and Non-Independent Director.
- (b) Ordinary Resolution 5. Ms Susan Kong Yim Pui⁽¹⁾, if re-elected, will continue to serve as the Chairman of the Remuneration Committee and a Member of both the Nominating Committee and the SBST Tender Committee. Ms Kong is considered a Non-Executive and Independent Director, pursuant to Rule 704(8) of the Listing Manual of SGX-ST.
- (c) Ordinary Resolution 6. Ms Lee Sok Koon⁽¹⁾, if re-elected, will continue to serve as the Chairman of the Audit and Risk Committee and a Member of both the Service Quality Committee and the SBST Tender Committee. Ms Lee is considered a Non-Executive and Independent Director, pursuant to Rule 704(8) of the Listing Manual of SGX-ST.
- (d) Ordinary Resolution 7. Ms Chua Mui Hoong⁽¹⁾, if re-elected, will continue to serve as a Member of both the Audit and Risk Committee and the Service Quality Committee. Ms Chua is considered a Non-Executive and Independent Director, pursuant to Rule 704(8) of the Listing Manual of SGX-ST.
- (e) Ordinary Resolution 8. Dr Tan Kim Siew⁽¹⁾, if re-elected, will continue to serve as a Member of both the Audit and Risk Committee and the Service Quality Committee. Dr Tan is considered a Non-Executive and Independent Director, pursuant to Rule 704(8) of the Listing Manual of SGX-ST.

(1) 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 2019 Annual Report of the Company.

Measures to Minimise Risk of COVID-19

In order to minimise the risk of community spread of COVID-19, the following steps will be taken for Shareholders and others attending the AGM:

1. All persons attending the AGM will be required to undergo a temperature check and make a health declaration;
2. Any person who has recent travel history to affected countries listed by the Ministry of Health, irrespective of nationality, will not be permitted to attend the AGM;
3. Any person who has fever or exhibits flu-like symptoms will not be permitted to attend the AGM; and
4. If the situation remains at DORSCON Orange or higher, there will be no food served at the AGM.

Shareholders are advised to arrive at the AGM venue early given that the above-mentioned measures may cause delay in the registration process.

In view of the COVID-19 situation, we wish to advise Shareholders that it is not essential for you to attend the AGM in person. Shareholders should refrain from attending the AGM under the present circumstances as long as the DORSCON level remains at Orange, or higher.

To vote on any or all of the resolutions at the AGM, you are encouraged to send in your votes in advance by proxy. You may appoint the Chairman as your proxy. The proxy form is attached to the Notice of AGM.

If you have any questions in relation to any item of the Agenda of the AGM, you may send them in advance via email to our Investor Relations team at girspo@comfortdelgro.com.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate up to the day of the AGM.

We will post updates on our corporate website at www.sbstransit.com.sg.

The Company seeks the understanding and cooperation of all Shareholders.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following additional information on Mr Yang Ban Seng, Ms Susan Kong Yim Pui, Ms Lee Sok Koon, Ms Chua Mui Hoong and Dr Tan Kim Siew, all of whom are seeking re-election as Directors of the Company at the 27th Annual General Meeting to be held on 23 April 2020, is to be read in conjunction with their respective biographies on pages 11 to 15.

	Yang Ban Seng Executive Deputy Chairman (Executive & Non-Independent Director)
Country of principal residence	Singapore
The Board's comments on this appointment	Mr Yang's in-depth knowledge and business experience with the Group, will continue to enhance board deliberations and set the direction for growth.
Working experience and occupations(s) during the past 10 years	<p><u>Current Directorships:</u></p> <ol style="list-style-type: none"> 1. ComfortDelGro Corporation Limited* 2. SBST Transit Ltd* 3. VICOM Ltd* 4. Mr Yang's principal directorships of ConmfortDelGro Group can be found under the section entitled "Directors' Particulars" in the 2019 Annual Report on page 54 <p><u>Current Principal Commitments:</u></p> <ol style="list-style-type: none"> 1. ComfortDelGro Corporation* - Managing Director and Group Chief Executive Officer 2. SBS Transit Ltd – Executive Deputy Chairman <p><u>Past 10 years Directorships:</u></p> <ol style="list-style-type: none"> 1. Chongqing 2.Liangjiang ComfortDelGro Driver Training Co., Ltd 2. ComfortDelGro Savico Taxi Company
Shareholding interest in the listed issuer and its subsidiaries	<p>Direct interest: ComfortDelGro Corporation Limited – 7,168</p> <p>Deemed Interest: ComfortDelGro Corporation Limited – 18,185</p> <p>Share Options: ComfortDelGro Corporation Limited – 660,000</p>

* Listed Company

Susan Kong Yim Pui (Non-Executive & Independent Director)	Lee Sok Koon (Non-Executive & Independent Director)	Chua Mui Hoong (Non-Executive & Independent Director)	Tan Kim Siew (Non-Executive & Independent Director)
Singapore	Singapore	Singapore	Singapore
Ms Kong, a practicing lawyer, is a leading practitioner in the areas of Banking and Finance, Real Estate, Mergers and Acquisitions and Capital Markets. Ms Kong's extensive knowledge and experience in business laws will continue to add relevant knowledge, skills, experience and diverse views to the Board.	Ms Lee's extensive experience and knowledge in corporate finance and corporate governance will continue to enhance board deliberations and contribute towards the core competencies of the Board.	Ms Chua's media experience and knowledge in political and social affairs will enhance board deliberations and contribute towards the core competencies of the Board.	Dr Tan, a qualified engineer, has vast experience in the Civil Service, which will enhance board deliberations and contribute towards the core competencies of the Board.
<u>Current Directorships:</u>	<u>Current Directorships:</u>	<u>Current Directorships:</u>	<u>Current Directorships:</u>
<ol style="list-style-type: none"> SBS Transit Ltd* HealthServe Limited Singapore Tyler Print Institute Q.E.D Law Corporation 	<ol style="list-style-type: none"> SBS Transit Ltd* Japan Foods Holding Ltd* NUS America Foundation, Inc. Singapore Arts School Ltd (resigned as Director on 31 January 2020) 	<ol style="list-style-type: none"> SBS Transit Ltd* <p><u>Current Principal Commitments:</u></p> <ol style="list-style-type: none"> Singapore Press Holdings Ltd* (Opinion Editor of the Straits Times) 	<ol style="list-style-type: none"> SBS Transit Ltd* VICOM Ltd*
<u>Current Principal Commitments:</u>	<u>Current Principal Commitments:</u>	<u>Current Principal Commitments:</u>	<u>Current Principal Commitments:</u>
<ol style="list-style-type: none"> Q.E.D Law Corporation (Partner) 	Nil	<ol style="list-style-type: none"> Singapore Press Holdings Ltd* (Opinion Editor of the Straits Times) 	Nil
<u>Past 10 years Directorships:</u>	<u>Past 10 years Directorships:</u>	<u>Past 10 years Directorships:</u>	<u>Past 10 years Directorships:</u>
<ol style="list-style-type: none"> Surbana Corporate Pte Ltd Rose Citron Pte Ltd 	Invictus Group Pte Ltd	<ol style="list-style-type: none"> Straits Times Press Pte Ltd Agri-Food and Veterinary Authority 	<ol style="list-style-type: none"> Inland Revenue Authority of Singapore DSO National Laboratories Defence Science and Technology Agency ST Engineering Pte. Ltd.
No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Yang Ban Seng Executive Deputy Chairman (Executive & Non-Independent Director)
Country of principal residence	Singapore
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

Susan Kong Yim Pui (Non-Executive & Independent Director)	Lee Sok Koon (Non-Executive & Independent Director)	Chua Mui Hoong (Non-Executive & Independent Director)	Tan Kim Siew (Non-Executive & Independent Director)
Singapore	Singapore	Singapore	Singapore
No	No	No	No
No	No	No	No
Yes	Yes	Yes	Yes
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Yang Ban Seng Executive Deputy Chairman (Executive & Non-Independent Director)
Country of principal residence	Singapore
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of : –	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	
(v) 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

Susan Kong Yim Pui (Non-Executive & Independent Director)	Lee Sok Koon (Non-Executive & Independent Director)	Chua Mui Hoong (Non-Executive & Independent Director)	Tan Kim Siew (Non-Executive & Independent Director)
Singapore	Singapore	Singapore	Singapore
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	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 AGM.
2. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS investors who intend to exercise the voting rights attached to their SBS Transit Ltd Shares purchased using their CPF monies are requested to contact their respective CPF/SRS Approved Nominees.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 24 March 2020.

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)

--	--	--	--

or failing him/them, referred to above, 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 27th AGM of the Company to be held at Singapore Chinese Cultural Centre, 1 Straits Boulevard, Singapore 018906 on Thursday, 23 April 2020 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against or abstained from voting 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 and at any adjournment thereof.

* Delete where inapplicable

Voting will be conducted by Poll. If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the box provided. If you wish to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of Shares in the relevant boxes provided below. Alternatively, if you wish to abstain from voting for the relevant Resolution, please either tick (✓) within the box or indicate the number of Shares in the relevant box provided.

No.	Resolutions	No. of Votes For	No. of Votes Against	No. of Votes Abstained
Ordinary Business				
1.	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2019			
2.	Declaration of Final Dividend for the year ended 31 December 2019			
3.	Approval of Directors' Fees amounting to \$508,737 for year ended 31 December 2019			
4.	Re-election of Mr Yang Ban Seng as Director			
5.	Re-election of Ms Susan Kong Yim Pui as Director			
6.	Re-election of Ms Lee Sok Koon as Director			
7.	Re-election of Ms Chua Mui Hoong as Director			
8.	Re-election of Dr Tan Kim Siew as Director			
9.	Re-appointment of Auditors and authorising Directors to fix their remuneration			

Dated this _____ day of _____ 2020.

Total Number of Shares Held in (Note 1) :	No. of Shares
(a) CDP Register	
(b) Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members of the Company, he/she should insert that number of shares. If the member has shares entered against his/her name in the Depository Register and registered in his/her name in the Register of Members, he/she should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (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 AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM 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 AGM.
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 AGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his /her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore
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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line

Affix
postage
stamp

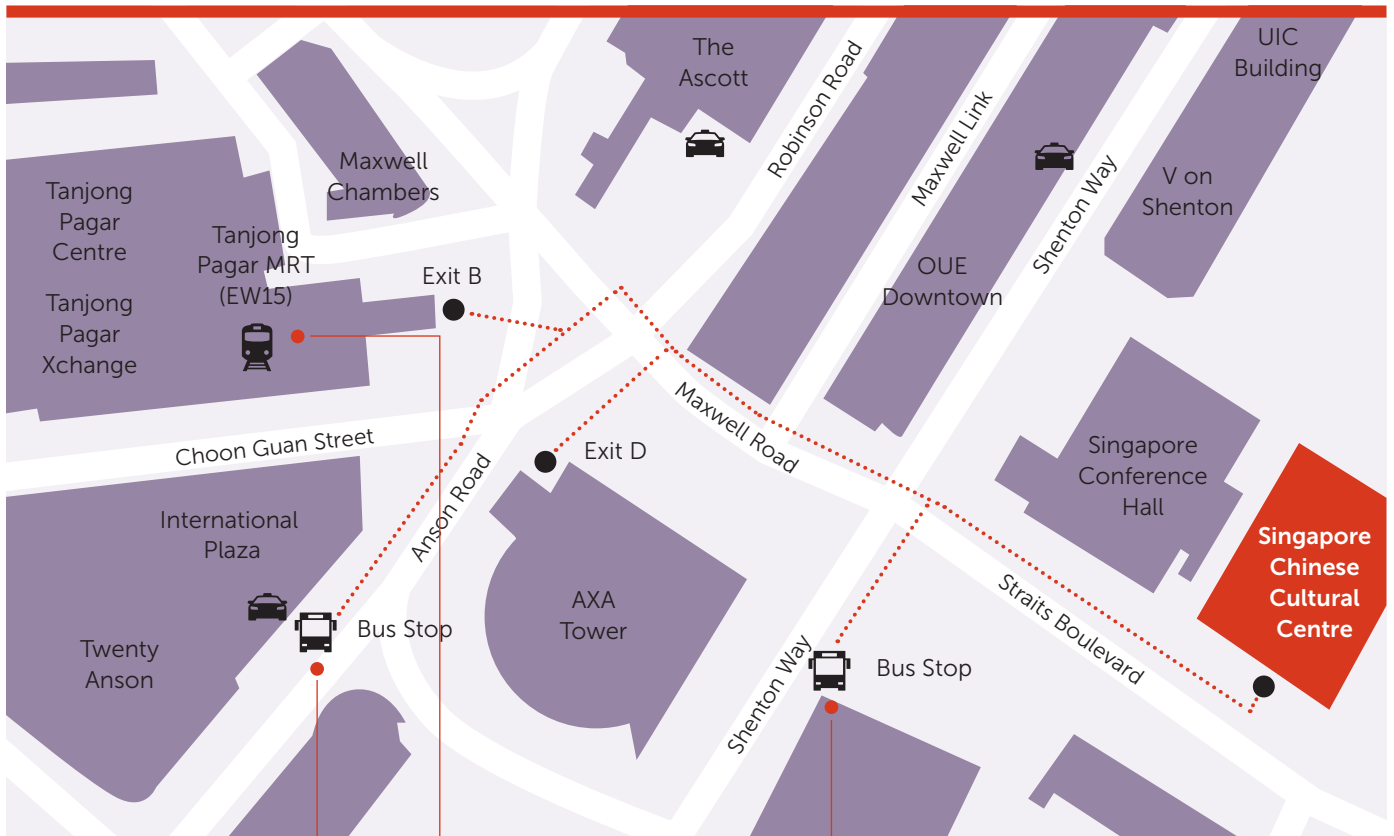
THE COMPANY SECRETARY

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 BUS:
TANJONG PAGAR
STN EXIT C (03223)**

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

About a 10-minute walk
from the bus stop

**BY MRT:
TANJONG PAGAR (EW15)**

About a 7-minute walk from
Exit B or D

**BY BUS:
OPPOSITE AXA TOWER (03217)**

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

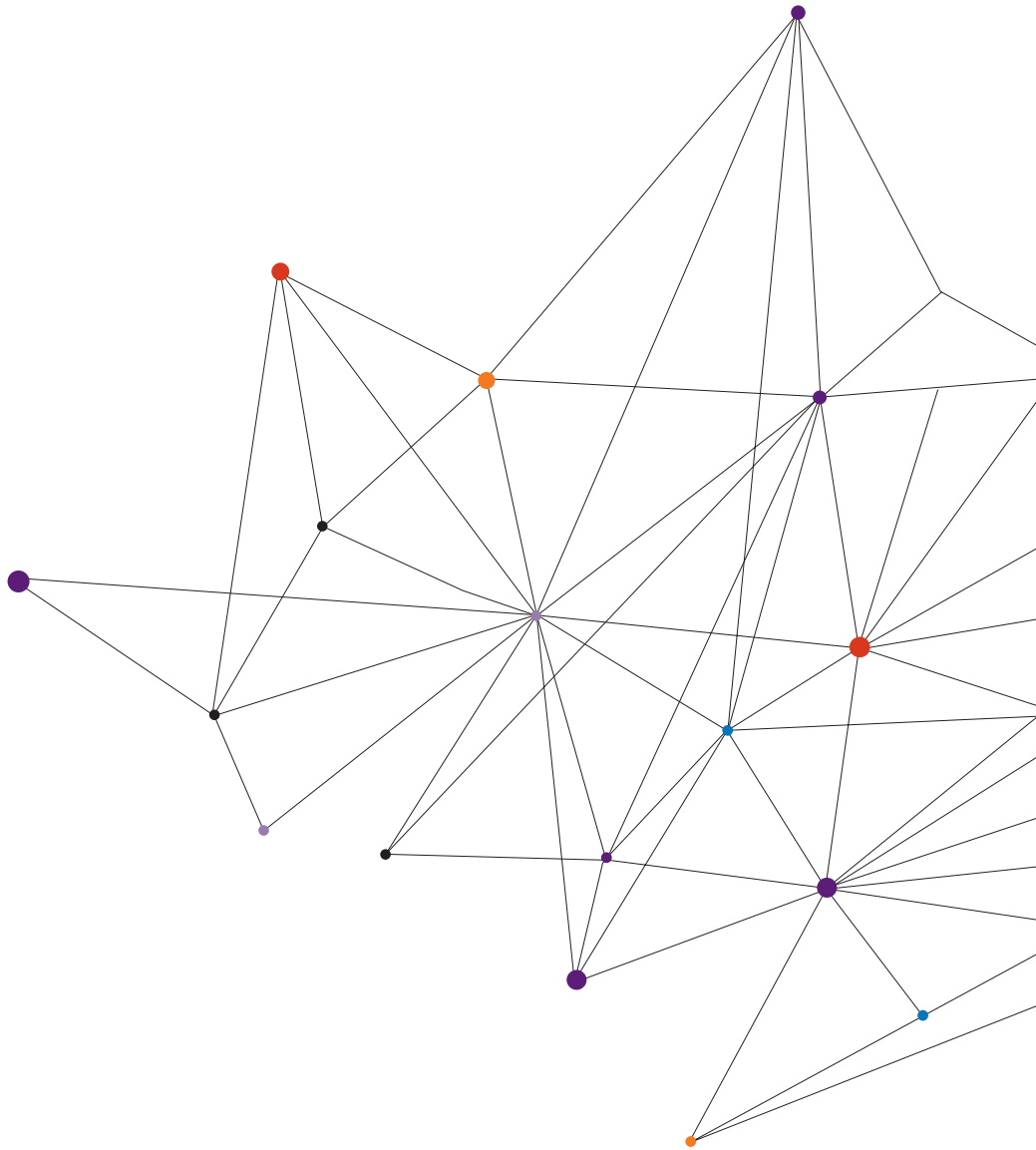
About a 5-minute walk
from the bus stop

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

AUDITORIUM
SINGAPORE CHINESE CULTURAL CENTRE
1 STRAITS BOULEVARD
SINGAPORE 018906

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