

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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Introduction

Several milestones were notched in 2017 – which has turned out to be one of our busiest years.

Downtown Line (DTL) became fully operational on 21 October 2017. We were successful in our bids for the Seletar and Bukit Merah Bus Packages – the third and fourth packages that were put up for tender by the Land Transport Authority (LTA) under the two-year-old Bus Contracting Model (BCM). All our bus services were declared wheelchair accessible and opened prams and strollers were allowed on public buses. The Government's Bus Service Enhancement Programme (BSEP) marked its completion with 1,000 buses and 80 new services.

Rail Services

With DTL¹ launched, we now have a total rail distance of 82 km representing 36% of the market share. The North East Line (NEL) has 16 stations and a distance of 20 km while the DTL has 34 stations and a distance of 42 km. The Sengkang-Punggol Light Rail

Transit (SPLRT) has 28 stations and a distance of 20 km.

Demand for rail services continued to grow with over 356 million passenger trips made in 2017, representing an increase of 8.2% over the previous year. With the opening of DTL3, average daily ridership on DTL increased by 26.7% or close to 60,000 to 279,116 in 2017. As at January 2018, average daily weekday ridership on the DTL has hit a new high of 470,000. Average daily ridership on the NEL grew by 2.0% to 575,815 while that on the SPLRT systems grew by 5.9% to 120,785 in 2017.

In tandem with the increase in passenger demand, 146 more weekly trips were added to the schedules of the NEL while 252 additional daily trips were operated on the SPLRT.

On the LRT systems, we opened the Samudera Station on the Punggol West Loop in March 2017. This means that all the stations, except for one, on the SPLRT are in operation. The unopened Teck Lee Station on

the Punggol West Loop will open in tandem with developments in the surrounding areas. We also extended our two-car train operations to weekends and public holidays on the Sengkang West Loop and the Punggol East Loop to cater to the increase in ridership demand. This has increased capacity and provided commuters with a more comfortable ride.

For 2017, our Mean Kilometre Between Failure (MKBF) for DTL was 650,000 train-km and for NEL 663,000 train-km, which compared favourably to the nationwide network's average of 390,000 train-km. For the SPLRT, we achieved 115,000 car-km while the nationwide network's average was 77,000 car-km. In spite of our steady performance, we recognise that there is more to be done and will continue to work harder to provide reliable train services for our commuters.

Unfortunately we lost the Thomson-East Coast Line to the lone competitor which had submitted a bid 30% lower than our tender price.

¹ DTL has 34 stations which were opened in three phases. DTL1 with six stations opened in 2013, followed by DTL2 with 12 stations in 2015. DTL3 with 16 stations was the last phase to be opened in 2017.

Bus Services

With the award of the Seletar Bus Package, we now have a market share of 62%. As part of the Seletar Bus Package, we also took over the operation of the newly-built Seletar Depot, which was purpose-built to house close to 530 buses. The 96,000-square-metre depot boasts many features including free Wi-Fi access, handphone charging stations and a modern gym. With this latest infrastructure, we now have six bus depots, two bus parks, 17 bus interchanges, and 14 bus terminals.

In February 2018, the LTA announced the award of the Bukit Merah Bus Package to us given that our proposal showed “extensive experience in bus operations, while offering good value for money”. I am extremely heartened by this as it demonstrates LTA’s recognition of the value we are able to offer, more so since we were not the lowest in pricing. Significantly, the Bukit Merah Bus Package is the first of our eight packages in the Negotiated Contracts to come under competitive tendering.

For the year under review, we rolled out seven new bus services, took over one City Direct Service and amended the routes of another 23. Launched in 2012, BSEP aimed to enhance bus services and provide better connectivity for commuters through the addition of 1,000 new buses and 80 new bus services. The introduction of new bus Service 71 in December 2017 marks the completion of BSEP.

We beefed up 20 existing services with higher ridership demand by adding more buses to their fleet as well as replacing single deck ones with higher capacity double deck buses.

In 2017, we operated a total of 208 bus services with a fleet of 3,246 buses driven by 5,996 Bus Captains (BCs).

The needs of passengers-in-wheelchairs (PIWs) were also not forgotten as the last nine of our bus routes were rolled out as wheelchair-accessible services in August 2017. With this, all our 208 bus services are now wheelchair-friendly.

From April 2017, parents and caregivers could bring opened prams and strollers on board all public buses, making it more convenient to bring their young ones around. For safety in travel, we worked with the LTA to test a prototype stroller restraint system, which could safely yet conveniently secure a pram on board.

We also worked with the LTA to do a trial of an automated wheelchair ramp to make it easier for BCs to assist the elderly and PIWs to board and alight from the bus. Currently, BCs have to manually open and close the ramp after each use.

Fare Revision

As the provision of bus services now comes under the BCM, the fare revisions which were implemented by the Public Transport Council on 30 December 2016, only impacted our rail revenue in 2017.

For 2017, commuters enjoyed a reduction in bus and train fares. Card fares were lowered by between one and 27 cents for adults and between one and seven cents for senior citizens. Significantly, the fare structure was simplified for the rail lines based on shortest distances with no fare differentials for fully underground and above-ground lines.

Sustainability

In the area of environmental care, 75% or 2,433 of our buses are now Euro 5 compliant or better, which means these buses emit less pollutants into the environment. This is an increase of 6.3% or 145 buses compared to the previous year.

On the security front, our vigilance and security protocols were put to the test when we encountered two security scares in April 2017. An unattended bag was spotted at the boarding platform of the NEL Hougang Station and about two weeks later, a suspicious substance was found sprinkled at several spots within NEL Woodleigh Station. The Police was immediately alerted

and the stations were closed for a few hours as the situation was assessed. No real threat was determined and the culprits have since been arrested and charged.

In safety, our accident rate was 0.15 per 100,000 km for 2017. As safety is paramount in our operations, we continued to step up efforts in safety training and retraining, including amending the Pedestrian Drills and Junction Drills. We also installed more buses with Mobileye, an Advanced Driver Assistance System, to alert BCs of an impending collision with vehicles or pedestrians in front of them and take defensive action to avoid an accident. We also put on trial the Mobileye Shield+ system, which covers the blind spot when our buses make a turn.

Our people continue to be at the heart of our success. Without them, we would not be where we are today. We invest continually to develop their skills and talent as our organisation is only as good as our people are. In 2017, we had 10,239 employees who averaged 56 hours of training each. This is higher than the 55.36 hours clocked in the previous year.

We started our inaugural Commuter Chat sessions for bus commuters in August 2017. These quarterly sessions typically engage about 90 commuters each time and provide them with an opportunity to share their feedback and offer suggestions to our interchange managers and staff. These sessions are similar to our “Meet the Managers” rail sessions which we started in 2016.

Reaching out to the community we serve, we conducted 88 school talks, mini exhibitions and visits to our bus interchanges and bus and train depots, reaching out to more than 32,000 students during the year in review.

(Please refer to page 24 in this Annual Report as well as the Sustainability Report of our parent company, ComfortDelGro Corporation Limited, for more details about our sustainability efforts.)

Recognition and Awards

In the Singapore Governance and Transparency Index 2017, we were ranked 32nd in a field of 606 companies. This is nine spots higher than in 2016. In 2015, we were ranked 43rd.

In market capitalisation, SBS Transit was ranked 129 out of 746 companies. In 2017, it had a market capitalisation of \$780.8 million, which is 18.7% higher than the previous year.

SBS Transit also received the Transparency Award for small and mid-cap companies at the Investors' Choice Awards organised by the Securities Investors Association (Singapore).

We strive to be transparent and prompt in our relationship and communication with our Shareholders and investing public. We are fully compliant in posting announcements on the SGX. Media releases are also issued for major or significant announcements and these are also put up on our website. On the latter, I am pleased to report that in the inaugural survey undertaken by the Investor Relations Professionals Association and the EQS Group on investor relations of 711 SGX-listed company websites, we were placed in the 29th position, which puts us in the top 5% of the surveyed websites. We are in the process of revamping our website to further enhance this aspect and it is due to be launched soon.

In customer service, our staff continued to clinch industry awards at the Excellent Service Awards and the Transport Gold Awards. In all, 1,745 staff were honoured. In 2017, the number of compliments/commendations received outstripped the number of valid complaints by 9:1.

Financial Performance

Group revenue for the year increased by 8.5% from \$1,098.7 million to \$1,191.7 million.

In the Public Transport Services, revenue increased by 9.8% or \$100.9 million to \$1,135.7 million, which can be attributed mainly to

a full year contribution of revenue under the BCM and higher rail ridership with the commencement of DTL3 on 21 October 2017.

Revenue from other Commercial Services decreased by 12.4% or \$8.0 million to \$56.0 million. The decrease came mainly from lower advertising and rental revenue due to the loss of the Jurong East, Pasir Ris and Punggol bus interchanges under the Bulim and Loyang Bus Packages.

The increase in Group revenue of \$93.0 million was offset by an increase in Group operating expenses of 7.1% or \$75.4 million due mainly to higher staff costs, higher depreciation and higher repairs and maintenance costs. As a result, Group operating profit increased by \$17.5 million or 42.1% to \$59.3 million.

At the Group level, net profit attributable to shareholders increased by 50.3% from \$31.4 million to \$47.1 million.

Earnings per share was 15.17 cents, 49.9% higher than the 10.12 cents previously. As at 31 December 2017, total equity for the Group increased by 7.5% to \$449.2 million due mainly to the profits generated from operations and an increase in other reserves, but these were partially offset by the payment of dividends.

Your Directors have proposed a tax-exempt one-tier final dividend of 3.95 cents per share. Together with the tax-exempt one-tier interim dividend of 3.65 cents per share paid earlier, the total tax-exempt one-tier dividend to be paid out for 2017 will be 7.60 cents per share, 50.5% higher than the previous year, in light of higher profits. The dividend payout of 50.2% is also in line with our dividend policy of distributing at least half of our profits as dividend. Based on year-end closing price of \$2.51, the yield is 3.0%.

The Year Ahead

The NEL and the SPLRT systems will transit to the New Rail Financing Framework (NRFF), which is an asset light model, on 1

April 2018. 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. This will be better for commuters and is a more sustainable option for us, as operators, in the long term. DTL is already on the NRFF.

We will introduce a telematics system, known as SAGE, on all the 730 buses under the Seletar and Bukit Merah Bus Packages to monitor the smoothness and comfort of bus rides provided by our BCs. The system records and monitors the BC's driving behaviour such as speeding and harsh acceleration with feedback given in real-time through audio and visual alerts. This system is aimed at helping our BCs be safer drivers. Besides SAGE, these buses will also be equipped with the Mobileye.

We will also be setting up a new, modern Technical Assessment and Certification Centre at the Ulu Pandan Depot for the Singapore Bus Academy (SGBA). This will enhance the professionalism of engineering and technical staff in the bus industry. Our experienced engineering staff will be involved in curriculum development and conducting assessments and certification.

With Autonomous Vehicles (AV) being the future of mobility, we are in collaboration with ST Kinetics (STK) to develop AV omnibuses for use on our public transport system. We have started providing STK with inputs on our bus operations' and customers' needs. We expect to begin field trials of two AV buses in the first half of 2019 followed by a full trial in May 2020.

During the year, we partnered a local start-up, the Ministry of Movement (SWAT), to submit a proposal for the provision of on-demand, dynamically-routed public bus services (ODBS) to allow for more direct journeys for commuters while optimising resources. Under the plan, we are to handle the bus operations

while SWAT provides the booking platform. We are heartened that SWAT was awarded the contract in February 2018 by the LTA to conduct the first phase of the ODBS. We will be supporting the project with simulations to demonstrate and refine the service standard and resource requirements to enable LTA to determine the operational trial parameters. At the same time, SWAT will develop a dynamic matching and routing algorithm which will enable the buses to be deployed according to real-time commuter demand. The second phase of the tender is scheduled in the third quarter of 2018.

Directors

In continuation with our director renewal process, two long serving Directors, Mr Chin Harn Tong and Mr Cheong Yip Seng, will retire at the 2018 Annual General Meeting. On behalf of the Board, I wish to thank them whole-heartedly for their many years of dedicated

and committed services. We have benefitted enormously from their many significant contributions.

In 2017, we welcomed two new directors: Mrs Constance Koh and Ms Susan Kong. The former is an accountant while the latter is a lawyer. With their appointments, female representation on our Board is now 20%. Our board diversity is broad in terms of gender, leadership at tripartite setting of industry, government and labour, qualifications and experience.

Appreciation

I wish to thank Management and Staff for their hard work and commitment in staying the course in spite of the dynamic changes and challenges in the public transport industry. Mr Gan Juay Kiat, our Chief Executive Officer, has performed well.

I would also like to thank our Deputy Chairman, Mr Yang Ban Seng, who is also the Managing Director and Group Chief Executive Officer of our parent company,

ComfortDelGro Corporation Limited for his contributions. Ban Seng came onboard in May 2017.

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

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

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

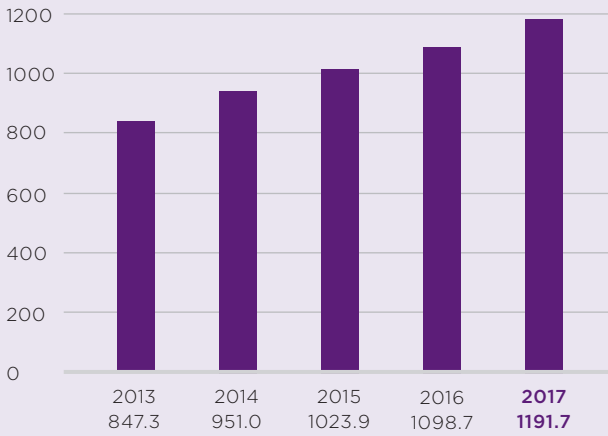
Last but not least, my deep appreciation to our Shareholders, many of whom have held our shares for years. We will continue to work hard.

Lim Jit Poh

Chairman
March 2018

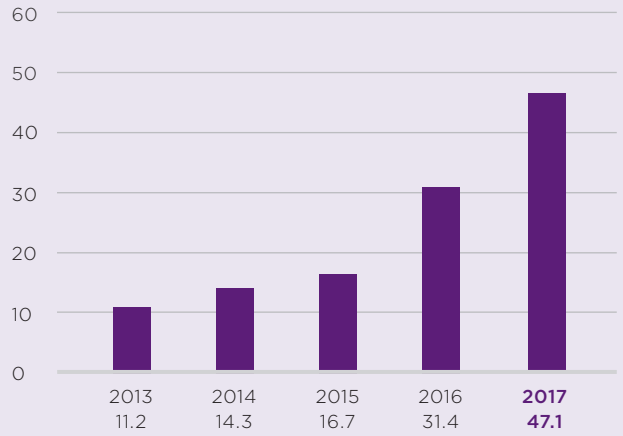
Revenue

(\$'mil)



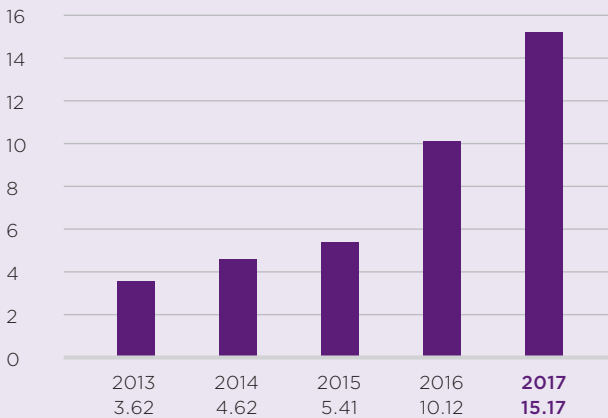
Profit Attributable to Shareholders

(\$'mil)



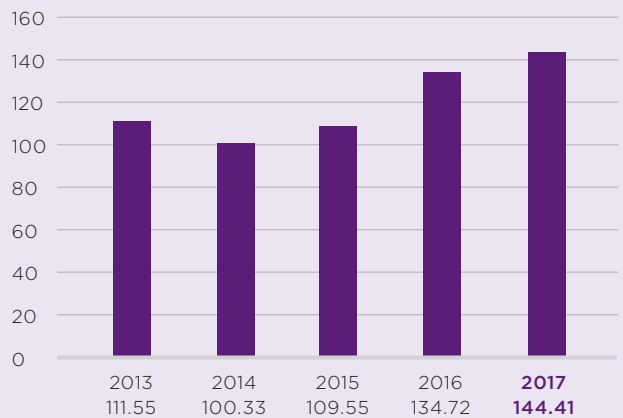
Earnings Per Ordinary Share

(cents)



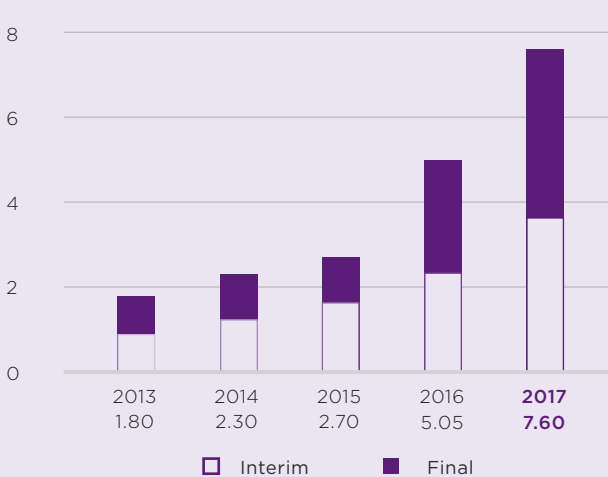
Net Asset Value Per Ordinary Share

(cents)



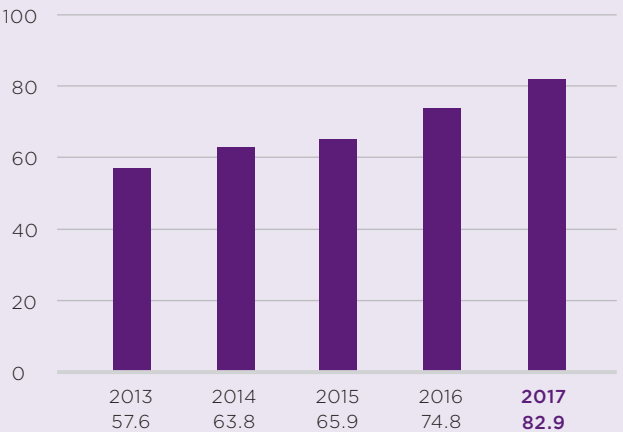
Total Dividend Per Ordinary Share

(cents)



Value-Added Per Employee

(\$'000)



Financial Summary

	2013	2014	2015	2016	2017
Revenue (\$'mil)	847.3	951.0	1023.9	1098.7	1191.7
Operating costs (\$'mil)	831.8	930.4	998.8	1057.0	1132.4
Operating profit (\$'mil)	15.5	20.7	25.2	41.8	59.3
Profit attributable to shareholders (\$'mil)	11.2	14.3	16.7	31.4	47.1
EBITDA (\$'mil)	77.4	91.7	110.5	123.4	156.3
Issued capital (\$'mil)	93.9	94.6	94.8	97.1	98.9
Capital and reserves (\$'mil)	344.3	310.1	338.7	418.0	449.2
Capital disbursement (\$'mil)	166.1	214.4	155.8	23.5	35.0
Return on shareholders' equity (%)	3.3	4.4	5.2	8.3	10.9
Earnings per ordinary share (cents)	3.62	4.62	5.41	10.12	15.17
Net asset value per ordinary share (cents)	111.55	100.33	109.55	134.72	144.41
Interim dividend per ordinary share (cents)	0.90	1.25	1.65	2.35	3.65
Final dividend per ordinary share (cents)	0.90	1.05	1.05	2.70	3.95
Total dividend per ordinary share (cents)	1.80	2.30	2.70	5.05	7.60
Dividend cover (number of times)	2.0	2.0	2.0	2.0	2.0

Value-Added for the Group

	2013		2014		2015		2016		2017	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Suppliers of capital - dividends and term loan interest	12,174	2.5	11,426	2.0	14,189	2.3	15,803	2.2	24,224	3.0
Taxation to the government	16,618	3.5	18,716	3.4	21,834	3.5	24,582	3.4	27,205	3.4
Retained earnings	65,370	13.6	78,361	14.1	93,902	15.1	102,976	14.2	124,977	15.5
Employees - salaries and other staff costs	386,766	80.4	448,114	80.5	491,723	79.1	581,143	80.2	628,553	78.1
Total value-added	480,928	100.0	556,617	100.0	621,648	100.0	724,504	100.0	804,959	100.0
Number of employees	8,347		8,732		9,439		9,692		9,709	
Value-added per employee (\$'000)	57.6		63.8		65.9		74.8		82.9	

Board of Directors

Lim Jit Poh
Chairman

John De Payva
Lead Independent Director

Kua Hong Pak
Deputy Chairman
(Stepped down on 30 April 2017)

Cheong Yip Seng
Chin Harn Tong
Kong Yim Pui, Susan (Appointed on 1 October 2017)
Lee Sok Koon (Appointed on 1 May 2017)
Lim Seh Chun
Wee Siew Kim
Wong Chin Huat, David (Retired on 25 April 2017)

Yang Ban Seng
Deputy Chairman
(Appointed on 1 May 2017)

Gan Juay Kiat
Chief Executive Officer

Audit and Risk Committee

Wee Siew Kim
Chairman

Chin Harn Tong
Lee Sok Koon (Appointed on 1 May 2017)
Lim Seh Chun

Remuneration Committee

Chin Harn Tong
Chairman

John De Payva
Kong Yim Pui, Susan (Appointed on 1 October 2017)
Lim Jit Poh

Nominating Committee

John De Payva
Chairman

Cheong Yip Seng
Kong Yim Pui, Susan (Appointed on 1 October 2017)
Lim Jit Poh (Appointed on 1 May 2017)
Wong Chin Huat, David (Stepped down on 25 April 2017)

Service Quality Committee

Lim Seh Chun
Chairman
(Appointed on 1 May 2017)

Cheong Yip Seng
Lee Sok Koon (Appointed on 1 May 2017)
Wee Siew Kim

Wong Chin Huat, David
Chairman
(Stepped down on 25 April 2017)

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

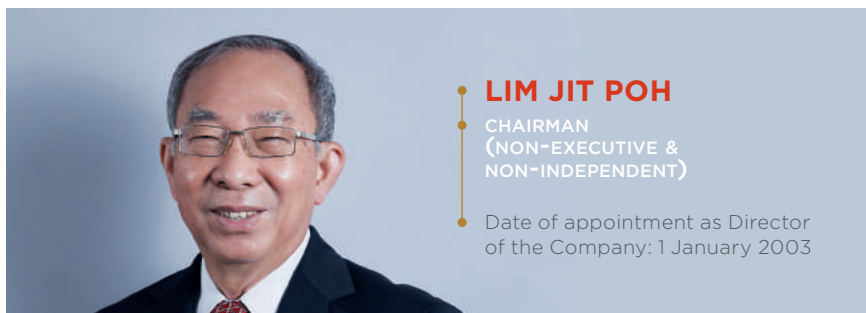
Joint Company Secretaries
Chan Wan Tak, Wendy
Yeo Tee Yeok, Edwin
(Appointed on 1 May 2017)

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



LIM JIT POH
CHAIRMAN
(NON-EXECUTIVE &
NON-INDEPENDENT)

Date of appointment as Director of the Company: 1 January 2003

Mr Lim Jit Poh has been the non-executive Chairman and Director of SBS Transit Ltd since 2003. He is a non-independent Director of the Company. He is a member of both the Nominating Committee and 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 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.

Date of last re-appointment as Director of the Company: 27 April 2016

Mr Yang Ban Seng is the Deputy Chairman of SBS Transit Ltd. He is a non-independent Director of the Company. He is also the Managing Director/Group Chief Executive Officer of ComfortDelGro Corporation Limited and Deputy Chairman of VICOM Ltd. Prior to his current appointment, Mr Yang 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. Prior to joining the Group in 1989, Mr Yang served as Assistant Director of the Ministry of Education, Deputy



YANG BAN SENG
DEPUTY CHAIRMAN
(NON-EXECUTIVE &
NON-INDEPENDENT)

Date of appointment as Director of the Company: 1 May 2017

Director of the Ministry of Home Affairs and the National Trades Union Congress' Secretary for Co-operatives. At the NTUC's May Day Awards in 2013, he was awarded the Medal of Commendation.

He 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

Mr Gan Juay Kiat was appointed Chief Executive Officer of SBS Transit Ltd on 1 March 2010. He is a non-independent Director of the Company.

Mr Gan first joined ComfortDelGro Corporation Limited as Group Corporate Planning Officer in February 2006. Subsequently, he was also appointed the Chief Executive Officer and Director of ComfortDelGro Bus Pte Ltd. In April 2007, he assumed the role of Chief Operating Officer of SBS Transit Ltd, and was appointed Executive Director on 1 March 2009.

Prior to joining the ComfortDelGro Group, Mr Gan was the Chief Corporate Officer at the Ascott Group and Senior Vice President (Corporate Planning) at CapitalLand Limited.

He started his career in the



GAN JUAY KIAT

CHIEF EXECUTIVE OFFICER
AND DIRECTOR

Date of appointment as Director
of the Company: 1 March 2009

Singapore Armed Forces where he held several senior command and staff appointments. He then moved on to join the General Electric Company as a Divisional Director, and later to Times Publishing Limited as Senior Vice President (Retail & Distribution).

In 2016, he was awarded the Medal of Commendation by the National Trades Union Congress (NTUC) for his contributions in

promoting harmonious labour-management relations.

Mr Gan was a President's Scholar and SAF (UK) Scholar in 1976. He holds a Bachelor of Arts (Engineering Tripos) from the University of Cambridge, United Kingdom.

*Date of last re-election
as Director of the Company:
25 April 2017*



JOHN DE PAYVA

DIRECTOR (NON-EXECUTIVE &
LEAD INDEPENDENT)

Date of appointment as Director
of the Company: 26 July 1999

Mr John De Payva has been a non-executive Director of SBS Transit Ltd since 1999. He is an independent Director of the Company and was appointed Lead Independent Director of the Company since 1 January 2013. Mr De Payva is the Chairman of the Nominating Committee

and a member of the Remuneration Committee.

Mr De Payva is the President Emeritus of the National Trades Union Congress (NTUC). He is also the Executive Director and Secretary-General Emeritus of the Singapore Manual and Mercantile Workers' Union,

a Member of the Board of Governors of OTC-ILS, a Trustee of National Trades Union Congress and a Director of SLF Leisure Enterprises (Pte) Ltd.

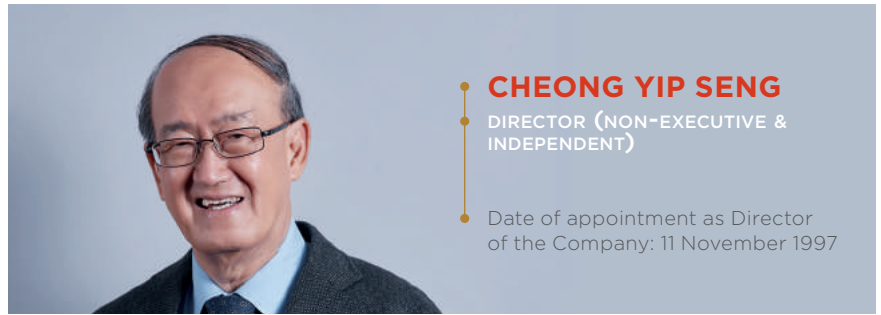
Mr De Payva holds a Diploma in Industrial Relations from the Singapore Institute of Labour Studies.

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

*Date of last re-election
as Director of the Company:
27 April 2016*

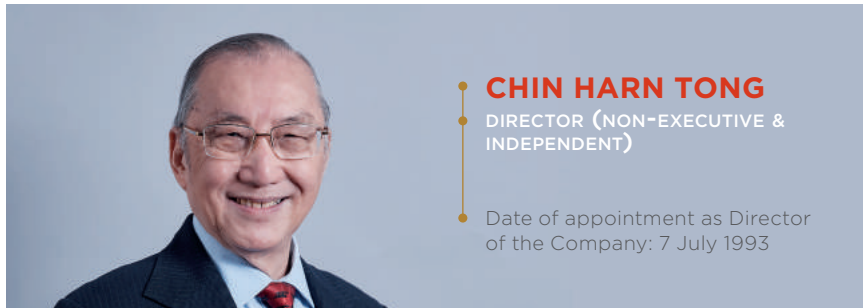
Mr Cheong Yip Seng has been a non-executive Director of SBS Transit Ltd since 1997. He is an independent Director of the Company. Mr Cheong is a member of both the Nominating Committee and Service Quality Committee. Mr Cheong was the Editor-in-Chief of the English/Malay Newspapers Division of Singapore Press Holdings Limited (SPH) from 1987 to 2006. In 2007, he became an Editorial Advisor to SPH until June 2008.

He was Chairman of the Advisory Committee on the Impact of New Media on Society from April 2007 to April 2009. He had served on the Board of Trustees,



National University of Singapore, and the Board of the Building and Construction Authority.

Date of last re-appointment as Director of the Company: 27 April 2016



Mr Chin Harn Tong has been a non-executive Director of SBS Transit Ltd since 1993. He is an independent Director of the Company. Mr Chin is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee. He is also a Director of CityCab Pte Ltd. He had previously been the Secretary, Executive Director and

Advisor of NTUC Comfort (1971-1986).

Mr Chin is the Advisor to the North-East Community Development Council and the Singapore Stevedores' Union. He was a Member of Parliament for Aljunied from 1972 to 1996. He was also the Political Secretary, Parliamentary Secretary and Senior Parliamentary Secretary between 1976 and 1988.

Mr Chin was awarded the Public Administration Medal by the Government of Singapore in 1971, the Friend of Labour Award in 1971 and the Meritorious Service Award by the National Trades Union Congress (NTUC) in 2000. He was also appointed a Justice of the Peace in 1998.

Mr Chin holds a Bachelor of Arts from the Nanyang University (1963). In 1970, he was awarded the Colombo Plan Fellowship in Industrial Relations, Australia and was subsequently seconded to the NTUC and was promoted to the Government's Administrative Service.

Date of last re-appointment as Director of the Company: 27 April 2016



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

Ms Kong has been a practicing lawyer for almost 30 years and is recognised as a leading practitioner in the areas of Banking and Finance, Real Estate, Mergers and Acquisitions and Capital Markets

by Chambers Global, IFLR 1000, AsiaLaw and Euromoney Legal Group Guide.

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

Ms Kong is a Director of Singapore Tyler Print Institute and HealthServe Limited.

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

Mrs Constance Koh is an independent non-executive Director of SBS Transit Ltd and a member of the Audit and Risk Committee and Service Quality 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 a member of the Board of Singapore Arts School Ltd, Singapore's first pre-tertiary 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 Fellow Member of the Institute of Singapore Chartered Accountants and a member of the Institute of Directors in Singapore.

Professor Lim Seh Chun has been a non-executive Director of SBS Transit Ltd since 2012. He is an independent Director of the Company. Professor Lim is the Chairman of the Service Quality Committee and a member of the Audit and Risk Committee.

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



LIM SEH CHUN

DIRECTOR (NON-EXECUTIVE & INDEPENDENT)

Date of appointment as Director of the Company: 1 October 2012

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.

Date of last re-election as Director of the Company: 25 April 2017



WEE SIEW KIM

DIRECTOR (NON-EXECUTIVE & INDEPENDENT)

Date of appointment as Director of the Company: 30 April 2003

Mr Wee Siew Kim has been a non-executive Director of SBS Transit Ltd since 2003. He is an independent Director of the Company. Mr Wee is the Chairman of the Audit and Risk Committee and a member of the Service Quality Committee.

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

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

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

Date of last re-election as Director of the Company: 27 April 2016



ENG SOK YONG



TAN POH CHOO, EVELYN



TAN I-LIN, TAMMY



LEONG YIM SING

ENG SOK YONG
 SENIOR VICE PRESIDENT
 CORPORATE DEVELOPMENT

Ms Eng Sok Yong was appointed Senior Vice President of Corporate Development in SBS Transit in February 2007. Prior to this, she was the Group Director of Policy and Planning at the Land Transport Authority, where she was in charge of its corporate communications, policy development, infrastructure and strategic planning departments. She had previously served as Assistant Director in the Ministry of Trade and Industry, where she was responsible for Singapore's multi-lateral negotiations in the World Trade Organisation. Ms Eng, who was a Public Service Commission (PSC) Scholar, holds a Master of Science from the London School of Economics.

TAN POH CHOO, EVELYN
 SENIOR VICE PRESIDENT
 FINANCE

Ms Tan Poh Choo, Evelyn was appointed Senior Vice President of Finance in SBS Transit on 7 October 2014. She is responsible for the finance functions and oversees the accounting, financial and statutory reporting, financial controls, budgeting, treasury and taxation matters. Ms Tan started her career as a Management Trainee in Finance with the then Singapore Bus Service (1978) Limited in 1989. Over the years, she has held various positions with responsibilities and exposures to the different areas of finance. Ms Tan holds a concurrent position at ComfortDelGro Corporation Limited, which is SBS Transit's parent company, where she is responsible for the Group's treasury matters. She holds a Bachelor of Business Administration with a major in Finance from the National University of Singapore.

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 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.

LEONG YIM SING
 SENIOR VICE PRESIDENT
 HEAD OF RAIL

Er 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. Er Leong has more than 30 years of experience in the operations and maintenance of Singapore's rail systems. He was actively involved from the start-up of Singapore's first MRT system in 1985, as a Rolling Stock engineer, until his current appointment. Er 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 conducted by the Singapore Institute of Technology (SIT).



GOEI BENG GUAN, ALEX



TAN ENG KOK, IVAN



YEO SEE PENG

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

TAN ENG KOK, IVAN
SENIOR VICE PRESIDENT
HEAD BUS OPERATIONS

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

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.



PANG FUI ENG, IVAN



TAN WEE ENG, ANGIE



LIM BEE HONG



LEOW CHEE YEN, DON

PANG FUI ENG, IVAN
 SENIOR VICE PRESIDENT
 HEAD BUS ENGINEERING

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

TAN WEE ENG, ANGIE
 VICE PRESIDENT (SPECIAL GRADE)
 INFORMATION TECHNOLOGY

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

LIM BEE HONG
 VICE PRESIDENT (SPECIAL GRADE)
 ORGANISATIONAL DEVELOPMENT
 & STANDARDS

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

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



CHONG YEW FUI, ADRIAN



CHAN WAN TAK, WENDY



YEO TEE YEOK, EDWIN

CHOO PENG YEN
COMFORTDELGRO GROUP
INVESTOR RELATIONS AND
SPECIAL PROJECTS OFFICER

Mr Choo Peng Yen was appointed as ComfortDelGro Corporation's Group Investor Relations and Special Projects Officer in 2010. He is in charge of the investor relations function of the Group including SBS Transit's. Previously 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 INTERNAL AUDIT OFFICER

Mr Chong Yew Fui, Adrian is Group 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.

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.

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.

PUBLIC TRANSPORT SERVICES

BASIC BUS SERVICES, CHINATOWN DIRECT BUS SERVICES, EXPRESS BUS SERVICES, FAST FORWARD BUS SERVICES, NITE OWL BUS SERVICES, CITY DIRECT BUS SERVICE, NORTH EAST LINE, DOWNTOWN LINE, SENGKANG LIGHT RAIL TRANSIT, PUNGGOL LIGHT RAIL TRANSIT

1,135.7

Revenue (\$'mil)

208

Total Bus Routes Operated

3,246

Total Bus Fleet

78

Total Stations in Operation

192

Total Train Fleet

10,141

Total Number of Employees

Bus Services

2017 marked the first full year that we operated under the Bus Contracting Model (BCM), where the provision of bus services and the corresponding standards are all determined by the Land Transport Authority (LTA). Under BCM, all bus infrastructure such as depots, as well as operating assets such as buses, are also owned or leased by the LTA, which translates to low capital expenditure for us. In all, we operated eight bus packages under the Negotiated Contracts (NC).

In April 2017, we were awarded the contract for the Seletar Bus Package, which is the third package under the BCM. We are already operating 14 of the routes and will take over the other 12 from the current operator, SMRT, when the Package is implemented in March 2018 over three phases. We recruited new BCs as well as hired 120 BCs from SMRT who are crossing over to continue driving the routes that they are familiar with. In all, about 780 BCs are required to operate the 26 bus services.

We took over the new Seletar Depot in the third quarter of 2017, which was purpose-built to house close to 530 buses under this Package. It supports the 26 bus services that are operating from the Ang Mo Kio, Yio Chu Kang and Yishun Bus Interchanges. The depot has handphone charging stations, free Wi-Fi access, BC lounges, a gym as well as recreational activities for the staff working there.

The Bukit Merah Bus Package, which is the first package of our NC, was put up for competitive tendering in April 2017. This is the fourth Bus Package under BCM and it attracted six bids, including ours. It consists of 18 bus services including two cross-border services to Johor Bahru, all of which are operated by us. In February 2018, the LTA announced that it was awarding the contract to us with implementation slated for the last quarter of 2018.

We also worked closely with the LTA under the Bus Service Enhancement Programme (BSEP) which was

introduced in September 2012 to significantly expand bus capacity and enhance service levels to benefit commuters. During the year, we rolled out seven new bus routes, took over one City Direct Service and amended the routes of 23 services. In December 2017, the five-year programme was officially completed with the roll out of the 1,000th bus that was deployed on our Service 71.

Besides new and amended bus routes, we beefed up 20 services that were heavily utilised under BSEP. We added more buses to their respective fleets as well as replaced some single deck buses with higher capacity double deck ones.

We ceased the operation of our Chinatown Direct (CT) Service, CT 28, which plied between Clementi and Chinatown, due to low demand. The other two CT services - CT 8 which plies between Ang Mo Kio and Chinatown and CT 18 between Bedok and Chinatown - continue to be in service.

We also ceased operating our remaining Premium Bus Service, Service 555, which used to operate between Bukit Panjang and the Central Business District.

Even as we sought to enhance the travel experience of regular commuters, the needs of Passengers-in-Wheelchairs (PIWs) were not forgotten. The last nine of our bus services were rolled out as wheelchair-accessible in August 2017. With this, all our 208 bus services are now wheelchair friendly, making it more convenient for PIWs to get around.

During the year, we took delivery of 146 new buses. A new model, Germany's MAN buses, was added to our fleet which was previously made up of Volvo, Mercedes-Benz and Scania models. We also received three articulated buses, which are the first in our current fleet. Our fleet increased by 127 or 4.1% to 3,246 buses, of which 43% are double decks.

To cater to increased commuter demand for late night services on the eves of public holidays such as the Lunar New Year and Christmas and major events such as the Formula One (F1) Grand Prix, we



operated selected bus routes on extended hours.

From April 2017, parents and caregivers could bring opened prams and strollers on board all public buses. This makes it more convenient for them to bring their young ones around. For safety in travel, we worked with the LTA to test a prototype stroller restraint system, which could be used to secure opened strollers on the bus. The system was tested on Service 69, which serves the heartlands of Bedok and Tampines.

We also trialled an automated ramp with the LTA to make it easier for Bus Captains (BCs) to assist the elderly and PIWs to board and alight from the bus. Currently, all the ramps on our buses are manually operated.

New LTA guidelines also allow for foldable bicycles and personal mobility devices to be brought on board public transport at all hours of the day. This followed a six-month trial conducted by the LTA

and the Public Transport Operators to encourage more commuters to adopt active mobility for the first and last mile of their public transport commutes.

In March 2017, the new Compassvale Bus Interchange located just opposite the existing Sengkang Bus Interchange, began operations to cater to the increased number of bus services serving Sengkang. A sheltered pedestrian overhead bridge and a pedestrian crossing connect the two interchanges. Compassvale Bus Interchange has kerb edges to facilitate the boarding of PIWs, priority queues with seats for the elderly and disabled, a nursing room with diaper changing amenities, handphone charging points and a water cooler. Two services call at this new interchange which can accommodate up to six services.

Two other terminals that we manage were also relocated. The old Shenton Way Bus Terminal had



to make way for the extension of the Circle Line MRT while the Tuas Bus Terminal was relocated due to development plans and sited closer to the new Tuas Link MRT station.

Rail Services

Demand for our rail services continued to grow during the year. Rail ridership increased by 8.2% over 2016 to more than 356 million passenger trips. The increase came largely from the Downtown Line (DTL), which became fully operational in October 2017. Average daily ridership on the DTL in 2017 grew by 26.7% to 279,116, compared to the previous year.

Ridership also grew on the North East Line (NEL) and the Sengkang-Punggol (SPLRT) Light Rail Transit (LRT) systems. Compared to 2016, ridership on the NEL increased by 1.7% to 210.2 million while that of the SPLRT systems saw a growth of 5.6% to 44.1 million in 2017.

To cater to the increase in passenger demand, we added more trips to the schedules of our rail lines. On the NEL, 146 more weekly trips were introduced while 252 additional daily trips were operated on the SPLRT.

Just like we did for bus services, we also extended the operational hours of our rail services on the eves of public holidays such as the Lunar New Year and Christmas, and major events such as the F1 Singapore Grand Prix to better serve our commuters' demand for late night services.

On the SPLRT systems, we extended our two-car train operations to weekends and public holidays on the Sengkang West LRT Loop and the Punggol East LRT Loop to cater for the increase in ridership demand. This increased capacity and provided commuters with a more comfortable ride.

Significantly, we opened the last 16 stations on the DTL, bringing the Line to full operation in October 2017. Spanning from Fort Canning to Singapore Expo, the new stations link commuters in the East to the city centre directly. Travel times have also been greatly reduced.

DTL is now Singapore's longest underground automated MRT line with 34 stations spread over 42 km.

Prior to its official opening, we carried out extensive systems integration tests to ensure the trains could operate successfully along the entire Line. For this reason, we had to commence train service later at

7.30am over 15 Sundays to provide extended engineering hours as we worked closely with the LTA to conduct rigorous tests.

The Samudera Station on the LRT Punggol West Loop was opened in March 2017. With this, all stations on the SPLRT are available for service except one. The unopened Teck Lee Station on the Punggol West Loop will open in tandem with developments in the surrounding areas.

Meanwhile, we continued to carry out improvement works on the guideways¹ of the SPLRT from April to September 2017 to provide commuters with a smoother ride.

Following the hairline cracks found on the bogie frames of 12 Light Rail Vehicles (LRVs) in 2016, Mitsubishi Heavy Industries, which is the train supplier, re-designed the frame structures. In 2017, the frames of 13 bogies were replaced and works continue for the remaining 44. The replacements, which are being carried out, are expected to complete by 2020.

A tender to carry out the mid-life refurbishment and upgrading of the 25 first-generation NEL trains was called in 2017. Works are expected to commence in

¹Guideways are paths on which the LRVs move.

2018 and will include the re-design of air-conditioning and ventilation systems, the renewal of critical components and the installation of condition monitoring equipment to enhance train reliability and improve service recovery capabilities.

To strengthen our maintenance and engineering capabilities in rail operations, we signed a Memorandum of Understanding (MOU) with Singapore Technologies Kinetics (STK) to leverage on its capabilities in testing and repair, maintenance, engineering and obsolescence management to support our rail operations.

We continued to improve on our rail reliability. Our Mean Kilometre Between Failure (MKBF²) for DTL was 650,000 train-km and for NEL 663,000 train-km, which compared favourably to the nationwide network's average of 390,000 train-km. For the SPLRT, we achieved 115,000 car-km while the nationwide network's average was 77,000 car-km. MKBF is a reliability measure used globally in the rail industry.

In contingency planning, we remain committed to reviewing and enhancing our Rail Incident Management Plans to ensure that they stay relevant. Among the new initiatives implemented was the screening of a series of educational videos to educate commuters about what to expect and do during a rail service disruption. Produced by students from the Singapore Polytechnic, the videos are broadcast on the Passenger Information Display Screens at the platforms of all our MRT stations.

Several joint exercises involving our bus services and Passenger Service Teams (PST) were conducted during the year. These exercises test our preparedness in incident management, deployment of the members of the PST and

bridging bus service, as well as the responsiveness of our operations and maintenance teams. Joint exercises like 'Exercise Greyhound' were also conducted with the LTA, the Singapore Police Force's Transport Command (TransCom) and Traffic Police to validate the procedures in managing a major train service disruption.

On an industry level, we remain committed to upgrading our operational and engineering capabilities. During the year, our Senior Management visited the Taipei Rapid Transit Corporation (TRTC) to learn best practices in improving rail reliability and maintenance regimes. We also learnt more about improving existing systems and the use of new technologies and solutions.

We are also working closely with tertiary institutions, including the National University of Singapore, the Nanyang Technological University and the Singapore Institute of Technology, to nurture the next generation of rail engineers to improve our engineering competencies and achieve a higher level of rail

reliability through collaborative research projects. Currently, we are engaged in 19 such projects with the various institutions that cover areas such as condition monitoring, failure analysis and rail simulation.

Serving Our Commuters

Our commitment and efforts to doing more did not go unnoticed by our commuters who wrote in to appreciate our staff. A total of 38,673 compliments/commendations was received in 2017. This outstripped the number of valid complaints by 9:1.

In the 2017 Public Transport Customer Satisfaction Survey conducted by the Public Transport Council, the overall commuters' satisfaction with public transport decreased from 96.4% to 94.5%. The percentage of respondents who were satisfied with public bus services remained at 96.7%, similar to the 2016 score. Satisfaction with train services, however, dipped from 96.0% in 2016 to 91.8% due to several train incidents on the MRT network.



² MKBF refers to the mean km travelled between delays of more than five minutes.

OTHER COMMERCIAL SERVICES

BUS ADVERTISING, IN-TRAIN ADVERTISING, INTERCHANGE ADVERTISING,
TRAIN STATION ADVERTISING, SHOP SPACE, ROAD SHOW SPACE

56.0

Revenue (\$'mil)

98

Total Number of Employees

Advertising

Moove Media, which is the advertising arm of our parent company, ComfortDelGro Corporation Limited, continued to delight commuters and advertisers with new and innovative advertising concepts and campaigns at our train stations, bus interchanges as well as on our buses and trains.

The “Moove Big Top Bus” made its debut in 2017 to provide additional advertising space on the exterior of single deck buses. This was done using a U-shaped aluminium panel installed seamlessly at the top of the bus which covers the two sides and the rear. Advertisers such as GEM Residences and IKEA were quick to run their campaigns on the Moove Big Top Buses which stood out as massive mobile billboards that could attract more attention for their products and services.

Another innovative concept known as the “Moove Ignite Bus” features electroluminescent panels at the sides of the buses. Attention grabbing, they light up at night to heighten the visibility of the advertisements on the bus body. Tiger Beer ran its advertising campaign, “Make Reunions Count”, on 20 such buses during Chinese New Year 2017.

For MINDEF’s NS50 celebrations, the team rolled out 50 buses decked out in green camouflage. Twenty-five single deck buses also featured 3D installations of the iconic 1.8-metre tall “Mobilisation man” in action. Mounted at the back of the buses, these life-sized armed personnel garnered much interest when they plied the roads between June and August.

At the North East Line's (NEL) Dhoby Ghaut MRT Station, Moove Media upped its game with the launch of its first-ever holographic display for Skechers' new footwear collection. Without the actual products being put on display, the team used holography to showcase six three-dimensional shoes dancing in mid-air to complement the giant billboard advertisement that featured the brand ambassador, South Korean hip hop rapper, Zico, in one of his moves. The campaign also complemented the TV commercial that Skechers ran to promote its new collection.



In another campaign, Moove Media fabricated an interactive wallscape with pop-up animations and lighting effects to generate awareness of unconventional places of interest for the Taiwan Tourism Bureau.

In collaboration with the Land Transport Authority, trains on both the NEL and Downtown Line (DTL) were given makeovers on festive occasions. For instance, a tropical Christmas-themed train was launched on a NEL train with "gracious" characters in the middle

of palm trees, cheery flamingoes and nutcrackers.

Rental of Commercial Spaces

Apart from advertising opportunities, we also leased out commercial spaces at our bus interchanges and train stations. As at the end of 2017, 93% of the commercial spaces in our interchanges and stations, including those in the new DTL stations, was leased out. Tenants were mainly in the food and beverage, and beauty and wellness industries.

To support our tenants, we conducted promotions during the Great Singapore Sale and other major celebratory occasions. These included giving away free gifts like teddy bear key chains.

We also worked with the Singapore Productivity Centre to keep our tenants abreast of developments and trends in the retail industry. This enabled them to find out more about retail innovations, use of technology and the types of grants available so that they could reduce reliance on manpower.



75%

Of Total Bus Fleet is Euro 5 or better

100%

Of Bus Services are Wheelchair-friendly

56

Hours on Average Invested in Training Per Staff

1,598

Staff Received the National Excellent Service Award

32,164

Students Reached Out to in Our School Engagement Programme

38,673

Compliments and Commendations Received

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

Environment

The Downtown Line (DTL) was designed by the Land Transport Authority (LTA) with the environment in mind. From the Gali Batu Depot to the 34 stations, from the trains to the systems, it boasts environmentally-friendly innovations to save on energy and promote recycling. For instance, the stations' air-conditioning system is equipped with energy saving features that save about 6,300 MWh worth of electricity a year, compared to normal systems. That savings is enough to power some 1,080 five-room HDB flats for a year. Even the trains are designed with a regenerative braking system that channels energy produced by the train during braking to power a nearby train or train station. These green features were recognised by the Building and Construction Authority in 2017, which awarded DTL the Green Mark Gold^{PLUS} certification - the highest tier ever awarded to an MRT line.

As the major public bus operator in Singapore, we have 3,246 buses in our fleet, of which 75% is Euro 5 compliant or better. This is an increase of 145 buses or 6.3% compared to the previous year. This also means that we emit less pollutants into the environment to reduce our carbon footprint.

At our new Seletar Bus Depot, a green roof reduces energy consumption by about 10% as it lowers the temperature of the building. Over at the bus washing bay, the automatic bus washing system recycles about 80% of the water that is used in the washing process.

Across our six bus depots, our technicians use tablets instead of paper checklists and forms when carrying out maintenance works. Using the Bus Mobile Maintenance System (BMMS), they obtain work instructions, drawings, electrical schematics and parts information to carry out their work. They are also able to access the bus manufacturers' portal to obtain more detailed bus maintenance information from their e-manuals. The use of the BMMS not only improves efficiency and storage, but also reduces paper usage. In 2017, we added another 130 tablets, almost doubling the total number of tablets used in the depot. This has enabled us to cut back on the use of about 750 reams of A4-sized paper in that year.

Health & Safety

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

In 2017, our bus accident rate was 0.15 per 100,000 km. We continued to step up efforts in safety training and retraining, including finetuning safety checks like the Pedestrian Drills and Junction Drills. We also conducted safety awareness briefings for our

Bus Captains (BCs), interchange managers and supervisors.

We employ technology to prepare and equip our BCs to be more alert and safety conscious when they go on the roads. The use of the Hazard Awareness Training and Test (HATT) system has helped our BCs recognise and anticipate road hazards better. As at December 2017, close to 2,600 BCs and new trainees underwent HATT training.

Our BCs also attend a compulsory "Driving Skills Enhancement Programme (DSEP)" which is into its third run. This is a refresher course that objectively assesses a BC's driving competency and identifies weaknesses for improvements. Using an established system that comprises motion sensors, cameras and mapping software, it is integrated with Mobileye, which is an anti-collision alert system. Close to 5,500 BCs have attended DSEP 3.

We also installed more buses with Mobileye. It alerts BCs to an impending collision so that they can take immediate defensive action. By end June 2018, more than 1,800 of our buses will be fitted with this system. In 2017, we also put on trial the Mobileye Shield+ system on one bus. This system, which has two additional cameras at the rear of the bus, eliminates the blind spot which occurs when our buses make a turn.

At the new Seletar bus depot, we installed a Speed Indicator Device to provide additional alerts to BCs to keep within slower travelling speeds. We plan to install this device at the other depots in 2018.

In 2017, we introduced a mobile application known as "iLink" to make it convenient for our frontline staff such as BCs, who do not have easy access to computers when at work, to perform administrative functions such as applying for their annual leave. Functions to report any unsafe behaviour or practices at the workplace, bus and infrastructure defects and security incidents were subsequently added to the app so that prompt action can be taken. We also use the app to share safety and security tips, and reminders to increase safety and security awareness among our bus employees.

Our bus division was certified in both SS506/OHSAS 18001 and bizSAFE, which cover occupational health and safety, and workplace safety and health respectively.

We also worked with the LTA during the year to test a prototype stroller restraint system on one of our buses. This was to up the safety factor for parents and caregivers who bring opened prams and strollers with their young ones on board public buses. This trial was conducted on Service 69 with an additional BC on board to provide assistance and obtain feedback from users.

At our MRT stations, we continued with our public education campaign on escalator safety. For 2017, this was conducted at eight 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 with this safety message.

Security

Given the heightened security environment, we continued to work with the Ministry of Home Affairs (MHA) and LTA's Public Transport Security department to stay united, alert and strong in the face of terrorism. As part of the SG Secure campaign, Senior Management and staff were equipped with life-saving skills such as performing cardiopulmonary resuscitation (CPR) and the use of the Automated External Defibrillators (AEDs). AEDs are now installed at all our premises including bus interchanges, train stations and bus and train depots. Under SG Secure, our BCs also received training to be prepared in responding effectively to terror threats.

To keep updated on the security environment, our staff attended security briefings conducted by the MHA and the Singapore Police Force. We also participated in regular security exercises with the Authorities to test our vigilance and preparedness in handling incidents. In 2017, more than 800 covert security exercises were carried out to test the vigilance of our frontline staff under various security threat situations.

Our vigilance and security protocols were put to the test when we encountered two security scares in April 2017. An unattended bag was spotted at the boarding platform of the NEL Hougang Station and about two weeks later, a suspicious substance was found sprinkled at several spots within NEL Woodleigh Station. The Police was immediately alerted and the stations were closed for a few hours as the situation was assessed. No real threat was determined and the culprits have since been arrested and charged.

At our Soon Lee bus depot, we employ technology to help maintain a high level of security vigilance around the perimeter of our premises. We installed the Video Analytics (VA) system which uses CCTV cameras to monitor movements, analyses the type of motion and immediately alerts the security team if it is deemed a threat. It also retrieves the relevant footage for viewing thus saving on precious search time. The first system was installed in December 2017, and we will be expanding its use to more depots, interchanges and terminals in 2018.

We recognise that our commuters also have a role to play in the security of our public transport network. In line with this, we displayed educational posters at our premises and on board our buses and trains to remind them to be on the lookout for suspicious items and persons, and to report their observations to our staff or the Police. We also shared airtime space on our electronic display screens at the interchanges and stations to broadcast security-related videos and crime prevention messages.

Besides protecting our physical assets and premises, we also beefed up our cyber security policies, procedures and processes, made improvements to our cyber security incident management plan and conducted cyber security exercises, including two with the Cyber Security Agency of Singapore, to test our preparedness in handling incidents.

For staff and vendors, we organised our annual Information Technology (IT) Security Awareness briefing to raise their awareness about cyber security threats and

foster a safe and secure IT work culture. In addition, staff underwent email phishing simulation training to educate them on growing IT threats.

A third-party auditor was appointed to conduct an independent assessment of our compliance to critical information infrastructures for NEL and DTL. We also conducted a cyber penetration test on Internet-facing servers to assess our vulnerabilities.

Commuter Engagement

In preparation for the opening of the last 16 stations on the DTL, we invited the community along the DTL3 corridor for station tours which included safety and security briefings. Many of them also participated in train evacuation exercises where they learnt about safety procedures involved in a detainment and experienced walking in a tunnel. About 1,700 people participated in these sessions that were conducted in September and October 2017.

In January 2018, we organised a depot carnival and invited commuters for a sneak peek of the new Seletar Bus Depot. Exhibitions that showcase the technologies used in our bus operations and bus engineering as well as tours to our Bus Operations Control Centre were some of the highlights. The Coordinating Minister for Infrastructure and Minister for Transport, Mr Khaw Boon Wan, officially opened the Seletar Bus Depot during the carnival, which was attended by more than 3,000 members of the public.

We started our inaugural Commuter Chat sessions for bus commuters in August 2017. Held quarterly at the bus interchanges, they allowed us to meet and engage our commuters right where they are and hear directly from them about our bus services. In all, about 180 commuters came to share their feedback and offer suggestions. In 2018, the sessions will be held monthly.

Meanwhile, our "Meet the Managers" rail sessions, which started in 2016, continued to be organised on a monthly basis. For

the year under review, we engaged about 250 rail commuters on a one-to-one basis.

In 2017, we renamed our mobile application to "SBS Transit" to better reflect the information contents. Previously known as iris, it is a handy travel companion with information for both bus and train travels. New features continue to be introduced to enhance the user experience. The latest addition features lifestyle and dining deals and promotions that commuters can enjoy. To-date, the app has been downloaded 2.3 million times.

Our efforts in improving service for our commuters did not go unnoticed as they took time to write in their encouragement and compliments. For the year in review, the number of compliments/commendations received increased by about 1.5% to 38,673 compared to 2016. The number of valid complaints received was 4,238. This meant that we received nine compliments/commendations to every one valid complaint.

Our People - Diversity and Equal Opportunities

In 2017, we appointed two female Directors, bringing diversity to our Board Room. With this, female representation on our Board is now 20%.

Our staff strength as at 31 December 2017 was 10,239 staff, which was about 357 or 3.5% more than in 2016. This was largely due to business expansion as more employees were required with the opening of the DTL3 and the award of the Seletar Bus Package. Of this, some 6,000 were BCs, which was our largest category of staff with about 45% being Singaporeans and Singapore Permanent Residents. Chinese nationals made up 11% of our BC strength, while the rest were Malaysians.

In our business which is traditionally male-dominated, 90% of our employees are male. The number of female employees has however been on the increase.

As an equal opportunity employer, we have a broad spectrum of staff across various age groups.

We value the young for the spark and ingenuity they bring to the workplace while older workers bring a wealth of experience with them. In 2017, close to half of our workforce was aged between 30 and 50 years old. Staff below 30 years old made up 14.2% while the rest were over 50 years old.

We have a policy of non-discrimination where we are guided by human rights and labour practices. We believe that regardless of age, sex, marital status, race, nationality or religion, our staff should be treated equitably and given fair opportunities to grow and develop in accordance to their levels of competence.

In 2017, there were no reports of discrimination filed.

- Growth and Development

We recruited 1,707 new employees, which comprised 16.7% of our total workforce in 2017. Close to half were for BC positions. Recruitment for BCs continued steadily throughout the year as we are the dominant public bus operator with 208 routes to operate.

We believe that our people are at the heart of our success. Be it new or experienced staff, we invest continually to develop their skills and talent. In 2017, we provided 45,914 training places and each employee averaged 56 hours of training. This is higher than the 55.36 hours clocked in the previous year.

We invest extensively in BC training on safe driving while our interchange and operations staff attend the Bus Operations Competency Training (BOCT) to acquire competencies to handle the various bus operations systems. Besides structured training programmes, our bus employees made study visits to our sister companies in Australia and London to learn more about their best practices in bus operations. Six of our senior technicians attended training at Scania's bus plant in Sweden for a seven-day Specialist Technician Programme.

For our staff in rail operations, they commenced training on the newly delivered train simulators in December 2017.

About 130 staff attended the Rail Emergency Preparedness (REP)

Core Module to learn about our Incident Management Plans in a rail disruption/delay. Members of the Passenger Service Teams (PSTs) attended refresher sessions as well as new programmes to update their incident management knowledge, learn more about the DTL3 stations and enhance their service recovery skills in handling commuters during a rail incident.

As part of our efforts to attract and retain engineering talent, we have sent our rail engineers to the Institution of Engineers Singapore to be certified as Chartered Engineers. In 2017, eight of them received accreditation, bringing the total number of Chartered Engineers in our rail division to 15.

We also sponsored our employees' training in specialised areas. This included a part-time 2½-year diploma programme in rail engineering for 21 employees, up from 16 in 2016 and course sponsorship for two employees in Masters in Railway Systems Engineering and Integration programme conferred by the University of Birmingham.

In the area of customer service, we continued with our CARES training programme to equip our staff with skills to better serve our customers. To raise the competency standards of public transport workers, we continued to work closely with SkillsFuture Singapore (SSG) to develop training courses that can be certified under the Singapore Workforce Skills Qualifications (WSQ) programme. For 2017, 12 new modules were rolled out under the WSQ programme, bringing the total number of WSQ modules in bus and rail operations and engineering to 98. SSG has also certified 220 of our in-house trainers and assessors to conduct WSQ courses in rail and bus operations and engineering.

Employees who provide quality service to commuters receive recognition for their good efforts. At our internal CARES quarterly awards in 2017, 1,117 staff were recognised by our CEO for providing caring, reliable, safe and secure services to our commuters.

On an industry level, 147 staff were recognised by the Senior Minister of State for Transport, Dr Lam Pin Min, at the National Kindness Award-Transport Gold. Another 1,598 staff received the Excellent Service Award (EXSA), with 41% being first-time winners. To-date, 71% of our BCs have won at least one EXSA award.

Besides customer service, two BCs also won top awards for safe driving. At the Singapore Road Safety Awards, Senior BC Ho Ah Seng clinched the "Safe Driver" award while BC Tham Moon Kiat the "Most Improved Driver" award.

Two staff – Chief BC Lim Boon Long and Senior Bus Master Technical Specialist Han Tat Toon – were also recognised at the inaugural SkillsFuture Fellowship Award 2017 for being lifelong learners. They each received a \$10,000 training award, in recognition for being champions of lifelong learning and their commitment to contributing to the skills development of others.

Our staff were also lauded by the Authorities for their public spiritedness. In May 2017, 14 BCs and Traffic Inspectors readily volunteered to operate shuttle buses at the Changi Airport when a fire broke out at Terminal 2. They not only manned the shuttles that ran between Terminals 2 and 3, but also helped passengers carry their luggage up and down the buses and answered their queries. Despite having worked a full day, our staff stayed on the ground until the operations stood down at 11.30pm. For their efforts, they were lauded by the LTA for "their positive attitude and assistance...which went beyond their duty hours."

In a separate incident, BC Wong Kok Leong found an individual hiding under a row of seats in his bus, trying to get across the Causeway illegally. He reported it to the checkpoint officers on duty and his vigilance and alertness earned him the praise of the Immigration and Checkpoints Authority of Singapore.

As an organisation, we also believe in recognising staff for

their loyal service. Long service awards were handed out to 321 employees, who had served between 15 and 35 years, while 129 staff were appreciated at retirement ceremonies.

- Employee Engagement

When it comes to building staff morale, we take the lead in appreciating the contributions of our employees. For instance, we organised a CARES Kindness month in the month of May where about 1,000 students from 35 schools including kindergartens visited our bus interchanges and train stations bearing 'Thank You' cards and gifts for our BCs, Bus Interchange and Station staff.

We continue to look at ways to improve work processes. We tested an automated wheelchair ramp with the LTA to make it easier for our BCs to assist Passengers-in-wheelchairs (PIWs) to board and alight from the bus. Currently, BCs have to manually open and close the ramp after each use.

To promote a healthy lifestyle, we set up gyms at our bus depots as well as organised physical activities such as bowling competitions, cross-country runs, weekly brisk walking and jogging sessions for the benefit and enjoyment of staff. We also continued with our health screening initiative with the Health Promotion Board (HPB) and encouraged employees to lead healthier lifestyles through food choices and exercises. We also participated in the Corporate Challenge under the National Steps Challenge organised by the HPB. For our efforts particularly in promoting good health among our matured BCs, the HPB presented us with the Special Mention Award at its biennial Singapore Health Awards.

Our care for our employees is also extended to their family members in the form of annual study awards. For 2017, 83 children of our employees received a total of \$165,600 in study awards.

- Labour-Management Relations

SBS Transit believes in developing and sustaining a harmonious tripartite labour-management relationship. 88% of our non-executive staff is covered by a

Collective Agreement that has been signed with the National Transport Workers' Union.

Working hand-in-hand in the spirit of mutual respect and trust, Management and Union constantly collaborate to improve the welfare and well-being of employees. To ensure that communication channels are always kept open, employees are elected and appointed as union representatives by union members to provide the crucial link between Management and Union.

In 2017, we inked a new Collective Agreement with the Union, which is renewed once every three years. When there are major changes to working conditions that may affect the well-being of employees due to operational requirements, the changes to be effected are always first discussed with the Union. It is only when an agreement or a consensus is reached that the changes are announced for implementation. A reasonable time frame of between one and three months' notice is typically given to the affected staff and are communicated officially in writing through letters, circulars or emails. Briefing sessions are organised to communicate any changes where needed.

Our efforts to doing more for our employees were recognised by the Union which nominated us for two Partners Awards at the May Day Awards 2017. One was in recognition of our "Healthier Workers, Happier Workers" programme while the other was for our contributions towards the setting up of the Singapore Bus Academy to professionalise the skills of our BCs and technical staff.

Reaching Out

We rolled out nine new Wheelchair Accessible Bus (WAB) services in August 2017. With this rollout, all 208 SBS Transit bus services are wheelchair accessible, making it even more convenient for PIWs to get around.

We continued to enhance our CARES training by actively engaging organisations and foundations that serve those with special needs. Monthly learning journeys to the

NTUC Silver Circle Senior Care Centre and the Lions Home for the Elders continued to be organised for our new BCs. To-date, close to 200 BCs have participated in these learning journeys to better understand the mobility challenges faced by senior citizens. In recognition of our efforts, NTUC Health presented us with a Volunteer Appreciation Award 2017.

We also partnered the Lien Foundation and Khoo Teck Phuat Hospital's "Forget Us Not Association" to organise a "Train-the-Trainer" workshop for more than 60 of our frontline supervisors. This was to help our frontliners recognise dementia traits when managing elderly commuters who are lost or appear confused in our public transport hubs.

We also took time to appreciate the contributions of those around us. To mark 50 years of National Service, we offered free rides on our buses and trains throughout the day on 30 June to all uniformed army personnel to appreciate their services.

In 2017, we gave away about \$560,000 in cash sponsorships towards several charity, community and industry causes.

Our sister company, GobblerCo, continued to empower the needy through its "Towkay" programme, which was launched in September 2016.

Apart from its "Towkay" programme, GobblerCo runs Project ROSE (an acronym for rice, oil, sugar and essentials) to help needy single-parent families. These necessities are packed with other food items such as biscuits, canned food, beverages as well as personal care items like toothpaste to form "ROSE packs". The costs of these packs are subsidised by GobblerCo and purchased by corporate partners and the public at between \$10 and \$30 for delivery to low-income, single-parent families every month through community programmes like the Montfort Care and Project Goodwill Aid. Since the inception of Project ROSE in July 2017, GobblerCo has delivered about 530 packages to more than 180 families,

with the total value of the packages exceeding \$15,000.

Our community efforts also include reaching out to schools and their students. Since 2008, we have been promoting and inculcating safe and gracious travelling habits amongst our young commuters through assembly talks, mini exhibitions and visits to our premises. In 2017, we conducted 88 sessions which reached out to more than 32,000 students.

Our "Adopt an Interchange/Station Programme" received a boost with seven new schools signing up in 2017. To-date, we have 12 schools – Da Qiao Primary School, West View Primary School, Deyi Secondary School, Fajar Secondary School, Cannossian School, Anglo-Chinese School (Barker Road), Hwa Chong Institution, Jurong Junior College, Methodist Girls' School, Nanyang Girls' High School, Singapore Chinese Girls' School and Nanyang Academy of Fine Arts – enrolled in the programme since we started in 2016. Students help out at the stations/interchanges to develop leadership skills and stage performances to display their artistic talent and in doing so, help make journeys more pleasant for our commuters.

At our bus interchanges and rail stations, we offered charity and community organisations the free use of space in support of fund-raising and community efforts. Our bus interchanges were often used as collection centres for charity flag days given their convenient locations. We also sponsored advertising space on our buses and trains and at our bus interchanges and train stations for non-profit organisations such as the National Volunteer & Philanthropy Centre and the Singapore Cancer Society.

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.

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

We will continue to:

- Focus relentlessly on our customers;
- Make corporate decisions to build long-term value rather than short-term considerations;
- Maintain our lean culture as we understand the importance of being cost-conscious;
- Hire and retain skilled and dedicated employees; and
- Look for sustainable ways to protect the environment.

CORPORATE GOVERNANCE STATEMENT

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

We adhere to the revised Code of Corporate Governance issued by the Monetary Authority of Singapore on 2 May 2012 (Code) and ensure that it is upheld throughout the Group. We have also adopted a Code of Business Conduct, which sets out the principles and policies upon which our businesses are to be conducted, and implemented a Whistle Blowing Policy which provides a mechanism for employees to raise concerns about possible improprieties in financial reporting or other improper business conduct, whilst protecting the whistleblowers from reprisal within the limits of the law.

This Report sets out the Corporate Governance practices that were in place during the year, with specific references to the Code. For the Financial Year 2017, we are pleased to report that the Company complied in all material aspects with the principles and guidelines set out in the Code.

1. BOARD MATTERS

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

Principle 1:

The Board's Conduct of Affairs

Board's Role

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

- (i) Providing entrepreneurial leadership and guidance, setting strategic directions and objectives of the Group, 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;
- (iii) Monitoring Management 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;
- (v) Setting the Company's values and standards (including ethical standards), and ensuring that obligations to Shareholders and other Stakeholders are understood and met; and
- (vi) Considering environmental, social and governance issues as part of its strategic formulation on sustainability.

Reserved Matters

SBS Transit has adopted internal guidelines setting forth certain matters that require the Board's approval. Under these guidelines, acquisitions of businesses, disposals or changes in equity interests in existing subsidiaries/associates, investment in financial instruments, tender for businesses above the prescribed limits, assessing and approving key business decisions, funding and investment initiatives and other corporate actions, including approval of the Financial Authority Limits, Annual Budget and Capital Expenditure and the release of the quarterly and full-year Financial Results require approval from the Board. In addition, the acceptance of credit facilities from banks, the establishment of capital market programmes and the issuance of debt instruments require the approval of the Board.

The Board periodically reviews the adequacy of internal controls and Financial Authority Limits to ensure that while there is delegation of authority, there are sufficient checks and balances in place to monitor such delegation. During the year, a review of the Financial Authority Limits was undertaken following the appointment of the new Managing Director/Group Chief Executive Officer (MD/Group CEO) of ComfortDelGro Corporation Limited (ComfortDelGro) on 1 May 2017.

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.

Delegation by the Board

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision-making, four Board Committees are formed, namely, the Audit and Risk Committee (ARC), the Nominating Committee (NC), the Remuneration Committee (RC) and the Service Quality Committee (SQC). 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. During the year the terms of reference of the three mandated committees, namely the ARC, NC and RC, were thoroughly reviewed following the appointment of the new ComfortDelGro MD/Group CEO on 1 May 2017. Among other changes, there is now a stronger focus on the role of the independent Directors, as well as for the RC to oversee talent management and succession planning for senior management staff.

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

Directors' Attendance at Board and Board Committee Meetings

At least four scheduled Board Meetings are held every year for the purpose of approving the release of the Financial Results every quarter and the Annual Budget. The Board Meetings to approve the Financial Results are held within 45 days after the end of each quarter and the financial year. The Annual Budget is approved at the Board Meeting convened to consider the third quarter's results. Ad hoc Board and Board Committee Meetings are also held from time to time when the need arises. For instance in 2017, the NC held additional meetings to review the appointment of new Directors.

Directors who are unable to attend meetings in person can still participate in the discussions through tele-conferencing. Decisions of the Board and Board Committees may also be obtained via circular

Attendance of Directors at Annual General Meeting, Board and Board Committee Meetings in 2017

Name	Annual General Meeting	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee		Service Quality 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
Lim Jit Poh	√	5	5	-	-	5	5 ^d	3	3	-	-
Yang Ban Seng ^d	√ ^f	3	3	-	-	3	3 ^a	2	2 ^a	-	-
Gan Juay Kiat	√	5	5	4	4 ^a	2	2 ^a	3	3 ^a	2	2 ^a
John De Payva	√	5	5	-	-	5	5	3	3	-	-
Cheong Yip Seng	√	5	4	-	-	5	5	-	-	2	2
Chin Harn Tong	√	5	5	4	4	-	-	3	3	-	-
Kong Yim Pui, Susan ^e	-	1	1	-	-	2	2	1	1	-	-
Lee Sok Koon ^d	-	3	2	3	3	-	-	-	-	1	1
Lim Seh Chun	√	5	5	4	4	-	-	-	-	2	2
Wee Siew Kim	√	5	4	4	4	-	-	-	-	2	2
Wong Chin Huat, David ^b	√	2	1	-	-	2	2	-	-	1	1
Kua Hong Pak ^c	√	2	2	-	-	-	-	1	1 ^a	-	-

Notes:

- a) Attended meetings by invitation of the Committee
 b) Retired on 25 April 2017
 c) Stepped down on 30 April 2017

- d) Appointed on 1 May 2017
 e) Appointed on 1 October 2017
 f) Attended in previous capacity as CEO of ComfortDelGro Taxi Business in Singapore

Resolutions. Directors are free to seek clarifications and explanations from Management on the reports and papers submitted to the Board.

Induction and Training of Directors

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

Management will conduct a comprehensive orientation programme for newly appointed Directors, where key aspects of the businesses, including financial and Corporate Governance policies are discussed. Site visits will also be arranged for new Directors so that they can better familiarise themselves with the Group's operations. When a Director is appointed to a Board Committee, he/she is provided with its terms of reference.

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

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

Training provider	Topic
Singapore Institute of Directors	Audit Committee Essentials
Singapore Institute of Directors	Investor & Media Relations Essentials
Singapore Institute of Directors	Listed Company Director Essentials
Singapore Institute of Directors	Risk Management Essentials
Singapore Institute of Directors	SID Directors' Conference
Wong Partnership LLP	Changes to Singapore Corporate Laws and Listing Requirements

Regular presentations are made by Management to the Board to enable Directors to better familiarise themselves with the Group's businesses. Site visits for the Board are also organised to enable Directors to learn more about the Group's operations. During such visits, Directors spend time with Management to discuss key strategies and policies pertaining not just to the specific operation, but also to the Group in general. Such meetings help Directors become better equipped to make informed decisions relating to the future direction of the Group.

Principle 2: Board Composition and Guidance Board Independence

The Board comprises ten Directors and there is a strong element of independence in the Board. Except for the Chief Executive Officer (CEO) who is an executive Director, of the remaining nine non-executive Directors (NED), seven are considered by the NC to be independent. Thus, 70% of the Board comprise independent Directors. This composition exceeds the Code's requirement of at least half of the Board to comprise independent Directors where the Chairman is not an independent Director. The Chairman is a nominee of ComfortDelGro and is therefore non-independent. As such, a Lead Independent Director has been appointed with effect from 1 January 2013. The Chairman, Deputy Chairman and the CEO are different persons and are not immediate family members. The

Chairman and Deputy Chairman are also not part of the management team. No person will be able to influence the decisions of the Board as the over-whelming majority of the Directors are independent NEDs.

The NC is responsible for assessing the independence of the Directors on an annual basis. Each Director is required to complete a Confirmation of Independence checklist which is drawn up in accordance with the guidelines provided in the Code and requires each Director to assess his/her own independence. The Director is required to declare any circumstances in which he/she may be considered non-independent. The NC will then review the Confirmation of Independence to determine whether a Director is independent. The NC deems a Director who is associated with a 10% Shareholder in the current and immediate past financial year (as defined in the Code) as non-independent. Mr Lim Jit Poh and Mr Yang Ban Seng are deemed as non-independent as they are the Chairman and MD/Group CEO respectively of ComfortDelGro, a 10% Shareholder.

As at 31 December 2017, four out of seven independent Directors have served on the Board for more than nine years. They are Mr Cheong Yip Seng, Mr Chin Harn Tong, Mr John De Payva and Mr Wee Siew Kim. The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of service. A Director's 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.

Board Size, Composition and Competency

The NC examines the size and composition of the Board and the Board Committees annually to ensure an appropriate balance and diversity of skills, experiences and gender and the size is conducive to effective discussion and decision making, with an appropriate number of independent Directors.

The Group’s businesses are 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.

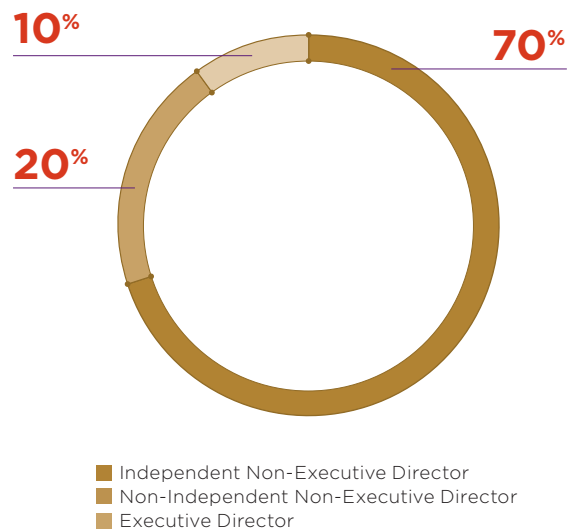
The Group is committed to building an open, inclusive and collaborative culture and recognises the importance of all aspects of diversity in supporting the achievement of its strategic objectives, growth and sustainable development.

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

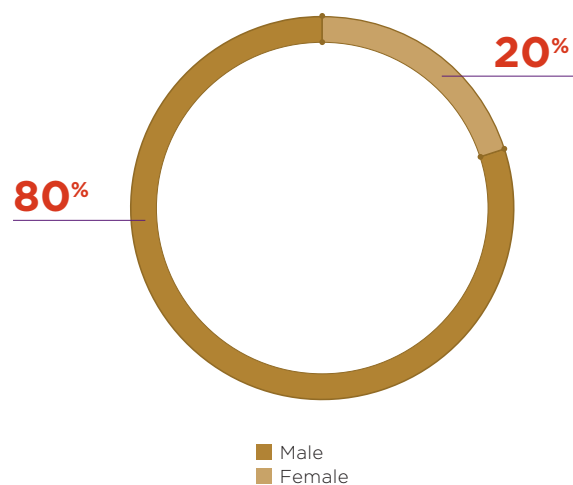
The Directors are individuals with leadership experiences in business, government and the labour movement and with a broad diversity of expertise and experience including accounting, finance, legal, engineering, regulatory and business management, both domestically and internationally. Each Director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

The NC is satisfied that the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, knowledge and core competencies required for the Board and Board Committees to discharge their responsibilities effectively and ensure that the Group continues to be able to meet the challenges and demands of its businesses. The current make-up of the Board and Board Committees reflects our commitment to all aspects of diversity.

Independence



Gender



The individual profile of the Directors, their principal directorships and chairmanships held currently and their directorships and chairmanships held in listed companies in the preceding three years, are found in the ‘Board of Directors’ and ‘Directors’ Particulars’ sections on pages 9 to 13 and pages 49 to 52 of this Annual Report.

Non-Executive Directors’ Participation

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

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

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

Principle 3: Chairman and CEO Roles of Chairman and CEO

The roles of the Chairman and the CEO are kept separate and distinct to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. This is a deliberate policy agreed by the Board and one that is strictly adhered to. This ensures Management accountability and Board independence. The Chairman is responsible for the effective functioning of the Board, while the CEO is responsible for the operations and management of the Group's businesses. The CEO reports to the Deputy Chairman. The Chairman, Deputy Chairman and CEO are not related.

The Chairman:

- (i) Leads the Board, 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;
- (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, Deputy Chairman and the CEO represent the Board at official functions and meetings with Shareholders and other Stakeholders such as employees, regulators and customers. A detailed description of our engagements with Stakeholders can be found in the 'Sustainability Report' section on pages 24 to 28 of this Annual Report.

Lead Independent Director

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

Principle 4: Board Membership

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

Nominating Committee

The NC comprises four NEDs, of whom three, including the Chairman is independent. The Chairman of the NC is also the Lead Independent Director and he is not associated with a 10% Shareholder. The NC is responsible for regularly reviewing the composition of the Board, identifying and proposing suitable candidates for appointment to the Board and ensuring succession plans are in place. The renewal of Board membership is an ongoing process to ensure good governance and to maintain relevance in a changing business environment. All decisions by the NC are made by a majority of votes of the NC members who are present and voting.

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

- (i) Review the Board's succession plans and make recommendations to the Board on all appointments and re-appointments of Directors of the Company;
- (ii) Assess the effectiveness of the Board and Board Committees and contribution by each individual Director;
- (iii) Develop a process for evaluation of the Board's performance, including comparison with industry peers; and
- (iv) Make recommendations to the Board on the review of training and professional development programmes for the Board.

Multiple Board Representations

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

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

As the number of board representations should not be the only measure of a Director's commitment and ability to contribute effectively, the NC takes the view that if a Director wishes to hold more board representations than the maximum stated in the guidelines, a request must be made to the Chairman of the Board for approval. As a policy, the Chairman himself should not hold more than six directorships in listed companies if he is not in full-time employment and not more than three directorships in listed companies if he is in full-time employment.

In assessing a Director's contribution, the NC takes a holistic approach. Focusing solely on Directors' attendance at Board and Board Committee Meetings per se may not be an adequate evaluation of the contribution of the Directors. Instead, their abilities to provide valuable insights and strategic networking to enhance the businesses of the Group, availability for guidance and advice outside the scope of formal Board and Board Committee Meetings and contributions in

specialised areas are also factors relevant in assessing the contributions of the Directors.

As a policy, the CEO, being an executive of the Company, besides adhering to the guidelines set on the maximum number of board representations on listed companies, will also have to seek the approval of the Chairman before accepting any directorships of companies not within the Group. In considering whether or not to grant the approval, the Chairman will consider the time commitment of the CEO and whether the new external directorships will provide strategic fit and networking for the businesses of the Group. The Chairman will also ensure that the CEO will not accept appointments to the boards of competitors.

As at 31 December 2017, all Directors comply with the guideline on multiple board representation, save for Mr Wee Siew Kim. With the permission from the Chairman, he has taken up one more listed directorship during the year. He currently holds four listed directorships.

Alternate Director

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

Process for Selection, Appointment and Re-appointment of Directors

As part of the Board Succession Plan, new Directors may be identified from time to time for appointment to the Board after the NC evaluates and assesses their suitability in strengthening the diversity of skills, experience, gender, knowledge and core competencies of the Board relevant to the businesses of the Group.

The process for selection of new Directors is as follows:

- (i) The NC assesses the desired competencies and attributes of the Board taking into account the Group's businesses and its strategic objectives.
- (ii) The NC then assesses the competencies and attributes to include into the current representation to achieve the desired mix. This forms the basis for selection of new Directors.
- (iii) New Directors are sourced through various channels, including recommendations of Directors and Management.
- (iv) Potential candidates are interviewed by the NC to assess suitability and commitment.
- (v) The NC makes recommendations to the Board for approval.

In compliance with the Bus Service Industry Act 2015, Cap. 30 and the Rapid Transit Systems Act, Cap. 263A, all appointments to the Board are subject to the approvals of the Land Transport Authority of Singapore.

The Articles of Association of the Company provide 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 Lim Jit Poh, Mr Cheong Yip Seng and Mr Chin Harn Tong are due for re-election pursuant to Article 97 of the Articles of Association, while Mr Yang Ban Seng, Ms Kong Yim Pui, Susan, and Ms Lee Sok Koon are due for re-election pursuant to Article 103 of the Articles of Association. Mr Cheong Yip Seng and Mr Chin Harn Tong will not be seeking re-election and will retire at the conclusion of the forthcoming AGM.

Principle 5: Board Performance

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

In the last quarter of 2017, the NC conducted an evaluation of Board Performance which included key points on Board's composition, Board's contributions, contributions at Board Committees and conduct of proceedings and whether the Directors had discharged their duties effectively. The findings were then presented by the Chairman of the NC to the Board during its meeting for deliberation and discussion on possible areas for improvement to enhance overall effectiveness.

Principle 6: Access to Information Complete, Adequate and Timely Information

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

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

Company Secretaries

The Company Secretaries assist in scheduling Board and Board Committee Meetings and prepare the agenda in consultation with the Chairman and CEO. The Company Secretaries attend the Board and Board Committee Meetings. The Company Secretaries keep the Directors informed of any significant developments or events relating to the Group, including compliance with all relevant rules and regulations. The Directors have separate and independent access to the Company Secretaries. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

2. REMUNERATION MATTERS

Principle 7:

Procedures for Developing Remuneration Policies

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

Remuneration Committee

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

In accordance with the Code, the RC comprises four NEDs, of whom three including the Chairman are independent. Members of RC are independent of Management and also free from any business or other relationships, which may materially interfere with the exercise of independent judgement.

All decisions by the RC are made by a majority of votes of the RC members who are present and voting. Any member of the RC with a conflict of interest in relation to the subject matter under consideration would abstain from voting, approving or making recommendations that would affect the decisions of the RC. The CEO is not present at any RC discussions pertaining to his own compensation and the review of his performance. He is, however, in attendance when the compensation of senior management staff is discussed.

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

- (i) Oversee the talent management and succession planning for senior management staff;
- (ii) Review and recommend to the Board the remuneration framework for compensation to each Director, and ensure that the level of remuneration offered is appropriate to the level of contribution;
- (iii) Review and approve the remuneration of Key

Executives that is aligned with the long-term interests of the Group to ensure that the overall remuneration package is attractive to retain and motivate Key Executives; and

- (iv) Review the Group's obligations arising in the event of termination of Directors' and Key Executives' services in a fair, reasonable and equitable manner, including the cessation of financial incentives that have been earned but not yet disbursed due to exceptional circumstances of misstatement or misconduct.

The RC has unrestricted access to the ComfortDelGro Group Human Resource Officer, who attends all RC meetings and provides the relevant market remuneration data and practices to the Committee. The RC may also seek external expert advice on such matters where needed. During the year, there was no particular requirement for the engagement of external consultants.

Principle 8:

Level and Mix of Remuneration

Performance-related Remuneration

The remuneration packages of the CEO and Key Executives of the Group comprise fixed and variable components. The variable component in the form of year-end performance bonuses, forms a significant proportion of the remuneration packages and is dependent on the profitability of the Group and individual performance. Subject to market conditions and the operating environment, the Group targets a total compensation package with fixed to variable component ratios of 70:30 for Rank and File Employees, 60:40 for Middle Management staff and 50:50 for Senior Management staff. The Group believes that a higher proportion of performance related component would ensure greater alignment of interests of the employees with those of Shareholders and contributes to sustainable performance in the long-term. In addition, the remuneration of the CEO is also tied to the return on Shareholders' funds vis-à-vis the weighted average cost of capital and the level of profitability achieved.

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.

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 subsidiaries. Instead, fees due to him are paid by the subsidiaries to the Company. The CEO does not receive Director's fees for his Board Directorship with the Company.

The NEDs of the Company were eligible for and had been granted share options under the SBS Transit Share Option Scheme. Like for the employees, the last grant

of share options was on 25 June 2009. The Directors' fee structure for 2017 is set out below:

Board	Basic fee (per annum)
Chairman	\$63,000
Deputy Chairman	\$47,250
Lead Independent Director	\$37,800
Member	\$31,500

Board Committee	Chairman	Additional fees (per annum) as Member
Audit and Risk Committee	\$21,000	\$14,700
Nominating Committee	\$10,500	\$7,350
Remuneration Committee	\$10,500	\$7,350
Service Quality Committee	\$10,500	\$7,350

Meetings	Attendance fee (per meeting)
Board	\$1,000*
Board Committee	\$1,000*

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

Principle 9: Disclosure on Remuneration *Remuneration of Directors and Executives*

CEO's remuneration:

Remuneration	The Group			Total Compensation \$
	Salary \$	Bonus \$	Others \$	
2017				
Gan Juay Kiat	510,495	661,934	48,851	1,221,280

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

Remuneration	The Group
	2017 \$
Lim Jit Poh ¹	75,284
Yang Ban Seng ²	31,716
John De Payva	55,650
Cheong Yip Seng	46,200
Chin Harn Tong	56,700
Kong Yim Pui, Susan ³	11,646
Lee Sok Koon ⁴	35,945
Lim Seh Chun ⁵	55,664
Wee Siew Kim	59,850
Wong Chin Huat, David ⁶	15,549
Kua Hong Pak ⁷	15,534

Note:

1. Mr Lim Jit Poh was appointed a Member of the Nominating Committee on 1 May 2017.
2. Amount constitutes Mr Yang Ban Seng's Director fees for the period from 1 May 2017 to 31 December 2017. Mr Yang was appointed a Director on 1 May 2017. Mr Yang's Director fees are paid to the Company's holding company, ComfortDelGro Corporation Limited.
3. Amount constitutes Ms Kong Yim Pui, Susan's Director fees for the period from 1 October 2017 to 31 December 2017. Ms Kong was appointed a Director as well as a Member of the Remuneration Committee and Nominating Committee on 1 October 2017.
4. Amount constitutes Ms Lee Sok Koon's Director fees for the period from 1 May 2017 to 31 December 2017. Ms Lee was appointed a Director as well as a Member of the Audit and Risk Committee and Service Quality Committee on 1 May 2017.
5. Prof Lim Seh Chun a Member of the Service Quality Committee was re-designated the Chairman of the Service Quality Committee on 1 May 2017.
6. Amount constitutes Mr Wong Chin Huat, David's Director fees from 1 January 2017 to 25 April 2017. Mr Wong retired as a Director at the conclusion of the Company's AGM on 25 April 2017.
7. Amount constitutes Mr Kua Hong Pak's Director fees for the period from 1 January 2017 to 30 April 2017. Mr Kua stepped down as a Director on 30 April 2017. Mr Kua's Director fees are paid to the Company's holding company, ComfortDelGro Corporation Limited.

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

Remuneration band	The Group			
	Salary %	Bonus %	Others %	Total Compensation %
2017				
\$S\$250,000 to \$S\$499,999				
Goei Beng Guan, Alex	57.2	35.7	7.1	100
Leong Yim Sing	58.5	35.3	6.2	100
Pang Fui Eng, Ivan	59.6	34.8	5.6	100
Tan Eng Kok, Ivan	54.1	38.3	7.6	100
Tan Poh Choo, Evelyn	50.5	42.6	6.9	100

The total remuneration paid to these five Executives holding the key positions (who are not Directors or the CEO) amounts to \$1,802,508.

Remuneration of Certain Related Employees

During the Financial Year 2017, no key executive was an immediate family member of a Director or the CEO and whose remuneration exceed \$50,000. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

3. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board has overall accountability to the Shareholders of the Company and ensures that the Group is managed well and guided by sustainable long-term strategic objectives. The Board is responsible to provide a balanced and understandable assessment of the Group's performance, position and prospects. Price sensitive information, Annual Reports and other material corporate developments are disseminated in a timely manner and posted on the Company's website as well as SGXNet. The Financial Results are reported each quarter via SGXNet with an accompanying Negative Assurance by the Board to confirm that nothing has come to its attention that may render the results false or misleading in any material aspects. The Company believes that

prompt and full compliance with statutory reporting requirements is fundamental to maintaining Shareholder confidence and trust.

SBS Transit has adopted an internal code to provide guidance to Directors and executives of the Group in relation to dealings in the Company's securities. Directors and executives of the Group are prohibited from dealing in the securities of the Company, ComfortDelGro and VICOM Ltd (VICOM). Directors and executives of the Group are prohibited from dealings in the securities of the Company, ComfortDelGro and VICOM during the period commencing two weeks before the announcement of the Company's, ComfortDelGro's and VICOM's first, second and third quarter results and one month before the announcement of the full-year results, and ending on the date of the announcement of the relevant results. All Directors and executives are notified of the trading blackout periods before the start of the financial year and are given reminders prior to each trading blackout period.

All Directors and executives of the Group are also told that they must not deal in (i) the securities of the Company and its listed subsidiaries on short-term consideration and/or while in possession of unpublished material and price-sensitive information relating to the relevant securities; and (ii) the securities of other listed companies while in possession of unpublished material and price-sensitive information relating to those

securities. Executives are required to notify the Company upon disposal of shares arising from the exercise of options under the SBS Transit Share Option Scheme.

In line with the changes to the SGX-ST Listing Manual, the Group has put in place a Standard Operating Procedure (SOP) on compilation of information on privy persons who have access to material information of transactions that have yet to be disclosed to the public. The SOP prescribes that the person-in-charge of such transactions must remind all privy persons to keep all material information strictly confidential.

Principle 11: Risk Management and Internal Controls

Risk management is an important and integral part of SBS Transit's strategic planning and decision-making process. Key risks are identified and presented to the ARC and Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional level, with stewardship retained at Senior Management. Plans that are necessary to manage and mitigate the risks are in place and closely monitored. The adequacy of the risk governance, risk policy and internal controls in place is also assessed as part of the process. A detailed description of the Group's approach to internal controls and risk management can be found from pages 53 to 55 of this Annual Report.

The Internal and External Auditors conduct reviews in accordance with their audit plans. Any material non-compliance and recommendations for improvements on the internal controls are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by Management on the recommendations made by the Internal and External Auditors. The recommendations are followed up as part of the Group's continuous review of the system of internal controls.

For the Financial Year 2017, the Board has received assurance from the CEO and the Senior Vice President (Finance) that (i) the financial records have been properly maintained and the financial statements are prepared in compliance with the Singapore Financial Reporting Standards and are correct in all material aspects and give a true and fair view of the operations and finances of the Group; and (ii) the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.

Key risks, mitigating controls and business continuity plans in place are reviewed annually by the ARC and the Board. Based on these reviews, the Board is of the view, with the concurrence of the ARC, that there are adequate and effective internal controls in place within the Group to address its financial, operational, compliance and information technology risks and to provide reasonable assurance against material financial misstatements or loss.

Principle 12: Audit and Risk Committee

The ARC comprises four independent NEDs. None of the ARC members are previous partners or directors of the External Auditors within the previous 12 months and none

of the ARC members hold any financial interest in the External Auditors. The Chairman of the ARC is rotated periodically. The Board has reviewed and is satisfied that the members of the ARC are appropriately qualified to discharge their responsibilities.

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

- (i) Mr Wee Siew Kim, Chairman of the ARC, is currently Group Chief Executive Officer (CEO), NIPSEA Group of Companies. He was previously the Deputy CEO of Singapore Technologies Engineering Ltd. In addition to other academic qualifications Mr Wee holds a Master of Business Administration from the Graduate School of Business, Stanford University.
- (ii) Mr Chin Harn Tong, Member of the ARC, is currently a Director of CityCab Pte Ltd. He was the former Secretary, Executive Director and Advisor of NTUC Comfort. He was the Member of Parliament for Aljunied Constituency.
- (iii) Ms Lee Sok Koon, Member of the ARC, was the Finance Director of Lum Chang Holdings Ltd and AF Global Ltd (formerly known as L.C. Development Ltd), public companies which are listed on the Singapore Exchange Ltd. Ms Lee holds a Bachelor of Accountancy (Hons) from the then University of Singapore.
- (iv) Prof Lim Seh Chun, Member of the ARC, is the Associate Provost, Student Affairs at the Singapore University of Technology and Design. Prior to this, he spent more than 30 years with the National University of Singapore during which he held a number of management appointments.

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

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

- (i) Risk identification and reviewing the adequacy and effectiveness of financial, operational, compliance and information technology controls and risk management systems to ensure effectiveness in the management of risks and compliance with internal policies and external regulations;
- (ii) Review the effectiveness of the Group's internal audit function;
- (iii) Review the quarterly and annual financial statements and also significant accounting and reporting issues and their impact on financial statements so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance and recommend to the Board the acceptance of such financial statements;
- (iv) Review the scope and results of the audits undertaken by the Internal and External Auditors, including non-audit services performed by

the External Auditors to ensure that there is a balance between maintenance of objectivity and cost effectiveness;

- (v) Review Interested Person Transactions;
- (vi) Recommend the appointment, re-appointment or removal of the External Auditors at the AGM and review the fees due to them;
- (vii) Review and approve the annual audit plans of the Internal and External Auditors
- (viii) Review and approve the Internal Auditor's 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 55 of this Annual Report.

Audit and Risk Committee's Activities

The ARC held four meetings during the financial year under review. The CEO, Senior Vice President (Finance), ComfortDelGro Group Internal Audit Officer (GIAO) and the External Auditors were present at these meetings. The ARC reviewed and considered the following:

- (i) Terms of reference following the change to the ComfortDelGro MD/GCEO on 1 May 2017;
- (ii) Overall scope of both internal and external audits and results of their respective audits;
- (iii) Significant internal and external audit observations and Management's responses;
- (iv) Quarterly and full year results announcements and

Significant matters

Valuation and completeness of provision for accident 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 2017.

Review of Independence of External Auditor

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

the financial statements and recommendation to the Board;

- (v) Adoption of the Singapore Financial Reporting Standards (International);
- (vi) Interested Person Transactions;
- (vii) Adequacy of internal controls;
- (viii) Independence of the External Auditors; and
- (ix) Re-appointment of External Auditors and its remuneration and recommendation to the Board.

During the year, the previous GIAO retired and the ComfortDelGro ARC reviewed and approved the appointment of a new GIAO after taking into account his qualifications and experience.

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

The ARC meets with the Internal and External Auditors annually in the absence of Management. During these meetings, the Auditors may raise issues encountered in the course of their work directly to the ARC.

Significant Financial Reporting Matters

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

Review of significant matters by the ARC

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

Principle 13: Internal Audit

The internal audit function of the Group is performed by the ComfortDelGro Group Internal Audit Division comprising six suitably qualified and experienced Internal Audit staff including the GIAO. Most of 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 GIAO reports functionally to the Chairman of the ARC.

The ComfortDelGro Group Internal Audit Division adopts a risk-based approach in its continuous audit work with focus on material internal control systems including financial, operational, information technology and compliance controls. It provides an independent and objective evaluation of the internal control systems and Corporate Governance processes of the Group. The annual and three-year rolling audit plans are developed by the GIAO 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 GIAO and the independence of the internal audit function is ensured as the ARC meets with the GIAO at least once a year in the absence of Management. The ComfortDelGro Group Internal Audit Division is given unfettered access to all the Group's documents, records, properties and personnel, including access to the ARC.

The activities and organizational 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 2014 by PricewaterhouseCoopers LLP and continues to meet or exceed the IIA Standards in all key aspects. The next Quality Assurance Review is scheduled for 2018.

4. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14:

Shareholders Rights

Disclosure of Information to Shareholders

The Company notifies Shareholders in advance of the dates of release of its Financial Results through the Company's website as well as SGXNet. Communications with Shareholders is conducted through announcements to the SGXNet, media and analyst briefings after the announcement of the Financial Results, as well as the posting of announcements and press releases on the Company's website. Shareholders may send in their requests or queries through the feedback channel provided on the website. The ComfortDelGro Group's IR team is accessible throughout the year to address Shareholders' queries. The contact details of the ComfortDelGro Group Investor Relations & Special Projects Officer (GIRSCO) 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 (by way of a CD-ROM) is sent to all Shareholders (including foreign Shareholders) at least 21 days before the AGM to ensure that all Shareholders have adequate time to review the Annual Report before the AGM. The move to electronic documentation demonstrates the Group's commitment towards Green and sustainable efforts. Upon request, hard copies are provided to Shareholders.

Principle 15:

Communication with Shareholders

Regular, Effective and Fair Communications with Shareholders

It is our policy to disseminate accurate and pertinent information to the market in a timely manner as part of good Corporate Governance. We have put in place an IR programme to promote regular, effective and fair communications with Shareholders and the investment community. The dedicated ComfortDelGro IR team works with Senior Management to proactively carry out this engagement programme.

Communications with the SGX-ST is handled by the Company Secretaries, while communications with Shareholders, analysts and fund managers is handled by the GIRSCO. 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.

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

Dividend Policy

The Company's dividend policy is to pay out at least 50% of profit attributable to Shareholders of the Company. The dividend policy takes into account the long-term objective of maximising shareholder value, availability of cash and retained earnings, projected Capital Expenditure and growth opportunities. The Company declares dividend semi-annually and informs its Shareholders of the dividend payments via announcements in the SGXNet. Dividends are paid to Shareholders in an equitable and timely manner.

Principle 16:

Conduct of Shareholder Meeting

The Company views the AGM as a good opportunity for Shareholders to meet the Board and Senior Management. The top criterion for selecting the AGM venue is an easy to reach location within Singapore accessible by public transport. Shareholders are informed of Shareholders' Meetings through notices published in the newspapers and circulars sent to all Shareholders. All registered Shareholders are invited to attend and participate actively in the AGM and are

given the opportunity to seek clarification or question the Group's strategic direction, business, operations, performance and proposed Resolutions.

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

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

The Articles of Association of the Company provide 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. With the amendments to the Companies Act, Cap. 50 which took effect on 3 January 2016, 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 forthcoming AGM subject to being appointed a proxy by their respective relevant intermediaries. The Company's Articles of Association will also be amended, subject to Shareholders' approval, to reflect the same.

Each issue or matter requiring Shareholders' approval is tabled as a separate and distinct Resolution. All the Resolutions at the Shareholders' Meetings are single item Resolutions. The Company will consider implementing absentia voting methods such as voting via mail, e-mail or fax when security, integrity and other pertinent issues are satisfactorily resolved.

The Company prepares Minutes of General Meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board and Management. The Minutes are available to Shareholders upon their request.

The Company has adopted electronic poll voting for General Meetings since 2013 to ensure greater transparency and efficiency in the voting process and results. Shareholders are invited to vote on each of the Resolutions by poll, using an electronic voting system. The results of all votes cast for or against each Resolution or abstentions if any and the respective percentages (Voting Results) and the names of the independent scrutineers for the AGM are presented during the AGM and are announced via the SGXNet

after the AGM. 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.

5. ADDITIONAL MEASURES TO ENHANCE CORPORATE GOVERNANCE

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

Corporate Gifts/Entertainment Policy

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

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

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

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

Anti-Corruption Policy

The Group complies with all the laws 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 safe work environment for everyone.

Information Protection Policy

The Group has 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.

Supplier Ethics Policy

The Group procures a wide range of goods and services from various businesses, companies, persons and entities and requires its suppliers to be in full compliance with all applicable laws and regulations and practice fair competition in accordance with local anti-trust and competition regulations. Suppliers must conduct their businesses with integrity, transparency and honesty and the Group does not condone any corrupt and fraudulent practice.

Suppliers must have in place health and safety policies for its employees and be committed to good environmental, social and governance practices. Suppliers must not trade in the securities of the

Group while in possession of confidential non-public information.

Creditors’ Payment Policy

The Group values its suppliers and is committed to safeguarding creditors’ rights and acknowledges the importance of paying invoices, especially those of small businesses, in a timely manner. It is the Group’s practice to agree terms with suppliers when entering into contracts. We negotiate with suppliers on an individual basis and meet our obligations accordingly.

Interested Person Transactions

Listing Manual – Rule 907

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transaction less than \$100,000 and transaction conducted under Shareholders’ mandate pursuant to Rule 920)
ComfortDelGro and its associates	\$10,038,000

The aggregate value of the above transactions does not include the aggregate value of \$3.2 million from the renewal of Licence Agreement disclosed in the Introductory Document of the Company dated 3 December 1997. These transactions relate to leasing charges paid to ComfortDelGro for use of the premises.

There is no Shareholders’ mandate for Interested Person Transactions pursuant to Rule 920 of the Listing Manual.

Disclosure on Compliance with the Code of Corporate Governance 2012

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

Guideline	Questions	How has the Company complied?
Guideline 4.6	Please describe the Board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) reelecting incumbent directors.	<p>For new Directors</p> <p>The NC annually reviews the size, effectiveness, diversity of skills and core competencies of the Board taking into consideration the current and future business needs of the Group.</p> <p>The NC considers the range of skills, knowledge, attributes and experience of the existing Directors, the retirement and re-election of Directors, each Director's contribution and commitment and whether new competencies are required to enhance the effectiveness of the Board. When the need for a new Director arises, the NC will shortlist and meet potential candidates and recommend the most suitable candidate to the Board for appointment as a Director.</p> <p>For incumbent Directors</p> <p>Pursuant to the Company's Articles of Association, one-third of the Directors retire from office at the Company's Annual General Meeting (AGM). Newly appointed Directors are subject to retirement and re-election at the AGM immediately following their appointments.</p> <p>The NC reviewed each of the retiring Director's contribution and performance, such as attendance, preparedness, participation and candour, and made the relevant recommendations to the Board for subsequent Shareholders' approval at the AGM.</p>
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why. (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	<p>Yes.</p> <p>Management will conduct a comprehensive orientation programme for newly appointed Directors, where key aspects of the businesses, including financial and corporate governance policies are discussed. Site visits will also be arranged for new Directors so that they can better familiarise themselves with the Group's operations. When a Director is appointed to a Board Committee, he/she is provided with its terms of reference.</p> <p>The Company Secretaries assist in professional development and training by regularly disseminating details of suitable seminars and courses organised by the Singapore Institute of Directors and arranging for the Directors to attend such courses when requested. The Company Secretaries also update the Board on corporate governance practices and circulate articles relating to changes in laws relevant to the Group's businesses.</p>
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number? (b) If a maximum number has not been determined, what are the reasons? (c) What are the specific considerations in deciding on the capacity of directors?	<p>The Board has determined that the maximum number of listed company board representations held by a Director who is not in full-time employment should not exceed six. For a Director who is in full-time employment, it should not exceed three. This is to ensure that all Directors have sufficient time and attention to discharge their duties adequately.</p> <p>Not applicable.</p> <p>The contributions of a Director are key in deciding on a Director's capacity to take on other multiple board appointments.</p>

Guideline	Questions	How has the Company complied?
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	In the last quarter of 2017, the NC conducted an evaluation of Board Performance which included key points on the Board's composition, Board's contributions, contributions from Board Committees and conduct of proceedings and whether the Directors had discharged their duties effectively. The findings were then presented by the NC Chairman to the Board during its Meeting for the Board to deliberate on the findings and discuss possible areas of improvement to enhance the Board's overall effectiveness.
	(b) Has the Board met its performance objectives?	Yes. The Board was effective as a whole based on the overall assessment for 2017.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The Board comprises the CEO and nine non-executive Directors. Of the nine non-executive Directors, seven of them are considered by the NC to be independent which exceeds the Code's requirement of at least half of the Board to comprise independent Directors where the Chairman is not an independent Director.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes, Mr Cheong Yip Seng, Mr Chin Harn Tong, Mr John De Payva and Mr Wee Siew Kim are independent Directors who have served on the Board for more than nine years as at 31 December 2017. The NC considered that these Directors have each demonstrated independent judgement at Board and Board Committee Meetings, and was of the firm view that they have at all times been exercising independent judgement in the best interests of the Company in the discharge of their duties as Directors.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, disclosures are made in accordance with the Code.

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

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Prior to each Board and Board Committee Meeting, Management provides Directors with complete, adequate and timely information. The Board also receives monthly management accounts and quarterly Investor Relations (IR) Reports covering IR activities and updates of analysts' views and comments. This enables the Board to make informed and sound business decisions and be kept abreast of key challenges, opportunities and developments for the Group.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Risk management is an important and integral part of SBS Transit's strategic planning and decision-making process. Key risks are identified and presented to the Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional level, with stewardship retained at senior management. Plans that are necessary to manage and mitigate the risks are in place and closely monitored. The adequacy of the internal controls in place is also assessed as part of the process. Based on these reviews, the Board is of the view, with the concurrence of the Audit and Risk Committee (ARC), that there are adequate and effective internal controls in place within the Group to address its financial, operational, compliance and information technology risks.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	For the Financial Year (FY) 2017, the Board has received assurance from the CEO and the Senior Vice President (Finance) that (i) the financial records have been properly maintained and the financial statements are prepared in compliance with the Singapore Financial Reporting Standards and are correct in all material aspects and give a true and fair view of the operations and finances of the Group; and (ii) the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	The audit and non-audit fees to the External Auditors of the Company and its subsidiaries for FY 2017 are \$124,000 and \$52,000 respectively.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The ARC undertook a review of the independence and objectivity of the External Auditors by reviewing the non-audit fees awarded to them and has confirmed that the non-audit services performed by the External Auditors were not substantial and would not affect their independence.

Guideline	Questions	How has the Company complied?
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	<p>Yes, the Company is committed to disseminating accurate and pertinent information to the Shareholders in a timely manner. Communications with Shareholders and investors are handled centrally at the ComfortDelGro Group level. In FY 2017, 180 meetings and conference calls were held with institutional investors and analysts and also participation in six investor conferences in Singapore, Kuala Lumpur and Hong Kong. These provided access to a wide cross-section of institutional investors from around the world.</p> <p>For the retail investors, they can send in their queries through a link on the IR page of the Company's website. The telephone and email contact details of the ComfortDelGro Group Investor Relations & Special Projects Officer are also listed on the page.</p> <p>All Shareholders also have the opportunity to interact and speak with the Directors and Senior Management at the Company's AGMs and thereafter.</p>
	(b) Is this done by a dedicated IR team (or equivalent)? If not, who performs this role?	Yes, there is a dedicated IR team, which works closely with senior management to carry out the investor engagement programme.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?	All announcements to SGX-ST, news releases, financial results, financial calendar and the Annual Reports are posted on the IR page of the Company's website.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

DIRECTORS' PARTICULARS

Name	Age	Present Directorships / Chairmanships (as at 31 December 2017)	Past Directorships / Chairmanships in listed companies held over the preceding three years (from 1 January 2015 to 31 December 2017)	Principal Commitments
Lim Jit Poh Chairman (Non-Executive & Non-Independent)	78	<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

*Listed Company

DIRECTORS' PARTICULARS

Name	Age	Present Directorships / Chairmanships (as at 31 December 2017)	Past Directorships / Chairmanships in listed companies held over the preceding three years (from 1 January 2015 to 31 December 2017)	Principal Commitments
Yang Ban Seng Deputy Chairman (Non-executive & Non-independent)	62	<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)
Gan Juay Kiat Chief Executive Officer & Director	60	<p>Directorships in the ComfortDelGro Group</p> <ul style="list-style-type: none"> ComfortDelGro Bus Pte Ltd Comfort Transportation Pte Ltd CityCab Pte Ltd ComfortDelGro Engineering Pte Ltd SBS (Guangzhou) Pte Ltd <p>Directorship in the SBS Transit Group</p> <ul style="list-style-type: none"> SBS Transit DTL Pte Ltd <p>Other Company</p> <ul style="list-style-type: none"> Bulawan Ventures, Inc. 	Nil	Nil

*Listed Company

Name	Age	Present Directorships / Chairmanships (as at 31 December 2017)	Past Directorships / Chairmanships in listed companies held over the preceding three years (from 1 January 2015 to 31 December 2017)	Principal Commitments
John De Payva Director (Non-executive & Lead Independent)	62	Other Company • SLF Leisure Enterprises (Pte) Ltd	Nil	<ul style="list-style-type: none"> • DBS - Staff Union (Trustee) • Education Services Union (Advisor) • International Trade Union Confederation (ITUC) General Council (Vice President, Brussels Office) • ITUC - Asia Pacific (Vice-President) • ITUC - Asia Pacific (Executive Bureau - Chairman) • National Trades Union Congress (NTUC) (Trustee) • NTUC International Relations (Advisor) • National Transport Worker's Union (Trustee) • Ong Teng Cheong Institute of Labour Studies (Member of Board of Governors) • Union Network International (UNI) (Board Member, Nyon, Switzerland) • UNI - Professional and Managerial (Asia Pacific Regional Office - Chairman)
Cheong Yip Seng Director (Non-executive & Independent)	74	Nil	Nil	<ul style="list-style-type: none"> • South China Morning Post (Editorial Adviser)
Chin Harn Tong Director (Non-executive & Independent)	80	Directorships in the ComfortDelGro Group • CityCab Pte Ltd	Nil	Nil
Kong Yim Pui, Susan Director (Non-executive & Independent)	57	Other Companies • HealthServe Ltd • Singapore Tyler Print Institute • Q.E.D. Law Corporation	Nil	<ul style="list-style-type: none"> • Q.E.D. Law Corporation (Partner)
Lee Sok Koon Director (Non-executive & Independent)	64	Other Companies • Japan Foods Holding Ltd* • Singapore Arts School Ltd • NUS America Foundation, Inc.	Nil	Nil
Lim Seh Chun Director (Non-executive & Independent)	62	Nil	Nil	<ul style="list-style-type: none"> • Singapore University of Technology and Design (Associate Provost, Student Affairs)

*Listed Company

DIRECTORS' PARTICULARS

Name	Age	Present Directorships / Chairmanships (as at 31 December 2017)	Past Directorships / Chairmanships in listed companies held over the preceding three years (from 1 January 2015 to 31 December 2017)	Principal Commitments
Wee Siew Kim Director (Non-executive & Independent)	57	<p>Other Companies</p> <ul style="list-style-type: none"> • ES Group (Holdings) Limited* • Mapletree Logistics Trust Management Ltd* • SIA Engineering Company Limited* • Asia Industries Ltd • Nippon Paint (Singapore) Company Private Limited • Nippon Paint (Vietnam) Company Ltd • Nippon Paint Vietnam (Hanoi) Pte Ltd • Nippon Paint (Malaysia) Sendirian Berhad • Paint Marketing Company (M) Sdn Bhd • Nippon Paint (Thailand) Company Ltd • Nipsea Chemical Korea • Nippon Paint (HK) Co Ltd • Nippon Paint (China) Co Ltd • Nippon Paint (India) Pte Ltd • Nippon Paint and Surface Chemicals Pvt. Ltd • Nippon Paint (Foshan) Co Ltd • Guangzhou Nippon Paint Co Ltd • Nippon Paint (Chengdu) Co Ltd • Nippon Paint (H.K.) Co., Ltd, Taiwan Branch • Langfang Nippon Paint Lidong Co., Ltd • Nippon Paint (Tianjin) Co Ltd • Yashili Paint (Suzhou) Co., Ltd • Langfang Nippon Paint Co Ltd • BK & NP Automotive Coatings (Shanghai) Co Ltd • Nippon Paint (Shanghai) Research & Development Co., Ltd • Nippon Paint (Pakistan) Limited • Nippon Paint Industrial Coatings (Shanghai) Co., Ltd • Nippon Paint China Holdings Co Ltd • Nippon Paint (Zhengzhou) Co., Ltd • Nippon Paint (Hebei) Co., Ltd • Nippon Paint Decorative Coatings (Thailand) Co Ltd • NP Auto Refinishes Co Ltd • Nippon Paint (Shenyang) Co., Ltd • Nippon Paint Lanka (Private) Ltd • Nippon Paint Bangladesh Pte Ltd • Nippon Paint (Kunming) Co., Ltd • Nippon Paint New Materials (Wuhan) Co., Ltd • Nippon Paint (Hubei) Co., Ltd • Nippon Paint New Materials (Shanghai) Co., Ltd • Nippon Paint Malaysia (S) Pte Ltd • HSJ Pte Ltd 	Nil	<ul style="list-style-type: none"> • NIPSEA Group of Companies (Group Chief Executive Officer)

*Listed Company

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

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

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

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

FINANCIAL RISKS

The Group has established internal control systems to safeguard its assets and regularly reviews the effectiveness of these controls to improve and fortify financial discipline. All policies and procedures on financial matters, including approval limits and authority, are clearly defined in the Group's Financial Procedures Manual.

Financial Authority Limits

Comprehensive and specific financial authority limits are put in place for capital expenditure, operating

expenses, treasury matters, direct investments, revenue tender participation and disposal and write-off of assets. These authority limits are delegated based on the organisational hierarchy from the Board down to the Chief Executive Officer (CEO) and the Heads of Business Units/Departments, with the Board retaining the ultimate authority. Any expenditure exceeding the highest authority limit is referred to the Board for approval. To ensure that the Group's assets continue to be managed prudently, the Board periodically reviews the mandate that it delegates to Management.

Budgetary Control

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

Financial Risk Management

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

A detailed description of the financial risks and how the Group manages them are set out in the Notes to the Financial Statements on pages 73 to 103.

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

OPERATIONAL RISKS

Operational risks may arise from failures in internal controls, operational processes or the supporting

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

Safety

Managing the safety and security of our commuters, our staff and the public is the cornerstone of the Group's safety and security plan. We run safety awareness and training programmes to instil a safety and security conscious culture in employees at all levels. Safety audits are conducted regularly as part of the review and management process to ensure that safety standards are maintained. The Group works closely with the relevant authorities to ensure that the security of our bus and train services and facilities are not compromised. Drills and exercises are conducted regularly, both internally, as well as with external agencies. Fence intrusion detection systems and other security features are installed at operating facilities and security guards deployed to patrol the facilities. Members of the public are encouraged to look out for suspicious objects or persons.

Environmental

The Group is committed to being a socially responsible organisation through minimising the impact our business activities have on the environment. Our operations, accidents and natural events can cause 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 implement preventive measures. We comply with all relevant regulations. Ways in which the Group works to protect the environment can be found in our Sustainability Report section of this Annual Report as well as in the Sustainability Report of our parent company, ComfortDelGro Corporation Limited.

Human Resource

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

Property and Liability

The Group's exposure to property damage, business interruption and other liability risks is constantly monitored and reviewed. Together with external risk management consultants, we ensure sufficiency of insurance coverage and maintain an optimal balance between risks that are retained internally and risks that are placed out with underwriters.

Business Continuity

We have put in place Business Continuity Plans (BCPs) to mitigate the risks of disruption and catastrophic loss to our operations, people, information database and other assets. The BCPs include identification and planning of alternate recovery centres, operational procedures to maintain communication, measures to ensure continuity of critical business functions and recovery of information database. We regularly update and test the BCPs. Drills and emergency response exercises are conducted to familiarise employees with the various incident management plans. The BCPs enhance the Group's operational readiness and resilience to potential business disruptions.

INFORMATION TECHNOLOGY RISKS

Information technology system failures are key risks for the Group since almost all the businesses rely heavily on information technology. This can take the form of a major system failure which can result in disruption of the business, loss of data or a security breach of our information technology systems. Information security means protecting information and information systems from unauthorised access, use, disclosure, disruption, modification or destruction. The Group's information technology security management framework complies with current industry standards. We have put in place various controls and data recovery measures to mitigate the risks, including the use of intrusion prevention systems, multi-level firewalls, server protection, software code hardening and data loss prevention controls to manage Internet security and Cyber threats. Penetration tests are carried out regularly to test the systems and identify potential security vulnerabilities and allow us to improve the security hardening of our website. Information security policies and procedures, including security education for all staff, are regularly reviewed and enhanced.

COMPLIANCE RISKS

The Group keeps abreast and complies with all laws and regulations governing the conduct of our business. The businesses within the Group operate in a regulated environment. 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 regulatory

authorities 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 well and effectively to ensure that standards are met, thereby reducing significantly the risk of licences being withdrawn or penalties being imposed.

STRATEGIC RISKS

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

AUDIT PROCESS

The Internal and External Auditors conduct reviews in accordance with their audit plans. In the course of their audits, the Internal and External Auditors highlight to the ARC and Management areas where there are material deficiencies and weaknesses or the occurrence of significant risk events and propose mitigating measures and treatment plans. Non-compliance and recommendations for improvements are reported to the ARC, which reviews the effectiveness of the actions taken to mitigate the risks. The recommendations are followed up as part of the Group's continuous review of the system of internal controls.

CODE OF BUSINESS CONDUCT AND WHISTLE BLOWING POLICY

The Group has adopted a Code of Business Conduct which sets out the principles and policies upon which our businesses are conducted, as well as implemented a Whistle Blowing Policy to provide a mechanism for employees to raise concerns, through well-defined and accessible confidential disclosure channels about possible improprieties in financial reporting or other improper business conduct. Employees are given a Company handbook detailing how they can go about raising their concerns. Incidents can also be reported through a direct link to the CEO, the ComfortDelGro Human Resource Officer or the ComfortDelGro Internal Audit Officer on the Company's Intranet.

All cases are investigated and dealt with promptly and thoroughly. An officer appointed by the CEO will oversee all investigations. In cases where the laws have been infringed, the relevant regulatory authorities will be informed. The Audit and Risk Committee will also be informed. Where appropriate, internal control measures are improved or additional measures put in place to prevent recurrence of the incidents.

OPINION OF THE BOARD

Risk management is an important and integral part of SBS Transit's strategic planning and decision-making process. Key risks are identified and presented to the Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional level, with stewardship retained at Senior Management. Action plans that are necessary to manage 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. Based on these reviews, the Board is of the view, with the concurrence of the Audit and Risk Committee, that there are adequate and effective internal controls in place within the Group to address its financial, operational, compliance and information technology risks.

2017

Announcement of 2016 Full Year Results	9 February 2017
Annual General Meeting	25 April 2017
Announcement of 1st Quarter 2017 Results	11 May 2017
Payment of 2016 final dividend (2.70 cents/share)	12 May 2017
Announcement of 2nd Quarter 2017 Results	10 August 2017
Payment of 2017 interim dividend (3.65 cents/share)	25 August 2017
Announcement of 3rd Quarter 2017 Results	9 November 2017

2018

Announcement of 2017 Full Year Results	12 February 2018
Annual General Meeting	25 April 2018
Announcement of 1st Quarter 2018 Results	10 May 2018*
Payment of 2017 final dividend (3.95 cents/share) (Subject to Shareholders' approval at the forthcoming Annual General Meeting)	11 May 2018
Announcement of 2nd Quarter 2018 Results	8 August 2018*
Announcement of 3rd Quarter 2018 Results	8 November 2018*

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

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Notes to the Financial Statements

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 2017.

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 65 to 103 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 2017, 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	(Deputy Chairman – Appointed 1 May 2017)
Gan Juay Kiat	(Chief Executive Officer)
John De Payva	
Cheong Yip Seng	
Chin Harn Tong	
Kong Yim Pui, Susan	(Appointed 1 October 2017)
Lee Sok Koon	(Appointed 1 May 2017)
Lim Seh Chun	
Wee Siew Kim	

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.

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 names of Directors		
	At 1 January 2017 or date of appointment, if later	At 31 December 2017	At 21 January 2018
Interest in the Company			
(a) Ordinary shares			
Cheong Yip Seng	185,000	185,000	185,000
Chin Harn Tong	275,000	25,000	25,000
Wee Siew Kim	65,000	65,000	65,000
(b) Options to subscribe for ordinary shares			
Gan Juay Kiat	240,000	240,000	240,000

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

	Shareholdings registered in the names of Directors		
	At 1 January 2017 or date of appointment, if later	At 31 December 2017	At 21 January 2018
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	157,168	157,168
Yang Ban Seng (Deemed Interest)	18,185	18,185	18,185
Gan Juay Kiat	36,000	–	–
Gan Juay Kiat (Deemed Interest)	–	80,000	80,000
(b) Options to subscribe for ordinary shares			
Yang Ban Seng	660,000	660,000	660,000
Gan Juay Kiat	770,000	690,000	690,000
Interest in related company, VICOM Ltd			
(a) Ordinary shares			
Lim Jit Poh	190,000	190,000	190,000
Cheong Yip Seng	10,000	10,000	10,000

4 SHARE OPTIONS

- a) The SBS Transit Share Option Scheme ("SSOS") for a period of 10 years was approved by the shareholders of the Company on 9 June 2000. The SSOS expired on 8 June 2010 and hence no option has been granted since then. The existing options granted will continue to vest according to the terms and conditions of the SSOS and the respective grants. The SSOS is administered by the Remuneration Committee comprising Messrs Chin Harn Tong (Chairman), John De Payva, Kong Yim Pui, Susan (Appointed 1 October 2017) and Lim Jit Poh.
- b) The SSOS provides the Company with a means whereby (i) employees of the Group of the rank of Executive and above, and (ii) certain categories of persons who are not employees but who work closely with the Group, are given an opportunity to participate in the equity of the Company. A person who is a controlling shareholder of the Company or an associate (as defined in the Singapore Exchange Securities Trading Listing Manual) of a controlling shareholder of the Company is not eligible to participate in the SSOS.
- c) 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.

4 SHARE OPTIONS (cont'd)

- d) Participants of the SSOS are not restricted from participating in other share option schemes, whether implemented by the Company or otherwise.
- e) 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 2017 are as follows:

Date of grant	Number of options to subscribe for ordinary shares				Subscription price per share	Expiry date
	Outstanding at 1 January 2017	Exercised	Lapsed	Outstanding at 31 December 2017		
22 June 2007	1,155,000	–	1,155,000	–	\$3.40	22 June 2017
25 June 2008	1,182,500	545,000	60,000	577,500	\$2.18	25 June 2018
25 June 2009	747,500	285,000	–	462,500	\$1.58	25 June 2019
	<u>3,085,000</u>	<u>830,000</u>	<u>1,215,000</u>	<u>1,040,000</u>		

- f) There were no share options granted to Directors of the Company during the financial year. Details of the SSOS options granted to Directors of the Company since the commencement of the SSOS were as follows:

Director	Number of options to subscribe for ordinary shares			
	Aggregate options granted since the commencement to 31 December 2017	Aggregate options exercised since the commencement to 31 December 2017	Aggregate options lapsed since the commencement to 31 December 2017	Aggregate options outstanding as at 31 December 2017
Lim Jit Poh	780,000	480,000	300,000	–
Gan Juay Kiat	240,000	–	–	240,000
John De Payva	495,000	135,000	360,000	–
Cheong Yip Seng	455,000	305,000	150,000	–
Chin Harn Tong	470,000	275,000	195,000	–
Wee Siew Kim	515,000	320,000	195,000	–

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

- g) 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.

5 **AUDIT AND RISK COMMITTEE**

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

Wee Siew Kim (Chairman)
Chin Harn Tong
Lee Sok Koon (Appointed 1 May 2017)
Lim Seh Chun

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50 and the Code of Corporate Governance 2012.

In performing its functions, the Audit and Risk Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors four times during the year to discuss the scope and results of their respective audits, and at least once annually without the presence of Management. The Audit and Risk Committee has reviewed the independence of the external auditors, Messrs Deloitte & Touche LLP, including the scope of the non-audit services performed and confirmed that the auditors are independent.

In addition, the Audit and Risk Committee reviewed the Financial Statements of the Group before their submission to the Board of Directors of the Company and provided assurance to the Board on the adequacy of financial, operational, compliance and information technology controls.

The Audit and Risk Committee has recommended to the Board of Directors, the nomination of Deloitte & Touche LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

6 **AUDITORS**

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Gan Juay Kiat
Chief Executive Officer

Singapore
12 February 2018

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 2017, and the Income Statement, Comprehensive Income Statement, Statement of Changes in Equity and Cash Flow Statement of the Group and 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 65 to 103.

In our opinion, the 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 Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance, changes in equity and 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 provisions for settlement of accident claims involves estimation uncertainty (Note 3). 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 disclosed in Note 16 to the Financial Statements.

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 evaluate the reasonableness of the provision estimated by Management. Based on our procedures, we found Management's key assumptions to be within the reasonable range of our expectations.

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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair Financial Statements and to maintain accountability of assets.

In preparing the Financial Statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (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.

INDEPENDENT AUDITOR'S REPORT

To the Members of SBS Transit Ltd

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chua How Kiat.

DELOITTE & TOUCHE LLP

Public Accountants and
Chartered Accountants

Singapore
12 February 2018

STATEMENTS OF FINANCIAL POSITION
31 December 2017

	Note	The Group		The Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
ASSETS					
Current assets					
Cash and bank balances		5,275	4,254	4,028	3,446
Investments	5	5,134	–	5,134	–
Trade receivables	6	122,582	77,238	119,470	76,284
Other receivables and prepayments	7	31,701	19,274	199,599	128,408
Inventories	8	94,012	59,695	82,997	53,000
Total current assets		258,704	160,461	411,228	261,138
Non-current assets					
Subsidiary	9	–	–	5,000	5,000
Investments	5	–	5,268	–	5,268
Prepayments	10	2,537	2,527	2,506	2,519
Vehicles, premises and equipment	11	803,844	866,186	783,821	851,924
Deferred tax assets	12	22,737	20,354	–	–
Total non-current assets		829,118	894,335	791,327	864,711
Total assets		1,087,822	1,054,796	1,202,555	1,125,849

See accompanying notes to the Financial Statements.

STATEMENTS OF FINANCIAL POSITION
31 December 2017

	Note	The Group		The Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	13	56,000	150,000	56,000	150,000
Trade and other payables	14	272,302	241,948	240,764	214,181
Deposits received	15	3,648	4,967	3,271	4,301
Insurance premiums payable and provision for accident claims	16	21,965	24,799	21,965	24,799
Fuel price equalisation account		19,992	19,992	19,992	19,992
Income tax payable		9,309	67	9,309	67
Total current liabilities		383,216	441,773	351,301	413,340
Non-current liabilities					
Borrowings	13	125,000	66,000	125,000	66,000
Deferred grants	17	6,958	7,709	6,958	7,709
Deposits received	15	5,600	4,802	4,390	3,908
Deferred tax liabilities	12	87,112	85,554	87,112	85,554
Provision for service benefits and long service awards	18	10,718	10,981	10,496	10,836
Fuel price equalisation account		19,992	19,992	19,992	19,992
Total non-current liabilities		255,380	195,038	253,948	193,999
Total liabilities		638,596	636,811	605,249	607,339
Capital and reserves					
Share capital	19	98,873	97,138	98,873	97,138
Other reserves	20	40,522	38,566	40,522	38,566
Accumulated profits		309,831	282,281	457,911	382,806
Total equity		449,226	417,985	597,306	518,510
Total liabilities and equity		1,087,822	1,054,796	1,202,555	1,125,849

See accompanying notes to the Financial Statements.

GROUP INCOME STATEMENT
Year Ended 31 December 2017

	Note	The Group	
		2017 \$'000	2016 \$'000
Revenue	21	1,191,717	1,098,736
Staff costs	22	(628,553)	(581,143)
Repairs and maintenance costs		(151,684)	(131,453)
Fuel and electricity costs		(131,076)	(127,082)
Premises costs		(57,128)	(51,959)
Depreciation expense	11	(96,925)	(81,660)
Other operating costs		(67,008)	(83,680)
Total operating costs		(1,132,374)	(1,056,977)
Operating profit	23	59,343	41,759
Net income from investments	24	242	243
Finance costs	25	(4,482)	(5,268)
Profit before taxation		55,103	36,734
Taxation	26	(7,975)	(5,384)
Profit attributable to shareholders		47,128	31,350
Earnings per share (in cents):			
Basic	27	15.17	10.12
Diluted	27	15.15	10.12

See accompanying notes to the Financial Statements.

GROUP COMPREHENSIVE INCOME STATEMENT
Year Ended 31 December 2017

	The Group	
	2017 \$'000	2016 \$'000
Profit attributable to shareholders	47,128	31,350
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Revaluation of premises	–	40,265
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value adjustment on cash flow hedges	2,321	16,014
Fair value adjustment on investments	(134)	(69)
Total comprehensive income for the year attributable to shareholders of the Company	49,315	87,560

See accompanying notes to the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
Year Ended 31 December 2017

	The Group			
	Attributable to shareholders of the Company			
	Share capital (Note 19) \$'000	Other reserves (Note 20) \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2016	94,786	(17,492)	261,400	338,694
Total comprehensive income for the year				
Profit for the year	–	–	31,350	31,350
Other comprehensive income for the year	–	56,210	–	56,210
Total	–	56,210	31,350	87,560
Transactions recognised directly in equity				
Exercise of share options	2,352	(116)	–	2,236
Payment of dividends (Note 31)	–	–	(10,535)	(10,535)
Other reserves	–	(36)	66	30
Total	2,352	(152)	(10,469)	(8,269)
Balance at 31 December 2016	97,138	38,566	282,281	417,985
Total comprehensive income for the year				
Profit for the year	–	–	47,128	47,128
Other comprehensive income for the year	–	2,187	–	2,187
Total	–	2,187	47,128	49,315
Transactions recognised directly in equity				
Exercise of share options	1,735	(95)	–	1,640
Payment of dividends (Note 31)	–	–	(19,742)	(19,742)
Other reserves	–	(136)	164	28
Total	1,735	(231)	(19,578)	(18,074)
Balance at 31 December 2017	98,873	40,522	309,831	449,226

See accompanying notes to the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
Year Ended 31 December 2017

The Company

	Share capital (Note 19) \$'000	Other reserves (Note 20) \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2016	94,786	(17,017)	334,030	411,799
Total comprehensive income for the year				
Profit for the year	–	–	59,245	59,245
Other comprehensive income for the year	–	55,735	–	55,735
Total	–	55,735	59,245	114,980
Transactions recognised directly in equity				
Exercise of share options	2,352	(116)	–	2,236
Payment of dividends (Note 31)	–	–	(10,535)	(10,535)
Other reserves	–	(36)	66	30
Total	2,352	(152)	(10,469)	(8,269)
Balance at 31 December 2016	97,138	38,566	382,806	518,510
Total comprehensive income for the year				
Profit for the year	–	–	94,683	94,683
Other comprehensive income for the year	–	2,187	–	2,187
Total	–	2,187	94,683	96,870
Transactions recognised directly in equity				
Exercise of share options	1,735	(95)	–	1,640
Payment of dividends (Note 31)	–	–	(19,742)	(19,742)
Other reserves	–	(136)	164	28
Total	1,735	(231)	(19,578)	(18,074)
Balance at 31 December 2017	98,873	40,522	457,911	597,306

See accompanying notes to the Financial Statements.

GROUP CASH FLOW STATEMENT
Year Ended 31 December 2017

	The Group	
	2017 \$'000	2016 \$'000
Operating activities		
Profit before taxation	55,103	36,734
Adjustments for:		
Depreciation expense	96,925	81,660
Finance costs	4,482	5,268
Net loss (gain) on disposal of vehicles and equipment	103	(723)
Interest income	(242)	(243)
Grant income	–	(69,521)
Provision for service benefits and long service awards	688	1,414
Insurance premiums payable and provision for accident claims	1,235	2,955
Operating cash flows before movements in working capital	158,294	57,544
Trade receivables	(45,344)	(67,661)
Other receivables and prepayments	(12,427)	72,887
Inventories	(34,317)	(11,330)
Trade and other payables	33,746	20,315
Deferred grants	(751)	(717)
Deposits received	(521)	(604)
Payment of service benefits and long service awards	(951)	(693)
Payment of insurance premiums and accident claims	(4,069)	(4,808)
Cash generated from operations	93,660	64,933
Income tax paid	(34)	(24)
Net cash from operating activities	93,626	64,909
Investing activities		
Interest received	242	243
Proceeds from disposal of vehicles and equipment	304	15,630
Purchase of vehicles, premises and equipment	(35,000)	(23,455)
Net cash used in investing activities	(34,454)	(7,582)

See accompanying notes to the Financial Statements.

GROUP CASH FLOW STATEMENT
Year Ended 31 December 2017

	The Group	
	2017 \$'000	2016 \$'000
Financing activities		
New loans raised	764,100	437,300
Repayment of borrowings	(799,100)	(558,800)
Proceeds from share issue	1,640	2,236
Grants received	–	78,008
Interest paid	(5,077)	(5,691)
Dividends paid	(19,742)	(10,535)
Others	28	30
Net cash used in financing activities	(58,151)	(57,452)
Net increase (decrease) in cash and cash equivalents	1,021	(125)
Cash and cash equivalents at beginning of year	4,254	4,379
Cash and cash equivalents at end of year	5,275	4,254

See accompanying notes to the Financial Statements.

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 2017 and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2017 were authorised for issue by the Board of Directors on 12 February 2018.

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 Financial Reporting Standards in Singapore (“FRSs”).

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 FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

ADOPTION OF NEW AND REVISED FINANCIAL STANDARDS – In the current financial year, the Group has adopted all the new and revised FRSs that are relevant to its operations and effective for annual periods beginning on 1 January 2017.

The adoption of these new and revised FRSs has no material effect on the amounts reported for the current or prior years.

CONVERGENCE TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) IN 2018 – Singapore-incorporated companies listed on the Singapore Exchange (“SGX”) will be required to apply a new Singapore financial reporting framework, the Singapore Financial Reporting Standards (International) (“SFRS(I)”), that is identical to the IFRS for annual periods beginning on or after 1 January 2018, with retrospective application to the comparative financial year ended 31 December 2017 and the opening Statement of Financial Position as at 1 January 2017 (date of transition).

Management does not expect any changes to the Group’s current accounting policies or significant adjustments on transition to the new framework, other than the election of certain transition options available under SFRS(I) 1.

NEW/REVISED STANDARDS AND IMPROVEMENTS TO THE STANDARDS NOT YET ADOPTED – The Group has not applied the following accounting standards that are relevant to the Group and have been issued as at the end of the reporting year but are not yet effective:

SFRS(I) 15	–	<i>Revenue from Contracts with Customers (with classifications issued)¹</i>
SFRS(I) 16	–	<i>Leases²</i>
SFRS(I) INT 22	–	<i>Foreign Currency Transactions and Advance Consideration¹</i>

¹ Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

² Applies to annual periods beginning on or after 1 January 2019, with early application permitted, if SFRS(I) 15 is adopted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

These standards are not expected to have any material impact on the Group's Financial Statements when they are adopted, except for the additional disclosures in respect of the new standards and the effects of SFRS(I) 16 which may result in certain operating lease arrangements being recorded in the Statements of Financial Position.

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

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

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

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

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

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

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

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

BUSINESS COMBINATIONS – The acquisition of subsidiary is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group to the former owners of the acquiree in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 *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 FRS 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including income and expense is recognised on an effective interest basis for debt instrument other than those financial instruments at fair value through Profit or Loss) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through Profit or Loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through Profit or Loss which are initially measured at fair value.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through Profit or Loss on initial recognition):

- 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.

All other financial assets are subsequently measured at fair value.

Financial assets at fair value through other comprehensive income (FVTOCI)

Investments in debt instruments are measured at FVTOCI if both of the following conditions are met:

- 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.

Investments in debt instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, any gain or loss 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.

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "trade and other receivables". Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method less expected credit losses. Receivables at amortised cost are assets that are held for collection of contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Provision for impairment of financial assets

Trade and other receivables and investments in debt instruments measured at FVTOCI are reassessed for impairment at the end of each reporting period.

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 30 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised at initial recognition of the receivables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**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 borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method 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.

Hedging instruments and hedge accounting

The Group continues to apply FRS 39 *Financial Instruments* and 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 30).

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 30(b) 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 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 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.

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.

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.

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
Bus grooming and other accessories (classified under buses)	2 to 8
Leasehold land and buildings	Over terms of leases which are between 4 to 28 years
Computers and automated equipment	3 to 6
Workshop machinery, tools and equipment	3 to 7
Motor vehicles	5 to 10
Furniture, fittings and equipment	7

The estimated useful lives, residual values and depreciation method are reviewed at each year end, 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 ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its 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.

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.

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.

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.
- (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 period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- (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 period.
- (e) **Share-based payments** – The Company issues share options to certain employees and Directors. Share options are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

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

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the Statement of Financial Position and transferred to Profit or Loss on a systematic and rational basis over the useful lives of the related assets.

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

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from rendering of services that are of a short duration, is recognised as and when services are completed. 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.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Group Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in Profit or Loss, except when they relate to items credited or debited outside Profit or Loss (either in Other Comprehensive Income or directly in equity), in which case the tax is also recognised outside Profit or Loss (either in Other Comprehensive Income or directly in equity, respectively), or where they arise from the initial accounting for a business combination.

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).

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Provisions

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

(a) Accident claims

Claims for property damage and personal injury are provided in the Financial Statements based on the claims outstanding as of the end of the financial year and estimated amounts payable. The past claims history and payment are used as a basis to estimate the amounts in which the Group will have to pay to third parties for such claims. As at 31 December 2017, the provision for claims is \$18,735,000 (2016 : \$18,169,000) (Note 16).

(b) Insurance premiums

With effect from 2008, the Group has undertaken personal injury insurance with a fixed annual premium per vehicle. However, the Group had in the previous financial years incurred additional premiums payable as the insurance claims per vehicle had exceeded the minimum amount as stipulated in the insurance policy for those years. An estimate of the liability for the period from 2006 to 2008 of \$3,230,000 (2016 : \$6,630,000) had been made based on the history of incurred claims per vehicle for each of the policy year (Note 16).

(c) Retirement benefits

Retirement benefits subject to a maximum of \$3,000 is payable to a retiring employee on or after attaining the retirement age and on completion of at least five years of service. Provision is made based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period of 1.50% to 2.27% (2016 : 1.24% to 2.84%) 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. As at 31 December 2017, the provision for retirement benefits is \$7,527,000 (2016 : \$7,737,000) (Note 18).

(d) Long service awards

Staff with more than 15 years of service are entitled to long service awards of \$500 for 15 years of services, \$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 1.50% to 2.27% (2016 : 1.24% to 2.84%) 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. As at 31 December 2017, the provision for long service awards is \$3,191,000 (2016 : \$3,244,000) (Note 18).

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)**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. As at 31 December 2017, the carrying amount of the vehicles, premises and equipment is \$803,844,000 (2016 : \$866,186,000) (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	
	2017 \$'000	2016 \$'000
Purchases of inventories from a related company	22,636	17,665
Rental expense from:		
Ultimate holding company	3,215	3,122
Related company	600	600
Purchase of goods and services from:		
Ultimate holding company	2,752	2,724
Related companies	1,861	1,477
Associate of the ultimate holding company	826	121
Sales of goods and services to:		
Ultimate holding company	(20)	(36)
Related companies	(1,312)	(1,706)
Associate of the ultimate holding company	(63)	-
Transfer of computers and automated equipment		
to a related company	(33)	-
Rental income from related companies	(231)	(256)

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.

5 INVESTMENTS

	The Group and The Company	
	2017	2016
	\$'000	\$'000
Financial assets at fair value through Other Comprehensive Income:		
Bond in SP PowerAssets Limited	5,134	5,268

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

6 TRADE RECEIVABLES

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Related companies (Note 4)	6	6	6	6
Outside parties	122,576	77,232	119,464	76,278
Total	122,582	77,238	119,470	76,284

The amounts outstanding are interest-free and the credit period ranges from 7 to 30 days (2016 : 7 to 30 days).

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The expected risk 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Receivables from:				
Ultimate holding company (Note 4)	7	–	7	–
Related companies (Note 4)	435	258	435	258
Subsidiary (Note 9)	–	–	173,816	112,263
	442	258	174,258	112,521
Prepayments	9,474	12,431	7,070	11,665
Interest receivable	47	47	47	47
Staff advances	216	190	112	114
Security deposits:				
Ultimate holding company (Note 4)	–	721	–	721
Outside parties	893	929	887	924
Accrued income	14,735	3,425	12,584	2,201
Receivables from outside parties	5,894	1,273	4,641	215
Total	31,701	19,274	199,599	128,408

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

9 SUBSIDIARY

The Company has investments 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. 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.

11 VEHICLES, PREMISES AND EQUIPMENT

	Buses \$'000	Leasehold land and building (N1) \$'000	Other leasehold buildings \$'000	Computers and automated equipment \$'000	Workshop machinery, tools and equipment \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Capital projects in progress \$'000	Total \$'000
The Group									
Cost or valuation:									
At 1 January 2016	1,224,864	48,588	42,157	64,405	40,530	7,006	15,160	23,219	1,465,929
Additions	-	-	332	1,945	11,449	1,204	2,095	2,839	19,864
Adjustments	-	-	(328)	-	-	-	-	(1,648)	(1,976)
Disposals	(73,297)	-	-	(6,393)	(1,891)	(336)	(999)	(14,866)	(97,782)
Reclassification	1,348	-	3,300	-	3,731	-	(1)	(8,378)	-
Revaluation	-	15,292	-	-	-	-	-	-	15,292
Transfer from ultimate holding company	-	-	-	-	-	-	94	-	94
At 31 December 2016	1,152,915	63,880	45,461	59,957	53,819	7,874	16,349	1,166	1,401,421
Additions	-	-	3,928	1,824	11,783	993	1,398	15,064	34,990
Disposals	(17,100)	-	-	(767)	(282)	(504)	(358)	-	(19,011)
Reclassification	5,176	-	61	-	2,291	-	-	(7,528)	-
Transfer to a related company	-	-	-	(90)	-	-	-	-	(90)
At 31 December 2017	1,140,991	63,880	49,450	60,924	67,611	8,363	17,389	8,702	1,417,310
Accumulated depreciation:									
At 1 January 2016	410,182	23,821	30,686	59,144	23,486	3,889	10,215	-	561,423
Additions	67,841	2,720	1,594	3,093	4,223	812	1,377	-	81,660
Disposals	(73,294)	-	-	(6,391)	(1,874)	(330)	(986)	-	(82,875)
Revaluation	-	(24,973)	-	-	-	-	-	-	(24,973)
At 31 December 2016	404,729	1,568	32,280	55,846	25,835	4,371	10,606	-	535,235
Additions	80,378	4,703	1,747	2,639	4,984	910	1,564	-	96,925
Disposals	(16,859)	-	-	(767)	(273)	(464)	(273)	-	(18,636)
Transfer to a related company	-	-	-	(58)	-	-	-	-	(58)
At 31 December 2017	468,248	6,271	34,027	57,660	30,546	4,817	11,897	-	613,466
Carrying amount:									
At 31 December 2017	672,743	57,609	15,423	3,264	37,065	3,546	5,492	8,702	803,844
At 31 December 2016	748,186	62,312	13,181	4,111	27,984	3,503	5,743	1,166	866,186

11 VEHICLES, PREMISES AND EQUIPMENT (cont'd)

	Buses	Leasehold land and building (N1)	Other leasehold buildings	Computers and automated equipment	Workshop machinery, tools and equipment	Motor vehicles	Furniture, fittings and equipment	Capital projects in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Company									
Cost or valuation:									
At 1 January 2016	1,224,864	48,588	34,208	63,126	38,544	5,726	14,243	18,271	1,447,570
Additions	-	-	219	1,535	10,506	821	1,675	2,839	17,595
Disposals	(73,297)	-	-	(6,386)	(1,889)	(336)	(995)	(14,866)	(97,769)
Reclassification	1,348	-	-	-	3,730	-	-	(5,078)	-
Revaluation	-	15,292	-	-	-	-	-	-	15,292
Transfer from ultimate holding company	-	-	-	-	-	-	94	-	94
Transfer to subsidiary	-	-	-	(1)	-	-	-	-	(1)
At 31 December 2016	1,152,915	63,880	34,427	58,274	50,891	6,211	15,017	1,166	1,382,781
Additions	-	-	514	1,084	11,041	539	782	12,798	26,758
Disposals	(17,100)	-	-	(764)	(282)	(504)	(358)	-	(19,008)
Reclassification	5,176	-	61	-	2,291	-	-	(7,528)	-
Transfer to a related company	-	-	-	(90)	-	-	-	-	(90)
Transfer (to) from subsidiary	-	-	-	(1)	-	-	27	-	26
At 31 December 2017	1,140,991	63,880	35,002	58,503	63,941	6,246	15,468	6,436	1,390,467
Accumulated depreciation:									
At 1 January 2016	410,182	23,821	29,780	58,809	22,929	3,612	10,069	-	559,202
Additions	67,841	2,720	805	2,657	3,681	588	1,203	-	79,495
Disposals	(73,294)	-	-	(6,385)	(1,872)	(330)	(985)	-	(82,866)
Revaluation	-	(24,973)	-	-	-	-	-	-	(24,973)
Transfer from ultimate holding company	-	-	-	-	-	-	-	-	-
Transfer to subsidiary	-	-	-	(1)	-	-	-	-	(1)
At 31 December 2016	404,729	1,568	30,585	55,080	24,738	3,870	10,287	-	530,857
Additions	80,378	4,703	877	2,095	4,487	616	1,325	-	94,481
Disposals	(16,859)	-	-	(764)	(273)	(464)	(273)	-	(18,633)
Transfer to a related company	-	-	-	(58)	-	-	-	-	(58)
Transfer to subsidiary	-	-	-	(1)	-	-	-	-	(1)
At 31 December 2017	468,248	6,271	31,462	56,352	28,952	4,022	11,339	-	606,646
Carrying amount:									
At 31 December 2017	672,743	57,609	3,540	2,151	34,989	2,224	4,129	6,436	783,821
At 31 December 2016	748,186	62,312	3,842	3,194	26,153	2,341	4,730	1,166	851,924

N1 : The Group's leasehold land and building at Soon Lee bus depot are stated at their revalued amounts (Note 20) 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 Bus Contracting Model (Note 33). As at 31 December 2017, the carrying amount of Soon Lee bus depot would have been \$21,311,000 (2016 : \$23,039,000), had the depot been carried at cost less accumulated depreciation.

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	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 (8 years unexpired)	Bus depot
No. 4 Defu Ave 1 Singapore	74,236 sq m	38 years from 1 January 1983 (3 years unexpired)	Bus depot
No. 1470 Bedok North Ave 4 Singapore	62,220 sq m	Under Temporary Occupation Licence	Bus depot
No. 2A Ayer Rajah Crescent Singapore	17,939 sq m	Under Temporary Occupation Licence	Bus park
No. 15 Ang Mo Kio Street 63 Singapore	63,955 sq m	26 years from 1 March 1994 (2 years 2 months unexpired)	Bus depot

12 DEFERRED TAX ASSETS/LIABILITIES

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Deferred tax assets	22,737	20,354	-	-
Deferred tax liabilities	(87,112)	(85,554)	(87,112)	(85,554)
Net	(64,375)	(65,200)	(87,112)	(85,554)
At beginning of year	(65,200)	(56,584)	(85,554)	(71,545)
Charge to Profit or Loss (Note 26)	1,300	(5,335)	(1,083)	(10,826)
Arising from movement in Other Comprehensive Income Statement	(475)	(3,281)	(475)	(3,183)
At end of year	(64,375)	(65,200)	(87,112)	(85,554)

The balance comprises the tax effects of:

Deferred tax assets

Unutilised tax losses	27,838	19,887	-	-
Excess of tax written down value over carrying amount	708	443	-	-
Utilisation of Group Relief Scheme - SBS Transit DTL Pte. Ltd.	(5,846)	-	-	-
Other items	37	24	-	-
	22,737	20,354	-	-

Deferred tax liabilities

Excess of carrying amount over tax written down value	(108,845)	(102,684)	(108,845)	(102,684)
Other items	21,733	17,130	21,733	17,130
	(87,112)	(85,554)	(87,112)	(85,554)
Net deferred tax liabilities	(64,375)	(65,200)	(87,112)	(85,554)

13 BORROWINGS

	The Group and The Company	
	2017	2016
	\$'000	\$'000
Borrowings comprise the following:		
(a) Short Term Bank Loans	6,000	–
(b) Long Term Bank Loans	175,000	66,000
(c) Medium Term Notes	–	150,000
Total	181,000	216,000

Analysed as:

Current	56,000	150,000
Non-current	125,000	66,000
Total	181,000	216,000

(a) Short Term Bank Loans

Short term bank loans are for a tenure of 1 month (2016 : Nil), unsecured and bear interest at rates ranging from 1.23% to 1.27% (2016 : Nil) per annum.

(b) Long Term Bank Loans

The long term bank loans are unsecured and have a remaining tenure ranging from 1 to 3 years (2016 : 2 years). Of this, \$125m bears fixed interest rates ranging from 1.91% to 2.53% (2016 : 2.53%) per annum. The remaining \$50m bears floating interest rates ranging from 1.47% to 1.57% (2016 : 1.35%) per annum.

(c) Medium Term Notes

On 24 May 2010, the Group established a \$250m Multicurrency Medium Term Note Programme (the "MTN Programme"). In 2012, the Group issued \$150m 5-year fixed rate unsecured Series 002 notes due on 12 September 2017 from the MTN Programme which was outstanding as at end of prior period. The notes bear an interest rate of 1.80% per annum payable on a semi-annual basis.

As at the end of the reporting period, the Group has fully repaid the notes.

14 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Payables to:				
Ultimate holding company (Note 4)	814	986	800	970
Related companies (Note 4)	6,133	3,151	6,069	3,128
Related party (Note 4)	22	–	6	–
Outside parties	65,294	53,699	60,468	48,487
Accruals	195,770	180,602	169,787	158,381
Deferred income	4,269	3,510	3,634	3,215
Total	272,302	241,948	240,764	214,181

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 (2016 : 30 days).

15 DEPOSITS RECEIVED

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Deposits received	9,248	9,769	7,661	8,209
Less: Due within 12 months	(3,648)	(4,967)	(3,271)	(4,301)
Due after 12 months	5,600	4,802	4,390	3,908

Deposits received from tenants in respect of leases of stalls and shop lots, are repayable upon termination of the lease agreements. Deposits that are not expected to be repaid within the next twelve 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.

16 INSURANCE PREMIUMS PAYABLE AND PROVISION FOR ACCIDENT CLAIMS

	The Group and The Company	
	2017 \$'000	2016 \$'000
At beginning of year	24,799	26,652
Charge to Profit or Loss	1,235	2,955
Payments	(4,069)	(4,808)
At end of year	21,965	24,799

The balance comprises provision for:

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

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

17 DEFERRED GRANTS

Government grants amounting to \$NIL (2016 : \$137,000) had been received from the government authorities to purchase certain assets. The grants received/receivable had been recognised as deferred income in accordance with the Group's accounting policy.

18 PROVISION FOR SERVICE BENEFITS AND LONG SERVICE AWARDS

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At beginning of year	10,981	10,260	10,836	10,186
Charge to Profit or Loss	688	1,414	597	1,341
Payments	(951)	(693)	(937)	(691)
At end of year	10,718	10,981	10,496	10,836

The balance comprises provision for:

Retirement benefits	7,527	7,737	7,395	7,656
Long service awards	3,191	3,244	3,101	3,180
	10,718	10,981	10,496	10,836

19 SHARE CAPITAL

	The Group and The Company			
	2017	2016	2017	2016
	Number ('000) of ordinary shares		\$'000	\$'000
Issued and paid up:				
At beginning of year	310,255	309,165	97,138	94,786
Exercise of share options	830	1,090	1,735	2,352
At end of year	311,085	310,255	98,873	97,138

Details of the outstanding share options of the Company as at the end of the financial year are set out in Note 22(b).

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

20 OTHER RESERVES

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Share option reserve:				
At beginning of year	355	507	355	507
Transfer to share capital on exercise of share options (Note 19)	(95)	(116)	(95)	(116)
Transfer to accumulated profits	(136)	(36)	(136)	(36)
At end of year	124	355	124	355
Investments revaluation reserve:				
At beginning of year	267	336	267	336
Loss on investments	(134)	(69)	(134)	(69)
At end of year	133	267	133	267
Premises revaluation reserve:				
At beginning of year	40,265	–	40,265	–
Revaluation changes during the year in Other Comprehensive Income	–	40,265	–	40,265
At end of year	40,265	40,265	40,265	40,265
Hedging reserve:				
At beginning of year	(2,321)	(18,335)	(2,321)	(17,860)
Gain on cash flow hedges	2,321	16,014	2,321	15,539
At end of year	–	(2,321)	–	(2,321)
Total	40,522	38,566	40,522	38,566

21 REVENUE

Revenue comprises the following amounts:

	The Group	
	2017 \$'000	2016 \$'000
Public Transport Services	1,135,690	1,034,786
Other Commercial Services	56,027	63,950
Total	1,191,717	1,098,736

Public Transport Services

Revenue from Public Transport Services comes from the provision of bus and rail services to commuters travelling on public transport systems.

Prior to 31 August 2016, revenue from the provision of bus services includes fare revenue from contactless smart card, cash revenue and a grant of \$69,521,000 received from LTA to defray the cost of purchasing and operating additional buses under the Bus Service Enhancement Programme. Subsequent to 1 September 2016, the Group's bus business commenced operations under the Negotiated Contract with LTA under the Bus Contracting Model ("BCM").

As a result, the Group recognised revenue comprising service fees for the operation of the bus services and leasing fees for the buses and other assets used in the provision of such services. Please see Note 33 for more details of the Negotiated Contract under the BCM.

There is no change to the revenue from rail services.

Other Commercial Services

Revenue from Other Commercial Services comprises advertising and rental income. A more detailed description is provided in Note 28.

22 STAFF COSTS

(a) Included in staff costs are:

- (i) The remuneration of the Directors (executive and non-executive) and key executives comprised mainly of short term benefits amounting to \$3,483,526 (2016 : \$3,839,513).

	The Group	
	2017 \$'000	2016 \$'000
(ii) Cost of contribution to Central Provident Fund	49,777	45,112

(b) Share-based payments

Share option scheme

The Company has a share option scheme for employees of the Group of the rank of Executive and above, and certain categories of persons who are not employees but who work closely with the Group. The scheme is administered by the Remuneration Committee. Information on the share option plan is disclosed in paragraph 4 to the Directors' Statement. Options are exercisable at a subscription price determined with reference to the market price of the shares at the time of grant of the options. The vesting period is one year. If the options remain unexercised after a period of 10 years (5 years for non-executive Directors) from the date of the grant, the options expire. Options granted will lapse when the option holder ceases to be a full-time employee or Director of the Group, subject to certain exceptions at the discretion of the Remuneration Committee.

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

	The Company			
	2017		2016	
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Outstanding at the beginning of the year	3,085,000	2.49	4,570,000	2.39
Lapsed during the year	(1,215,000)	3.34	(395,000)	2.48
Exercised during the year	(830,000)	1.98	(1,090,000)	2.05
Outstanding at the end of the year	1,040,000	1.91	3,085,000	2.49
Exercisable at the end of the year	1,040,000	1.91	3,085,000	2.49

The weighted average share price at the date of exercise for share options during the year was \$2.60 (2016 : \$2.40). The options outstanding at the end of the year have a weighted average remaining contractual life of 0.9 year (2016 : 1.4 years). For further details on the exercise prices of the options outstanding at the end of the year, please refer to the Directors' Statement.

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

23 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	
	2017	2016
	\$'000	\$'000
Directors' fees	460	439
Cost of inventories recognised in repairs and maintenance costs	112,606	91,807
Net loss (gain) on disposal of vehicles and equipment	103	(723)
Insurance premiums payable and provision for accident claims	1,235	2,955
Provision for service benefits and long service awards	688	1,414
Audit fees:		
Paid to auditors of the Company	124	124
Non-audit fees:		
Paid to auditors of the Company	52	29

24 NET INCOME FROM INVESTMENTS

	The Group	
	2017	2016
	\$'000	\$'000
Interest income from bonds	242	243

25 FINANCE COSTS

	The Group	
	2017	2016
	\$'000	\$'000
Interest expense on Bank Loans and Medium Term Notes	4,482	5,268

26 TAXATION

	The Group	
	2017	2016
	\$'000	\$'000
Current taxation	9,275	49
Deferred tax (Note 12)	(1,300)	5,335
	7,975	5,384

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2016 : 17%) to profit before taxation as a result of the following differences:

	The Group	
	2017	2016
	\$'000	\$'000
Profit before taxation	55,103	36,734
Taxation charge at statutory rate	9,368	6,245
Non-allowable items	600	482
Tax-exempt income	(26)	(26)
Overprovision of deferred tax in prior years	(1,950)	(1,300)
Other items	(17)	(17)
	7,975	5,384

27 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:

	2017	2016
Profit attributable to shareholders of the Company (\$'000)	47,128	31,350
Weighted average number of ordinary shares in issue ('000)	310,754	309,652
Basic earnings per share (in cents)	15.17	10.12

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.

	2017	2016
Profit attributable to shareholders of the Company (\$'000)	47,128	31,350
Weighted average number of ordinary shares in issue ('000)	310,754	309,652
Adjustment for share options ('000)	248	244
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	311,002	309,896
Diluted earnings per share (in cents)	15.15	10.12

28 BUSINESS SEGMENT INFORMATION

The Group operates principally in Singapore.

Following the developments in the public transport industry, the Group's business segment information reported to the Group's chief operating decision maker for purposes of resource allocation and assessment of segment performance are based on the following:

- (a) Public Transport Services: Income is generated substantially from the provision of bus and rail services to commuters travelling on public transport systems.
- (b) Other Commercial Services: Income is generated substantially through –
 - (i) advertisements on buses and trains and at bus interchanges and rail stations; and
 - (ii) rental collections from commercial and shop space at bus interchanges and rail stations.

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

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

28 BUSINESS SEGMENT INFORMATION (cont'd)

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

28 BUSINESS SEGMENT INFORMATION (cont'd)

	Public Transport Services \$'000	Other Commercial Services \$'000	Total \$'000
2016			
REVENUE	1,034,786	63,950	1,098,736
RESULTS			
Segment results	2,656	39,103	41,759
Net income from investments			243
Finance costs			(5,268)
Profit before taxation			36,734
Taxation			(5,384)
Profit after taxation			31,350
OTHER INFORMATION			
Additions of vehicles, premises and equipment	19,702	162	19,864
Depreciation expense	79,687	1,973	81,660
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Segment assets	1,005,839	20,752	1,026,591
Unallocated corporate assets			28,205
Consolidated total assets			1,054,796
LIABILITIES			
Segment liabilities	356,270	30,551	386,821
Unallocated corporate liabilities			249,990
Consolidated total liabilities			636,811

29 COMMITMENTS

As at 31 December 2017, the Group and the Company have the following commitments:

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

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Purchase of vehicles, premises and equipment	39,330	24,514	37,366	22,952

(b) Operating lease arrangements
The Group as lessee

	The Group	
	2017	2016
	\$'000	\$'000
Minimum lease payment under operating leases included in the Profit or Loss	10,324	10,418

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

	The Group	
	2017	2016
	\$'000	\$'000
Within one year	10,196	9,570
In the second to fifth year inclusive	19,923	25,707
After five years	5,226	6,604
Total	35,345	41,881

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

The Group as lessor

The Group rents out part of their spaces and floor areas at bus depots and train stations under operating leases. Property rental and licence fee income earned under non-cancellable leases during the year was \$18,559,000 (2016 : \$19,342,000). The properties are managed and maintained by the Group.

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

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Within one year	16,836	15,125	13,364	12,733
In the second to fifth year inclusive	13,803	12,591	10,358	9,476
Total	30,639	27,716	23,722	22,209

30 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) 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 by matching revenue and cost in the relevant currencies to create a natural hedge and through active currency management using hedging instruments such as forwards and options where necessary.

Foreign currency sensitivity

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

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 (d) 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 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.

30 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**(a) 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 \$0.3m (2016 : \$0.3m). The sensitivity analysis assumes that consumption is held constant at the same level as in 2017.

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.

(b) Hedging instruments

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

The Group's hedging instruments are measured at fair value whereby future cash flows are estimated based on contracted rates and observable forward rates at the end of the reporting period, discounted at a rate that reflects the credit risk of the various counterparties.

The Group and the Company use fuel hedges to hedge against fuel price risks. These arrangements are designed to address fuel price exposure. The fuel hedges are accounted for as cash flow hedges. At end of the reporting period, the Group does not have outstanding hedges. At end of prior period, the Group had outstanding fuel hedges with notional amounts totaling \$13,253,000. The fair value of the Group's and the Company's fuel hedging instruments comprised \$2,798,000 of liabilities on cash flow hedges in Other Comprehensive Income.

The Group and the Company use forward contracts and options to manage their exposure to foreign exchange risks. These arrangements are designed to address foreign exchange risk on future purchases of goods and are accounted for as cash flow hedges. At the end of the reporting period, the Group does not have any foreign exchange hedging instrument.

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

30 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) **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 Notes 13 (a) and (b) while equity refers to total equity.

No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 2016.

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

	Contractual cash flows					Effective interest rate
	Carrying amount	Total	Within 1 year	Within 2 to 5 years	Beyond 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	%
2017						
Financial liabilities						
Loans:						
In functional currency:						
Short Term Bank Loan						
- unsecured	6,000	6,005	6,005	-	-	1.23 – 1.27
Long Term Bank Loans						
- unsecured	175,000	181,942	53,218	128,724	-	1.47 – 2.53
2016						
Financial liabilities						
Loans:						
In functional currency:						
Long Term Bank Loans						
- unsecured	66,000	68,966	1,481	67,485	-	1.35 – 2.53
Medium Term Notes						
- unsecured	150,000	152,700	152,700	-	-	1.80

31 DIVIDENDS

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

	2017 \$'000	2016 \$'000
Tax-exempt one-tier final dividend in respect of the previous financial year:		
– 2.70 cents (2016 : 1.05 cents) per ordinary share	8,390	3,248
Tax-exempt one-tier interim dividend in respect of the current financial year:		
– 3.65 cents (2016 : 2.35 cents) per ordinary share	11,352	7,287
Total	19,742	10,535

(b) Subsequent to the end of the financial year, the Directors of the Company recommended that a tax-exempt one-tier final dividend of 3.95 cents per ordinary share totalling \$12,288,000 be paid for the financial year ended 31 December 2017. 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 3.65 cents per ordinary share (2016 : 2.35 cents per ordinary share), total distributions paid and proposed in respect of the financial year ended 31 December 2017 will be 7.60 cents per ordinary share (2016 : 5.05 cents per ordinary share).

32 LICENCE FOR RAIL SERVICES

North-East MRT System, Punggol LRT System and Sengkang LRT System

A licence dated 15 January 2003 was issued by LTA to the Company under which the Company is licensed to operate the North-East MRT System, Punggol LRT System and Sengkang LRT System (collectively referred to as the “Licensed Systems”).

The licence sets out the conditions governing the operation of the Licensed Systems and includes, among others, the following:

- (a) The licence is for an initial period of 30 years commencing 15 January 2003. The Company may apply to LTA to renew the licence for a further 30 years or any other period and upon terms and conditions as LTA may impose.
- (b) The licence fee payable to LTA is prescribed under the subsidiary legislation of the Rapid Transit Systems (“RTS”) Act during the Licence Term.
- (c) The Company and LTA shall jointly review the viability on the fifth anniversary of the date of the licence or such other period as may be agreed in writing between the Company and LTA. In this review, LTA shall determine the dates and time of the Company’s purchase of the operating assets of the Licensed Systems and the amount is based on the net book value as recorded in the latest audited accounts of LTA.
- (d) The Company may apply in writing to LTA for a grant to replace any eligible operating assets computed based on the difference between the purchase cost of the new assets and the purchase cost of the operating assets to be replaced.

The main categories of eligible operating assets are trains, maintenance vehicles, power supply equipment, supervisory control system, escalators and lifts, platform screen doors, environmental control system, tunnel ventilation system, electrical service and fire protection system, signalling system, communication system, automatic fare collection system, depot workshop equipment, access management system and maintenance management system.

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 RTS Act during the Licence Term.

32 LICENCE FOR RAIL SERVICES (cont'd)

- (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.

33 NEGOTIATED CONTRACT UNDER THE BUS CONTRACTING MODEL

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.

The Company operates a total of 8 bus packages. The names of the packages and their respective contract periods in years are : Bukit Merah (2 years), Sengkang-Hougang (5 years), Tampines (8 years), Bishan-Toa Payoh (10 years), Serangoon-Eunos (9 years), Clementi (9 years), Bedok (7 years) and Jurong West (8 years). The contract period of the 8 bus packages averages about 7 years.

The 8 bus packages cover a total of 196 bus services, 5 bus depots, 3 bus parks, 13 bus interchanges and 14 bus terminals. The fleet size required to operate the 8 packages is around 2,900 buses. The Company leases its existing fleet of close to 2,900 buses to LTA. In consideration of the Company using its existing 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.

Under the BCM, LTA retains all fare revenue collected from the provision of the bus services. Revenue for provision of bus services 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:-

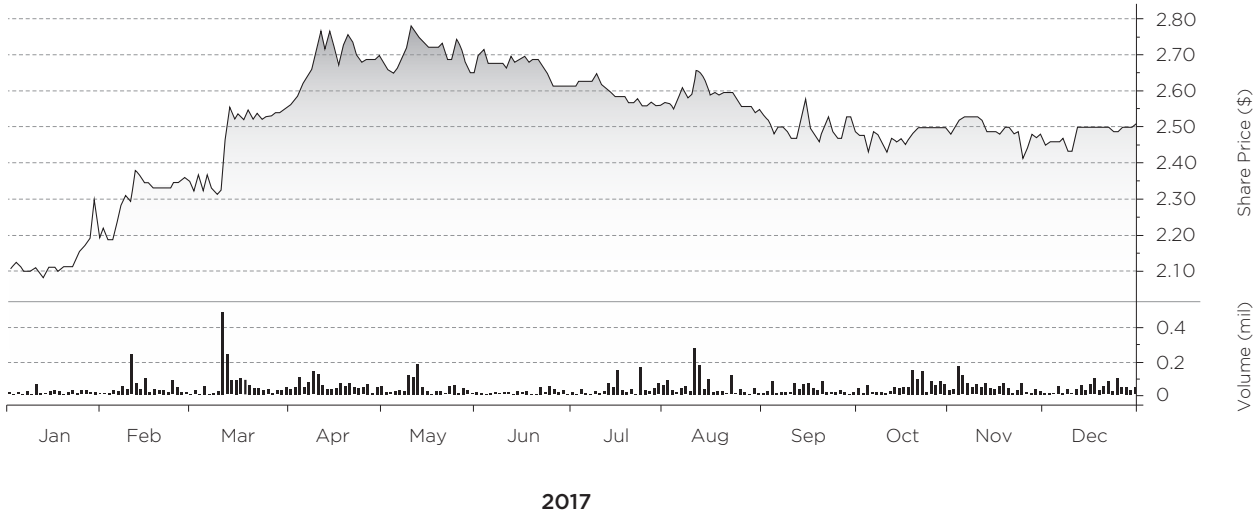
- (a) Operate, manage and maintain the buses and their on-board equipment;
- (b) Operate, and maintain the bus interchanges, bus depots including the equipment and systems therein;
- (c) Charge and collect fares as approved by the Public Transport Council, on behalf of LTA, for travel on the bus services;
- (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.

The Company was awarded the Seletar Bus Package in April 2017. The five-year contract can be extended by another two years. The bus package will commence operations from March 2018.

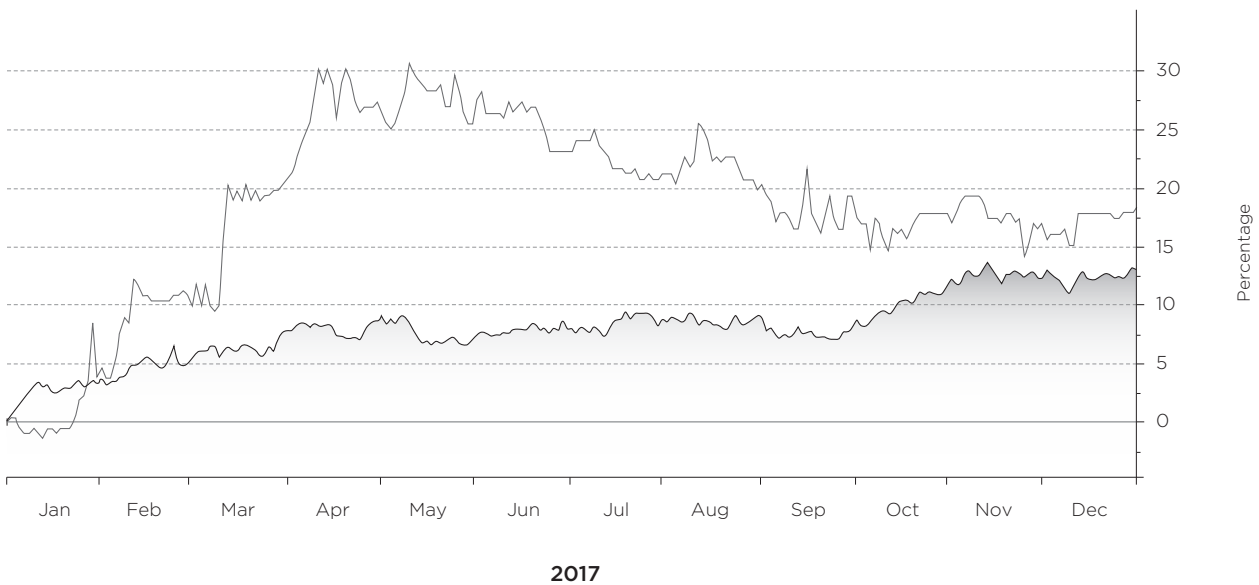
34 SUBSEQUENT EVENT

Subsequent to the financial year end and as at the date of this report, the Board has approved the sale of certain operating assets of the North-East MRT System, Sengkang and Punggol LRT Systems to LTA as part of the transition to the New Rail Financing Framework. These assets will be sold at their net book values estimated at \$28,800,000, subject to the approval of the relevant authorities.

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)



■ SBS Transit ■ FTSE Straits Times Mid Cap Index (FSTM)

Source: Bloomberg Finance L.P.

SHAREHOLDING STATISTICS

As at 5 March 2018

No. of shares issued : 311,179,766
 Class of shares : Ordinary shares
 Voting rights : One vote per ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	25	0.14	629	0.00
100 - 1,000	3,519	19.00	2,230,986	0.72
1,001 - 10,000	14,534	78.48	24,780,222	7.96
10,001 - 1,000,000	430	2.32	18,000,993	5.79
1,000,001 & above	11	0.06	266,166,936	85.53
Total	18,519	100.00	311,179,766	100.00

Top Twenty Shareholders	No. of Shares	%
ComfortDelGro Corporation Limited	232,125,512	74.59
BPSS Nominees Singapore (Pte.) Ltd.	10,894,000	3.50
DBS Nominees Pte Ltd	5,565,249	1.79
Raffles Nominees (Pte) Ltd	5,200,300	1.67
Citibank Nominees Singapore Pte Ltd	2,789,466	0.90
United Overseas Bank Nominees Pte Ltd	2,212,000	0.71
Maybank Kim Eng Securites Pte Ltd	2,030,949	0.65
DB Nominees (S) Pte Ltd	1,683,000	0.54
OCBC Nominees Singapore Pte Ltd	1,365,760	0.44
Tham Kim Fay or Kwa Ai Tee Jeanne	1,176,800	0.38
DBSN Services Pte Ltd	1,123,900	0.36
Changi Bus Company (Private) Limited	691,548	0.22
Phillip Securities Pte Ltd	550,500	0.18
UOB Kay Hian Pte Ltd	529,900	0.17
Pang Cheow Jow	400,000	0.13
Tan Kuangxu	398,000	0.13
Ng Kok Song Jolly	371,400	0.12
Cheng Kai Lan	333,600	0.11
Jusin Private Limited	300,000	0.09
Goei Beng Guan Alex	275,000	0.09
Total	270,016,884	86.77

Substantial Shareholder (as shown in the Register of Substantial Shareholders)	No. of Shares	%
ComfortDelGro Corporation Limited	232,125,512	74.59

As at 5 March 2018, approximately 25.32% of the issued ordinary shares of SBS Transit Ltd is in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

SBS Transit Ltd

(Incorporated in the Republic of Singapore)
(Co. Reg. No.: 199206653M)

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting* of the Company will be held on Wednesday, 25 April 2018 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 2017 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a tax-exempt one-tier final dividend of 3.95 cents per ordinary share in respect of the Financial Year ended 31 December 2017. **(Resolution 2)**
3. To approve the payment of Directors’ fees of \$459,738 for the Financial Year ended 31 December 2017. (FY2016: \$438,900). **(Resolution 3)**
4. To re-elect Mr Lim Jit Poh, a Director retiring pursuant to Article 97 of the Company’s Articles of Association comprising part of the Constitution of the Company. **(Resolution 4)**
5. To note that Mr Cheong Yip Seng will be retiring pursuant to Article 97 of the Company’s Articles of Association comprising part of the Constitution of the Company and he will not be seeking re-election at this AGM.
6. To note that Mr Chin Harn Tong will be retiring pursuant to Article 97 of the Company’s Articles of Association comprising part of the Constitution of the Company and he will not be seeking re-election at this AGM.
7. To re-elect Mr Yang Ban Seng, a Director retiring pursuant to Article 103 of the Company’s Articles of Association comprising part of the Constitution of the Company. **(Resolution 5)**
8. To re-elect Ms Lee Sok Koon, a Director retiring pursuant to Article 103 of the Company’s Articles of Association comprising part of the Constitution of the Company. **(Resolution 6)**
9. To re-elect Ms Kong Yim Pui, Susan, a Director retiring pursuant to Article 103 of the Company’s Articles of Association comprising part of the Constitution of the Company. **(Resolution 7)**
10. To re-appoint Messrs Deloitte & Touche LLP as Auditors and authorise the Directors to fix their Remuneration. **(Resolution 8)**

***LIGHT REFRESHMENTS WILL BE SERVED AFTER THE ANNUAL GENERAL MEETING**

Special Business:

To consider and, if thought fit, to pass the following Resolutions which will be proposed as Special Resolutions:

11. That the new constitution of the Company ("New Constitution") submitted to this Meeting and, for the purpose of identification, subscribed to by the Company Secretary be approved and adopted as the New Constitution in substitution for, and to the exclusion of, the existing memorandum and articles of association of the Company. **(Resolution 9)**
12. Subject to and conditional upon Special Resolution 9 being passed, that the objects clauses within the New Constitution which are incorporated from the existing provisions of the memorandum and articles of association of the Company ("Existing Constitution"), be deleted in the manner as set out in Annexure 2 of the Appendix to this Notice ("Appendix"). **(Resolution 10)**

Books Closure and Dividend Payment Dates

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 5 May 2018 for the purposes of determining Shareholders' entitlements to the proposed tax-exempt one-tier final dividend of 3.95 cents per ordinary share for the Financial Year ended 31 December 2017.

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 2018 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 2018 will be entitled for the proposed final dividend.

The final dividend, if approved by the Shareholders at the Twenty-Fifth Annual General Meeting of the Company, will be paid on 11 May 2018.

By Order of the Board

Chan Wan Tak, Wendy
Yeo Tee Yeok, Edwin
Joint Company Secretaries
Singapore
27 March 2018

Notes:

- 1 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
- 2 A proxy need not be a member of the Company.
- 3 The instrument appointing a proxy or proxies (a form is enclosed) must be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 48 hours before the time appointed for holding the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Additional Information on Ordinary Business:

Ms Lee Sok Koon is a Member of the Audit and Risk Committee. She is considered an independent Director of the Company. If re-elected, Ms Lee Sok Koon will continue as a Member of the Audit and Risk Committee.

Explanatory Notes

Special Resolution 9 above is to adopt a new constitution for the Company following the extensive amendments to the Companies Act (Chapter 50 of Singapore) ("Companies Act") introduced pursuant to the Companies (Amendment) Act 2014 ("2014 Amendment Act") and the Companies (Amendment) Act 2017 ("2017 Amendment Act"). The New Constitution consists of the existing provisions of the memorandum and articles of association of the Company, revised mainly to give effect to the amendments made to the Companies Act by the 2014 Amendment Act and the 2017 Amendment Act. Please refer to the Appendix and Annexure 1 to the Appendix for more details on the New Constitution.

Special Resolution 10 above is to delete the objects clauses within the New Constitution which are incorporated from the Existing Constitution ("Objects Clauses") in the event that shareholders of the Company vote in favour of Special Resolution 9 above for the proposed adoption of the New Constitution. By deleting the Objects Clauses, the Company will have all the powers of a natural person, with full capacity and ability to carry on or undertake any business or activity, and to enter into any transaction, subject to the Companies Act, any other written law and the New Constitution. Please refer to Annexure 2 to the Appendix for more details.

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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, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who intend to exercise the voting rights attached to their SBS Transit Ltd shares purchased using their CPF monies are requested to contact their respective CPF Approved Nominees.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 March 2018.

I/We _____ (Name) _____ (NRIC/Passport Number)
of _____ (Address)

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

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

and/or (delete as appropriate)

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or failing him/them, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held on Wednesday, 25 April 2018 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

NOTE: The Chairman of the AGM will be exercising his right under Article 67(a) of the Articles of Association of the Company to demand a poll in respect of the Resolutions to be put on the vote of the members at the AGM and at any adjournment thereof. Accordingly, such Resolutions at the AGM will be voted on by way of poll.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
Ordinary Business			
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Mr Lim Jit Poh as Director		
5.	Re-election of Mr Yang Ban Seng as Director		
6.	Re-election of Ms Lee Sok Koon as Director		
7.	Re-election of Ms Kong Yim Pui, Susan as Director		
8.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
Special Business			
9.	Adoption of New Constitution		
10.	Deletion of Objects Clauses		

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

Dated this _____ day of _____ 2018

Total Number of Shares Held (Note 1)

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

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

Email Address: _____ Mobile Phone No: _____

LIGHT REFRESHMENTS WILL BE SERVED AFTER THE AGM

NOTES:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.
3. A proxy need not be a member of the Company.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 48 hours before the time set for the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject the instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line

Affix
postage
stamp

THE COMPANY SECRETARY

SBS Transit Ltd
205 Braddell Road
Singapore 579701

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

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

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

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

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

**LIGHT REFRESHMENTS WILL BE SERVED
AFTER THE ANNUAL GENERAL MEETING**

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