

## OUR VISION

## MOVING PEOPLE IN A SAFE, RELIABLE AND AFFORDABLE WAY

## OUR MISSION

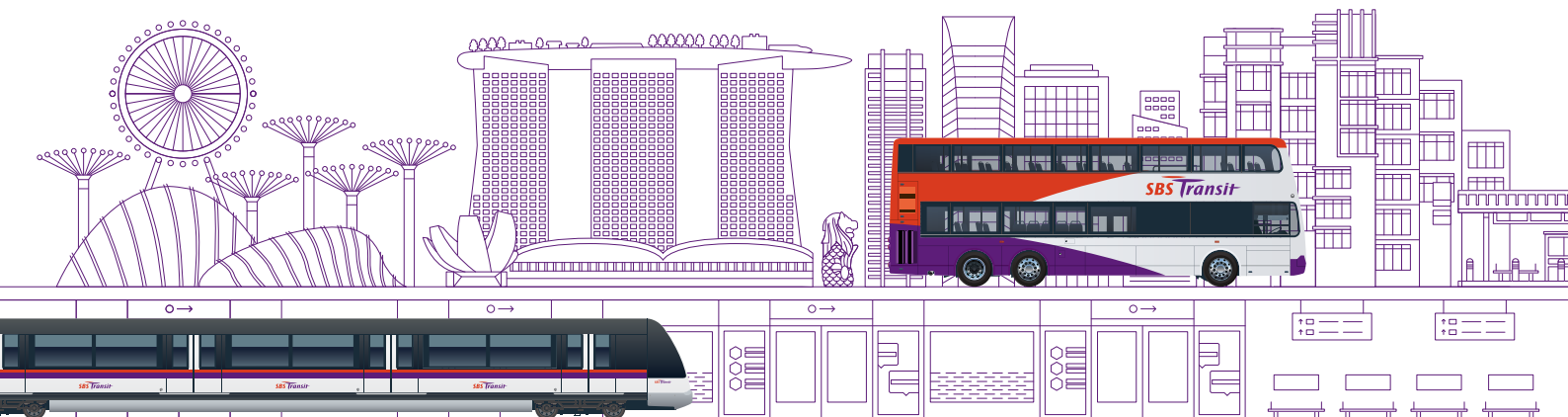
To achieve excellence for our customers, employees, shareholders and community. To this end, we are committed to delivering safe and reliable services at affordable prices, being an employer of choice, creating significant shareholder value and becoming a socially responsible corporate role model.

## CORE BELIEFS

**To achieve our Vision and Mission,  
we are guided by the following beliefs:**

**We will:**

- Be driven by our customers' needs
- Strive for excellence in everything we do
- Act with integrity at all times
- Treat people with fairness and respect
- Maintain safety as a top priority
- Collaborate with our partners for a win-win outcome
- Give our shareholders a reasonable return



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# CHAIRMAN'S STATEMENT



## Introduction

2016 was a watershed year for Singapore's public transport industry. All scheduled bus services migrated to the new Bus Contracting Model (BCM) while the entire fare structure was simplified to adopt a purely distance-based approach. In the rail sector, the Government announced that the Thomson-East Coast Line (TEL) would be operated along a similar concept as the BCM with only the two local rail operators invited to tender for it. Two-car trains were introduced on our Light Rail Transit (LRT) systems in Sengkang and Punggol and 28 new trains – 16 for the LRT systems and 12 for the North East Line (NEL) – were delivered.

## Bus Contracting Model

On 1 September 2016, we transitioned to the new BCM. In the Negotiated Contract (NC) with the Land Transport Authority (LTA), we will operate 196 bus routes under eight bus packages with terms ranging from two to 10 years.

We continue to operate these bus services with our existing infrastructure – five bus depots, three bus parks, 13 bus interchanges and 14 bus terminals – while our fleet of close to 2,900 buses has been leased to the LTA.

As part of the NC, SBS Transit will be paid a service fee to operate these bus services while the fares collected for the bus rides will go to the LTA. The total fee for the contract period of about seven years, including the leasing fees, is estimated to be \$5.32 billion. This excludes adjustments for inflation, changes in wage levels and fuel costs, service variations, and incentive/disincentive payment. In addition, we retain revenue from advertising and rental.

Under the NC's Bus Service Reliability Framework, commuters can expect higher service levels and better regularity of buses calling at the bus stops.

The BCM marks a new era in Singapore's public bus transport industry and is a more sustainable model for the long term.

We restructured our Bus Business during the year to enable us to be more nimble in our response to the evolving and challenging public bus environment and to be aligned to the NC packages. New processes, procedures and systems were put into place to

meet new requirements such as the Maintenance Audit requirements.

## Other Significant Highlights

The Public Transport Council undertook the annual fare review exercise in October 2016. Similar to the year before, there was a reduction in bus and train fares as fuel prices fell. Overall, fares were lowered by 4.2 per cent and the balance 1.5 per cent fare cut carried over to 2017. This translates into lower card fares of between one and 27 cents for adults, and one and seven cents for senior citizens. Significantly, the fare structure was simplified for the rail lines with no fare differential for fully-underground and above-ground lines and based on shortest distance.

As the provision of bus services now comes under the BCM, the fare cuts, which were implemented on 30 December 2016, will only have an effect on our rail revenue in 2017.

In June 2016, we rolled out salary adjustments. With this, new Singaporean and Permanent Resident Bus Captains (BCs) earn a basic salary of \$1,950 and can look forward to a gross monthly salary of up to \$3,460,

including allowances, incentives and overtime pay, in their first year of service with us.

In September 2016, we provided 36 BCs and staff to help Go-Ahead Singapore operate two bus services, Services 358 and 359, when it faced a temporary shortage of BCs.

During the year in review, 12 of our Light Rail Vehicles (LRVs) used on the Sengkang and Punggol Light Rail Transit (SPLRT) systems were found to have hairline cracks on their bogie frames. Although independently assessed as not being safety critical, we immediately withdrew them from passenger service. We have since replaced all bogie frames and affected trains have been put back into service. As part of preventive maintenance, weekly checks have also been instituted. Together with the LTA, we are working with the train supplier, Mitsubishi Heavy Industries of Japan, which will redesign and replace the bogie frame structures for our entire fleet of 57 LRVs at no charge.

### **Serving Our Commuters**

We rolled out six new bus routes and amended four bus routes during the year. We also beefed up 17 services by adding more buses and replacing single deck ones with higher capacity double deck buses. The needs of passengers-in-wheelchairs were further accelerated as 46 wheelchair accessible bus services were rolled out as more ground infrastructure became barrier-free. Close to 96% or 193 of our bus services are now wheelchair-accessible.

Demand for our rail services continued to grow with over 329 million passenger trips made in 2016, representing an increase of 27% over the previous year. The sharp increase came from the Downtown Line (DTL) where average daily ridership almost tripled to 220,376 following the opening of DTL2 with 12 more stations in late December 2015. In both DTL1 and 2, we operated 18 stations. Average daily ridership on the NEL grew by 5.2% to 564,701 while that of the SPLRT saw a double-digit growth of 15.3% to 114,094.

In tandem with the increase in passenger demand, 200 more weekly trips were added to the schedules of the NEL while 242 additional daily trips were operated on the SPLRT.

On the LRT systems, we opened two stations on the Punggol West Loop – Sam Kee in February 2016 and Punggol Point in December 2016 – leaving only two stations unopened. We now have 27 stations in operation on the SPLRT. We also rolled out two-car train operations during peak hours on the Sengkang LRT East and West Loops and the Punggol LRT East Loop to provide commuters with a more comfortable ride.

To improve service reliability, we have adopted the ISO55001 Asset Management Framework and worked diligently at enhancing the current system designs, improving maintenance efficiency and effectiveness, as well as replacing ageing equipment to minimise the incidence of a disruption or delay.

We are working hard to achieve our MKBF target of 400,000 train-KM by 2018 for incidents resulting in service delays of more than five minutes. MKBF, which is the abbreviation for Mean Kilometre Between Failure, is a reliability measure used globally in the rail industry.

For 2016, our MKBF for DTL was 260,000 train-KM and for NEL was 174,000 train-KM compared to the industry's 174,000 train-KM. The DTL was the best performing MRT line in Singapore in 2016 but we cannot rest on our laurels. There is more to be done.

### **Sustainability**

At SBS Transit, sustainability is central to the way we conduct our business. From health and safety to environmental care, from people management to reaching out to the community we operate in, we continue to be deeply committed to ensuring that our best efforts are deployed at all times.

In the area of environmental care, 72.5% of our fleet or 2,287 buses are Euro 5 compliant, which emit less pollutants into the environment. We also conducted a hybrid bus trial with Volvo Singapore to test the performance of such buses on Singapore roads.

In road safety, we harnessed the use of technology to help our BCs become safer drivers. During the year, we installed a smart anti-collision alert system known as Mobileye on our buses. Today, about 810 of our buses are equipped with Mobileye and our investment in this technology amounts to about \$1.5million.

Given the heightened security environment, we continued to work with the Ministry of Home Affairs as a strategic stakeholder in the SG Secure campaign to stay united, alert and strong in the face of terrorism. Our BCs and station staff attended security briefings and we conducted regular security exercises with the Authorities to test our vigilance and preparedness in handling incidents. As part of our long standing operational training, our staff are also trained in first aid and fire safety.

Reaching out to the community we serve, we conducted 98 school talks, mini exhibitions and visits to our bus interchanges, depots and train depots, reaching out to close to 39,000 students. We also invited some 500 of them from 14 schools and kindergartens to join us at our inaugural SBS Transit CARES Kindness Day by showing appreciation to our frontline staff.

At our bus interchanges, we launched the "Towkay" programme with free use of space. Initiated by Gobbler, a sister company, the programme focusses on helping the unemployed achieve financial independence. Participants of the programme sell items such as tissue packs and snacks at our bus interchanges after receiving training in customer service and financial management.

# CHAIRMAN'S STATEMENT

## Recognition and Awards

In the Singapore Governance and Transparency Index 2016, we were ranked 41st in a field of 631 companies. This is two notches higher than in 2015.

Our continued efforts to improve safety and safe driving did not go unnoticed by the Road Safety Council which crowned two of our BCs champions in the "Safe Driver" and "Most Improved Driver" categories.

In customer service, our staff won accolades for going the extra mile for our commuters. For instance, our frontliners clinched four of the seven awards in the "Outstanding Service Individual" category at the Land Transport Excellence Award organised by the LTA. One of our Chief BCs also received the "Customer Service Professional of the Year" title from Asia Pacific Customer Service Consortium based in Hong Kong. Another Senior BC received the Merit Award in the same category.

Besides customer service, we were also recognised for our corporate social responsibility with the "Partner Award" at the National Heritage Board's Patron of Heritage Awards. This was for our support of the Speak Mandarin and Speak Malay campaigns over the years.

## Financial Performance

Group revenue for the year increased by 7.3% from \$1,023.9 million to \$1,098.7 million.

In the Public Transport Services, revenue increased by 7.5% or \$72.1 million to \$1,034.8 million, which can be attributed mainly to the growth in rail ridership. In 2016, the provision of bus services was made under the BCM from September 2016. Hence, revenue for the year comprised eight months of contribution under the fare model and four months of contribution under the BCM.

Revenue from the Other Commercial Services increased by 4.4% or \$2.7 million to \$64.0 million.

The increase came mainly from higher advertising revenue as more rail stations were added to the network with the opening of the DTL2 stations.

The increase in Group revenue of \$74.8 million was offset by an increase in Group operating expenses of 5.8% or \$58.2 million due mainly to higher staff costs, higher repairs and maintenance costs and higher premises costs. As a result, Group operating profit increased by \$16.6 million or 66.0% to \$41.8 million.

At the Group level, net profit attributable to shareholders increased by 87.6% from \$16.7 million to \$31.4 million.

Earnings per share was 10.12 cents, 87.1% higher than the 5.41 cents previously. As at 31 December 2016, total equity for the Group increased by 23.4% to \$418.0 million due mainly to profits generated from operations, and an increase in other reserves which was partially offset by the payment of dividends.

Your Directors have proposed a tax-exempt one-tier final dividend of 2.70 cents per share. Together with the tax-exempt one-tier interim dividend of 2.35 cents per share paid earlier, the total tax-exempt one-tier dividend to be paid out for 2016 will be 5.05 cents per share, 87.0% higher than the previous year, in light of higher profits. The yield is 2.4%. The dividend payout of 50% is also in line with our dividend policy of distributing at least half of our profit as dividend.

## The Year Ahead

2017 will continue to be a challenging one as the economy is fraught with uncertainties. But amidst this, we believe that there are opportunities too.

First, the LTA has invited us to submit a tender to operate the upcoming TEL, which will be Singapore's sixth MRT line. The TEL will connect Woodlands in the north to Bedok South in the east; creating new links to Marine Parade and Tanjong Rhu while en-route to the heart

of the city. Fully underground, TEL will be 43-km long with 31 stations, and is scheduled to begin operations in five phases from 2019 to 2024. It will operate with a four-car system. We are excited by this prospect as we have been operating two of the three underground MRT lines in Singapore. We believe our expertise and experience will stand us in good stead.

Separately, DTL3 is scheduled to open in the second half of 2017 with 16 stations between Fort Canning and Singapore Expo. With that, all 34 stations along the 42-km Line will be fully operational, making it the longest underground MRT line in Singapore. We are on track in our recruitment of more than 1,300 staff as we gear up for the full operation of the DTL, which the LTA has projected to have an average daily ridership of 500,000.

In the bus business, we await the tender results of the Seletar bus package, which closed in October 2016. It attracted nine bids, including ours and the results will be announced by the first half of 2017.

## Appreciation

I would like to thank Mr Gan Juay Kiat, the Executive Director and Chief Executive for his leadership in managing the Group. I would also like to thank Management and Staff for their hard work in rising to the challenges of the evolving public transport industry. I commend them for their dedication and commitment in staying focussed on our vision and core values.

Deputy Chairman Kua Hong Pak, who is also the Managing Director/Group Chief Executive Officer of our parent ComfortDelGro Corporation Limited, has decided to step down from his position in ComfortDelGro on 30 April 2017. Accordingly, he will also step down as Deputy Chairman. In his place, we will be appointing his successor Mr Yang Ban Seng, as a Director and Deputy Chairman from 1 May 2017. I would like to register my appreciation to Mr Kua for his many

valuable and significant contributions over a period of 14 years, from 2003 to 2017. He has also been grooming, advising and counselling the CEO, Mr Gan Juay Kiat, since 2007.

I welcome Ban Seng and look forward to his contributions. I also wish to add my grateful appreciation to my fellow directors for their advice and suggestions over these formative years. We have embarked on a process of director renewals starting with the coming AGM where our Board Director and Chairman of our Service Quality Committee, Mr David Wong Chin Huat, will be stepping down after having

served faithfully on the Board since 1997. He has provided helpful insights, timely advice and unwavering support throughout his directorship.

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

To our Commuters, thank you for your support and patronage. We remain committed to improving our services

and service standards in meeting your travel needs.

Last but by no means least, my appreciation also goes to our loyal Shareholders. We will continue to work hard to give you a fair and reasonable return and to deliver what we have committed.

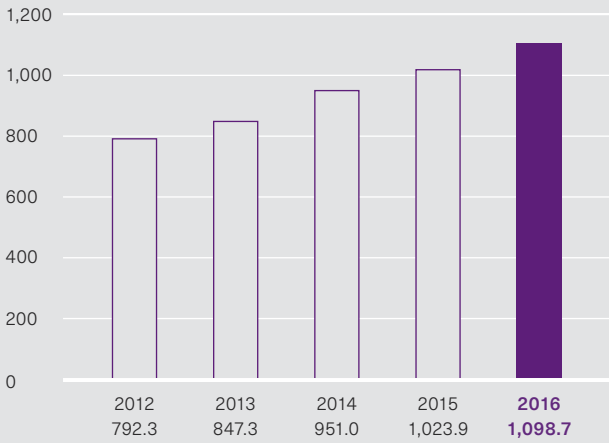
**Lim Jit Poh**

Chairman  
March 2017

# GROUP FINANCIAL HIGHLIGHTS

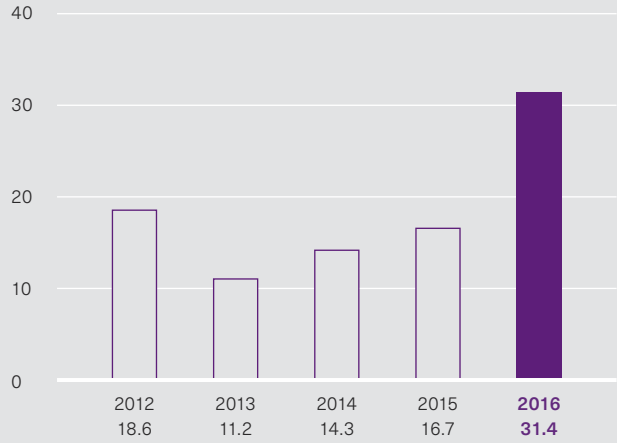
## Revenue

(\$'mil)



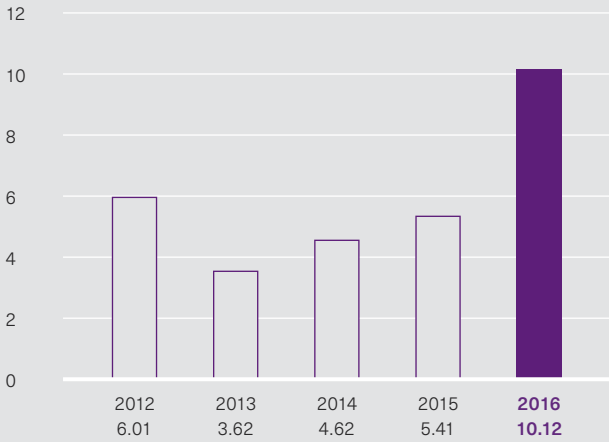
## Profit Attributable to Shareholders

(\$'mil)



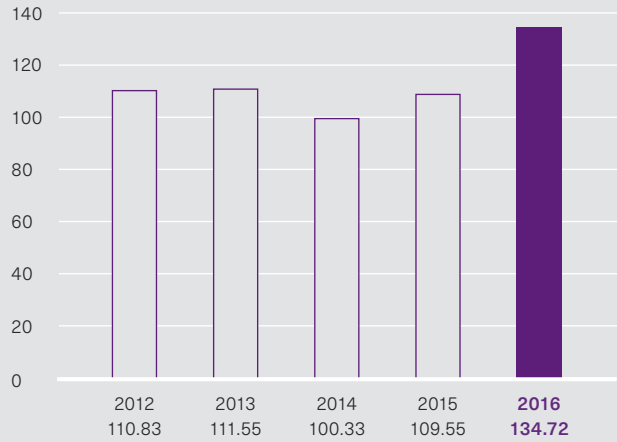
## Earnings Per Ordinary Share

(cents)



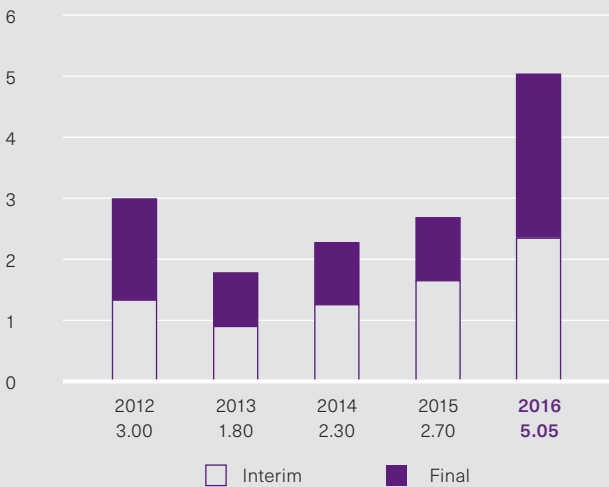
## Net Asset Value Per Ordinary Share

(cents)



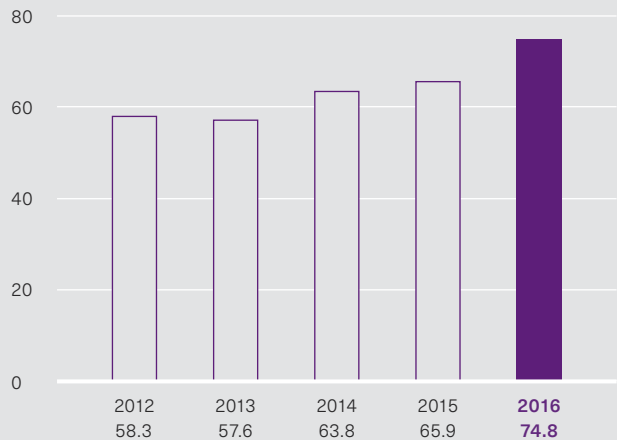
## Total Dividend Per Ordinary Share

(cents)



## Value-Added Per Employee

(\$'000)





# GROUP FINANCIAL HIGHLIGHTS

## Financial Summary

	2012	2013	2014	2015	2016
Revenue (\$'mil)	792.3	847.3	951.0	1023.9	1098.7
Operating costs (\$'mil)	766.9	831.8	930.4	998.8	1057.0
Operating profit (\$'mil)	25.4	15.5	20.7	25.2	41.8
Profit attributable to shareholders (\$'mil)	18.6	11.2	14.3	16.7	31.4
EBITDA (\$'mil)	82.4	77.4	91.7	110.5	123.4
Issued capital (\$'mil)	93.9	93.9	94.6	94.8	97.1
Capital and reserves (\$'mil)	342.1	344.3	310.1	338.7	418.0
Capital disbursement (\$'mil)	202.7	166.1	214.4	155.8	23.5
Return on shareholders' equity (%)	5.5	3.3	4.4	5.2	8.3
Earnings per ordinary share (cents)	6.01	3.62	4.62	5.41	10.12
Net asset value per ordinary share (cents)	110.83	111.55	100.33	109.55	134.72
Interim dividend per ordinary share (cents)	1.35	0.90	1.25	1.65	2.35
Final dividend per ordinary share (cents)	1.65	0.90	1.05	1.05	2.70
Total dividend per ordinary share (cents)	3.00	1.80	2.30	2.70	5.05
Dividend cover (number of times)	2.0	2.0	2.0	2.0	2.0

## Value-Added for the Group

	2012		2013		2014		2015		2016	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Suppliers of capital - dividends and term loan interest	15,649	3.6	12,174	2.5	11,426	2.0	14,189	2.3	15,803	2.2
Taxation to the government	21,416	4.9	16,618	3.5	18,716	3.4	21,834	3.5	24,582	3.4
Retained earnings	62,672	14.2	65,370	13.6	78,361	14.1	93,902	15.1	102,976	14.2
Employees - salaries and other staff costs	340,343	77.3	386,766	80.4	448,114	80.5	491,723	79.1	581,143	80.2
Total value-added	440,080	100.0	480,928	100.0	556,617	100.0	621,648	100.0	724,504	100.0
Number of employees	7,544		8,347		8,732		9,439		9,692	
<b>Value-added per employee (\$'000)</b>	<b>58.3</b>		<b>57.6</b>		<b>63.8</b>		<b>65.9</b>		<b>74.8</b>	

# CORPORATE INFORMATION

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## Board of Directors

**Lim Jit Poh**  
Chairman

**Kua Hong Pak**  
Deputy Chairman

**Gan Juay Kiat**  
Chief Executive Officer

**John De Payva**  
Lead Independent Director

**Cheong Yip Seng**  
**Chin Harn Tong**  
**Lim Seh Chun**  
**Wee Siew Kim**  
**Wong Chin Huat, David**

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## Audit and Risk Committee

**Wee Siew Kim**  
Chairman

**Chin Harn Tong**  
**Lim Seh Chun**

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## Remuneration Committee

**Chin Harn Tong**  
Chairman

**John De Payva**  
**Lim Jit Poh**

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## Nominating Committee

**John De Payva**  
Chairman

**Cheong Yip Seng**  
**Wong Chin Huat, David**

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## Service Quality Committee

**Wong Chin Huat, David**  
Chairman

**Cheong Yip Seng**  
**Lim Seh Chun**  
**Wee Siew Kim**

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## Corporate Directory

**Registered Office**  
205 Braddell Road  
Singapore 579701  
Mainline: (65) 6284 8866  
Facsimile: (65) 6287 0311  
Website: [www.sbstransit.com.sg](http://www.sbstransit.com.sg)  
Company Registration Number:  
199206653M

**Company Secretary**  
Chan Wan Tak, Wendy

**Share Registrar**  
B.A.C.S. Private Limited  
8 Robinson Road #03-00  
ASO Building  
Singapore 048544

**Auditors**  
Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
6 Shenton Way  
OUE Downtown 2  
#33-00  
Singapore 068809

Partner-in-Charge:  
Chua How Kiat

Date of Appointment:  
27 April 2016

## BOARD OF DIRECTORS



### LIM JIT POH

#### CHAIRMAN (NON-EXECUTIVE & NON-INDEPENDENT)

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 the Remuneration Committee. Mr Lim is also the Chairman of ComfortDelGro Corporation Limited and VICOM Ltd. These are listed companies with business interest in land transport and inspection and testing services. 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 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*



### KUA HONG PAK

#### DEPUTY CHAIRMAN (NON-EXECUTIVE & NON-INDEPENDENT)

Date of appointment as Director of the Company: 2 May 2002

Mr Kua Hong Pak was appointed Executive Director of SBS Transit Ltd in 2002 and subsequently appointed Deputy Chairman in 2003. He is a non-independent Director of the Company. Mr Kua is presently the Managing Director/Group Chief Executive Officer of ComfortDelGro Corporation Limited and Deputy Chairman of VICOM Ltd. Prior to this, he was the President/Chief Executive Officer of Times Publishing Limited, where he managed its Singapore and overseas operations in the United States, United Kingdom, China, Japan, Hong Kong and Australia.

Mr Kua also serves on the boards of Temasek Holdings (Private) Limited, PSA International Pte Ltd and PSA Corporation Limited. He is also an Honorary Citizen of Shenyang City, China. In recognition of his contributions to community service, he was awarded the Public Service Medal in 1991, the Public Service Star in 1996 and the Public Service Star (Bar) in 2016 by the President of the Republic of Singapore and re-appointed a Justice of the Peace in 2015. He was awarded the Medal of Commendation in 2005 and the Medal of Commendation (Gold) in 2010 by the National Trades Union Congress.

Mr Kua holds a Bachelor of Accountancy from the University of Singapore and is a Fellow of the United Nations Asian Institute. He also attended the Advanced Management Programme at the Harvard Business School.

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

# BOARD OF DIRECTORS



## GAN JUAY KIAT

### CHIEF EXECUTIVE OFFICER & DIRECTOR

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

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 CapitaLand Limited.

He started his career in the 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 to 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:  
22 April 2015*



## 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*



## **CHEONG YIP SENG**

### **DIRECTOR (NON-EXECUTIVE & INDEPENDENT)**

Date of appointment as Director of the Company: 11 November 1997

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*



## **CHIN HARN TONG**

### **DIRECTOR (NON-EXECUTIVE & INDEPENDENT)**

Date of appointment as Director of the Company: 7 July 1993

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*

## BOARD OF DIRECTORS



### PROFESSOR LIM SEH CHUN

#### DIRECTOR (NON-EXECUTIVE & INDEPENDENT)

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

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 a member of both the Audit and Risk Committee and the Service Quality Committee.

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

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

Professor Lim is a Director of the Singapore Symphonia Company Limited.

*Date of last re-election as Director of the Company:  
22 April 2015*



### 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.

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 of Business Administration from the Graduate School of Business, Stanford University.

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



## **WONG CHIN HUAT, DAVID**

### **DIRECTOR (NON-EXECUTIVE & NON-INDEPENDENT)**

Date of appointment as Director of the Company: 11 November 1997

Mr Wong Chin Huat, David has been a non-executive Director of SBS Transit Ltd since 1997. He is a non-independent Director of the Company. He is the Chairman of the Service Quality Committee and a member of the Nominating Committee.

Mr Wong has been practising law with Ramdas and Wong since June 1974.

Mr Wong is also a Director of ComfortDelGro Corporation Limited. He served as a Member of the Public Service Commission from 1998 till April 2015. He is presently the Chairman of the NTUC-U Care Fund Board of Trustees as well as the NTUC Endowment Fund Management Committee.

Mr Wong was awarded the Friend of Labour Award in 1989, the Meritorious Service Award in 1995, the Distinguished Service Award in 2001 and the Distinguished Service (Star) Award in 2010 by NTUC.

Mr Wong also received a Certificate of Appreciation from SLF for services rendered as a Director of Pasir Ris Resort Services Pte Ltd in 1989. In 1991, he was awarded the Public Service Star and in 2005, the Public Service Star (Bar) by the President of the Republic of Singapore for community and social services rendered.

Mr Wong holds a LL.B (Hons) from the University of Singapore and a LL.M from the University of London.

Mr Wong will retire pursuant to Article 97 of the Company's Articles of Association and he will not be seeking re-election at the forthcoming Annual General Meeting on 25 April 2017.

*Date of last re-election as Director of the Company:  
24 April 2014*

# KEY MANAGEMENT



SIMON BENEDICT LANE



ENG SOK YONG



TAN POH CHOO, EVELYN



TAN I-LIN, TAMMY

## SIMON BENEDICT LANE

**EXECUTIVE VICE PRESIDENT  
RAIL**

Mr Simon Benedict Lane was appointed Executive Vice President for the Rail Business Area in March 2015. He concurrently holds the position of Chief Executive Officer of SBS Transit DTL Pte Ltd, which operates the Downtown Line. Mr Lane has more than 30 years of experience in the rail industry, having worked in Singapore, the United Kingdom and Australia. In his career, he has served as Chief Operating Officer of Metro Trains in Melbourne and also the Chief Executive Officer of State Rail Authority in New South Wales. Between 2001 and 2005, he was the Chief Operating Officer in the rail division of SBS Transit where he played an instrumental role in the commencement of the North East Line and the Sengkang/Punggol LRT operations. He has also previously served as a consultant in advising organisations on how to overcome strategic and operational challenges in their rail operations. Mr Lane holds a Bachelor of Arts (Hons) in Economics from the University of Wales.

## 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.

## 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 multilateral 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 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. She holds a Bachelor of Social Sciences (Hons) from the National University of Singapore.





LEONG YIM SING



TAN ENG KOK, IVAN



ANG WEI NENG



GOEI BENG GUAN, ALEX

## LEONG YIM SING

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

Er. Leong Yim Sing joined SBS Transit in 2003 and is currently Head of Rail Engineering of SBS Transit Downtown Line (DTL). He is responsible for all engineering and maintenance activities in the operation of the DTL. Er. Leong has more than 30 years of experience in the operations and maintenance of Singapore's rail systems. A pioneer in the rail industry, he was actively involved in the start up of Singapore's first MRT system including the North-South and East-West Lines in 1985. In 1995, he led in the start up of operations of the first driverless LRT system in Singapore. Prior to his current appointment, he was head of Rail Engineering for the North East Line. Er. Leong graduated with First Class Honours in Mechanical Engineering from the Imperial College, London. He is a certified 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 Singapore Institute of Technology (SIT) on the Sustainable Infrastructure Engineering Programme.

## ANG WEI NENG

**SENIOR VICE PRESIDENT  
HEAD BUS OPERATIONS**

Mr Ang Wei Neng joined SBS Transit in 2004. Prior to his current appointment as Head of Bus Operations and Senior Vice President in SBS Transit, he held key positions in Service Development, Operations Development as well as General Manager of District Operations. Previously, he held various managerial positions in operations and business development in diverse industries, covering countries in Southeast Asia, Hong Kong and China. Mr Ang, a Public Service Commission (PSC) Scholar, served in the Singapore Police Force before joining the private sector. He holds a Bachelor of Social Sciences (Hons) from the National University of Singapore and a Master of Business Administration (MBA) from the Nanyang Technological University. Mr Ang is also a Member of Parliament for Jurong GRC.

## TAN ENG KOK, IVAN

**SENIOR VICE PRESIDENT  
HEAD BUS SUPPORT**

Mr Tan Eng Kok, Ivan 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 in 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.

## GOEI BENG GUAN, ALEX

**SENIOR VICE PRESIDENT  
RAIL OPERATIONS (DOWNTOWN LINE)**

Mr Goei Beng Guan, Alex is responsible for the operation of the Downtown Line (DTL). 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 launch of the North East Line (NEL), which is Singapore's first underground, driverless rail system and the Sengkang-Punggol Light Rail Transit. 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.

## KEY MANAGEMENT



FOO JANG KAE



MICHAEL JAMES HARRISON



PANG FUI ENG, IVAN

### FOO JANG KAE

**VICE PRESIDENT (SPECIAL GRADE)**  
**RAIL ENGINEERING (NORTH EAST LINE)**

Er. Foo Jang Kae joined SBS Transit in January 2001 as Manager, Power & OCS. In August 2002, he was promoted to Assistant Vice President. He was appointed Vice-President for Rolling Stock and Power & OCS in 2010. In 2011, he was promoted to Vice President (Special Grade) and in 2015 he was appointed Head of Rail Engineering to oversee all engineering activities to support the North East Line (NEL) and Sengkang-Punggol LRT operations. Er. Foo was a pioneer in the start up of the NEL and has over 15 years of experience in the rail systems. Prior to joining the NEL he spent 8 years in the Power industry. Er. Foo obtained First Class Honours in Electrical and Electronic Engineering from Strathclyde University in the UK. He was a British High Commission Raffles Scholar in 1994 and graduated with a Master of Science in Electrical Power Engineering from the University of Manchester, Institute of Science and Technology (UK). Er. Foo is a registered Professional Engineer and a Licensed Electrical Engineer in Singapore, a Chartered Engineer with Engineering Council UK and a Singapore Chartered Engineer.

### PANG FUI ENG, IVAN

**VICE PRESIDENT (SPECIAL GRADE)**  
**HEAD BUS ENGINEERING**

Mr Ivan Pang 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.

### MICHAEL JAMES HARRISON

**VICE PRESIDENT (SPECIAL GRADE)**  
**RAIL OPERATIONS (NORTH EAST LINE)**

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



TAN WEE ENG, ANGIE



LEOW CHEE YEN, DON



LIM BEE HONG

### **TAN WEE ENG, ANGIE**

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

Ms Angie Tan 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 the 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  
HUMAN RESOURCE**

Mr Don Leow 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, motivate 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.

## KEY MANAGEMENT



CHOO PENG YEN



ONG POH SIM, MAY



CHAN WAN TAK, WENDY

### 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 functions 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).

### CHAN WAN TAK, WENDY

#### COMPANY SECRETARY

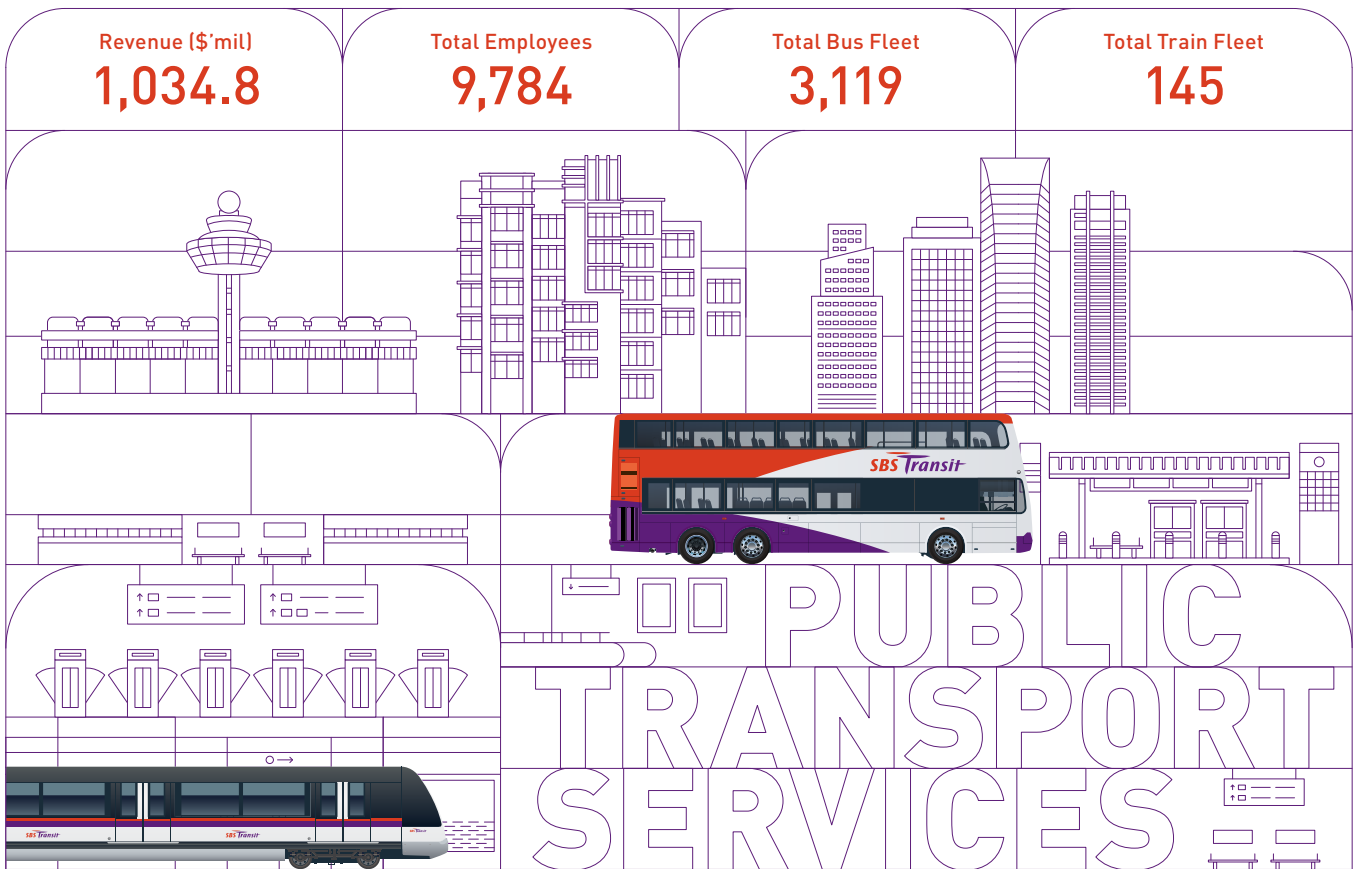
Ms Chan Wan Tak, Wendy is the Company Secretary of SBS Transit. She also holds a similar appointment in ComfortDelGro Corporation Limited, which is SBS Transit's parent company. She joined the Group in September 2007 as Vice President of Group Finance. Prior to this, Ms Chan was Vice President of Finance and Operations at k1 Ventures Limited. She has 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 Chartered Accountant of the Institute of Singapore Chartered Accountants and a Fellow of the Chartered Association of Certified Accountants.

### ONG POH SIM, MAY

#### COMFORTDELGRO GROUP INTERNAL AUDIT OFFICER

Ms Ong Poh Sim, May is ComfortDelGro Corporation's Group Internal Audit Officer. She is responsible for the internal audit functions of the Group including SBS Transit's. She joined the Group in 1981 as Internal Auditor and was subsequently appointed to head the Internal Audit Division. She holds a Bachelor of Accountancy from the Nanyang University.

# OPERATIONS REVIEW



Basic Bus Services • Chinatown Direct Bus Services • Express Bus Services  
 Fast Forward Bus Services • Nite Owl Bus Services • Premium Bus Service  
 North East Line • Downtown Line • Sengkang Light Rail Transit • Punggol Light Rail Transit

With the bus industry making a full transition to the new Bus Contracting Model (BCM) in September 2016, and the second stage of the Downtown Line (DTL) recording its first full year of operation, 2016 turned out to be a very busy year for SBS Transit indeed.

## Bus Services

For the year under review, we worked with the LTA in rolling out six new bus routes while another four were amended. We also beefed up 17 services by adding more buses to their fleets as well as replacing some single deck buses with higher capacity double deck ones.

The needs of passengers-in-wheelchairs were not forgotten as 46 wheelchair accessible bus services were rolled out as more ground infrastructure became barrier-free. This means that close to 96% or 193 bus routes that we operate are wheelchair-accessible; making it more convenient for our less mobile commuters to get around.

We also regularly reviewed our existing bus routes to optimise the use of our resources. During the year, we ceased operation of our Parks Service 408 due to low demand and redirected the resources to more sought-after routes. We also stopped running all our 23 Premium Bus Services except for one, Service 555, to focus our efforts in operating our bus services under the NC. We had introduced the Premium Bus Services in 2007 to provide commuters with an alternative in getting between their homes in the heartlands and their offices in the Central Business District in comfort. Many of these Services are now operated by private transport operators.

We took delivery of 248 new buses - of which 159 were double decks. This brings our fleet to about 3,000 buses, of which 42% are double decks. The average age of our bus fleet is now six years old.

# OPERATIONS REVIEW

On eves of public holidays such as the Lunar New Year and Christmas and major events such as the F1 Grand Prix, we operated selected bus routes at extended hours to cater to commuter demand for late night services.

A second interchange was opened in Tampines known as the Tampines Concourse Interchange to cater to the increased number of bus routes serving the estate. Just 250 metres away from the existing one, the new Interchange can accommodate up to six bus services. Currently, three services – 18, 39 and 129 – call at this new interchange. To serve our commuters better, it has handphone charging points – a first among bus interchanges here. Other facilities include a water cooler, a nursing room and an Automated External Defibrillator. The interchange also features dedicated boarding points for passengers-in-wheelchairs and priority queues with seats for the disabled and seniors.

In September, our bus operation transitioned to the new BCM after our Bus Service Operating Licence expired on 31 August. In the Negotiated Contract (NC) with the LTA, we are paid a fee to operate bus services while fare revenue is taken by the LTA. Under the contracts, we will continue to operate 196 bus routes under eight bus contracts. The duration of contracts range from two to 10 years, with seven years being the average.

Under the terms of the NC, our fleet of buses is leased to the LTA while we continue to operate from our existing bus interchanges, terminals and depots. Our Soon Lee Depot was recently re-evaluated and leased to the LTA as part of the BCM. Our bus services under the BCM will come under the Bus Service Reliability Framework, which is an incentive-penalty scheme aimed at improving en-route bus regularity and reducing bunching and waiting times.

We also played a caretaker role during the year by running 13 of our existing bus services, which come under the Seletar Bus Package. We were paid a fee and will continue to run these

services until 2018. The LTA is currently evaluating the nine bids, including ours, that were submitted in October 2016.

In September, we also assisted Go-Ahead Singapore, a UK company that had been awarded the tender to operate the Loyang Bus Package, by providing 36 Bus Captains and staff to operate two of their bus routes – Services 358 and 359 in Pasir Ris. This was for a period of between two and three months while they addressed their staffing issues.

As at the end of 2016, we operated a total of 202 bus routes, which is about 60% of the bus services in Singapore.

In view of the changing industry demands, we undertook a review and subsequent restructure of our bus business. We now operate three Bus divisions – Bus operations, Bus support and Bus engineering – thus enabling us to be more nimble in our response to the evolving and challenging public bus environment and to be aligned to the NC packages. New processes, procedures and systems have also been put in place to meet new requirements. These include the Maintenance Audit requirements and extension of hours for the Customer Relations Centre.

## Rail Services

Rail ridership increased by 27% to 329 million passenger trips made during the year. The significant jump came from the Downtown Line (DTL), which added on 12 more stations in December 2015. Ridership on Singapore's newest Line hit 80.7 million, where average daily ridership almost tripled to 220,376 compared with the previous year.

Average daily ridership on the NEL grew by 5.2% to 564,701 while that of the SPLRT saw a double-digit growth of 15.3% to 114,094.

Just like we did for bus services, we also operated our rail services on eves of public holidays such as the Lunar New Year and Christmas and major events such as the F1 Grand Prix to cater to commuter demand for late night services.

In tandem with passenger demand, we added more trips to the schedules of our rail lines to better cater to travel needs. On the NEL, 200 more weekly trips were introduced while 1,836 weekly trips were added on the SPLRT.

We took delivery of 12 new trains for the NEL from Alstom, a French manufacturer, during the year. Together with the six that were delivered in 2015, we now have 18 new trains, which were ordered by the LTA in 2012. This brings NEL's train fleet to 43, which is an increase of 72%, and enables us to run more trips to cater to the growing demand.

On the LRT systems, we opened two stations on the Punggol West Loop - Sam Kee in February and Punggol Point in December. With the delivery of 16 new Light Rail Vehicles (LRVs) during the year, we were able to upgrade both Sengkang and Punggol LRT (SPLRT) to operate a two-car train system. To-date, our LRT fleet comprises 57 LRVs, which is an increase of 39%. We also rolled out a two-car train system during peak hours on the Sengkang LRT East and West Loops and Punggol LRT East Loop to provide a more comfortable ride for commuters.

During the year, 12 of our LRVs used on the SPLRT systems were found to have hairline cracks on their bogie frames. Although independently assessed to be safe, we immediately withdrew them from passenger service. We have since replaced all bogie frames and affected trains have been put back into service. As part of preventive maintenance, weekly checks have also been instituted. Together with the LTA, we are working with the train supplier, Mitsubishi Heavy Industries of Japan (MHI), to redesign and replace the bogie frame structures for our entire fleet of 57 LRVs at no charge.

We also worked on ensuring a safer ride for our commuters by installing gap fillers on the 25 first-generation trains on the NEL. This effectively reduced the gap between the trains and the station's platforms by half, from 10cm

to about 5cm, thereby reducing the risk of commuters accidentally getting their feet caught in the gap. It is, however, not possible to do away entirely with the gap since it is necessary to provide a buffer for trains entering the stations safely. New trains and those on the Downtown Line come equipped with gap fillers.

A Wheel Impact and Loading Detection system was also implemented on the NEL to monitor the trains' wheel condition to ensure safe train operation.

Together with the LTA, we have finalised the scope of the mid-life refurbishment of the existing 25 NEL trains and the tender is planned for 2017.

Meanwhile, in February 2016, we completed the replacement of 12,000 stainless steel U-bolts with those made of galvanised steel. The U-bolts, which are components used in the power supply called the Overhead Catenary System (OCS), had to be changed because several had snapped in 2012 and 2013, causing train services to be disrupted then. A Catenary Eye System was implemented on the NEL OCS to improve the effectiveness of maintenance and fault detection on the OCS.

On the LRT systems, we carried out improvement works to the guide rails and reinforcement works to concrete plinths to provide our commuters a smoother ride. The enhanced design also prevents damage to the power rail and reduces noise levels.

At the Punggol Town Centre LRT Station, we carried out upgrading works which included the relocation of information stands and benches at the boarding platform. This freed up more space for commuters on the platforms.

In October, a platform screen door (PSD) on the DTL dislodged and obstructed trains from passing through. As a result, train services were disrupted. Investigations found that the bolt on the fastener, which secures the affected PSD to the guiderail had loosened, causing the door to misalign and

subsequently dislodge when it came in contact with the side of an approaching train. Working with the LTA, the original equipment manufacturer of the DTL doors has enhanced the design of the PSD guiderail fastener which is now fitted with a self-locking nut and a retaining pin.

To improve service reliability, we adopted the ISO55001 Asset Management Framework. The structured Asset Management framework provides the requirements for good asset management that would enable us to balance risk, performance and costs. We carried out risk analysis of our failure trends and implemented intervention and action plans to improve service reliability. By improving operation and maintenance efficiency and effectiveness as well as replacement of ageing equipment, we minimise disruptions or delays lasting more than five minutes. This has borne significant results where the MKBF for NEL in 4Q16 improved to 328,000 train-KM compared to 174,000 train-KM for the whole of 2016. The MKBF for DTL was 260,000 train-KM and 72,000 train-KM for SPLRT in 2016. MKBF, which is the abbreviation for Mean Kilometre Between Failure, is a reliability measure used globally in the rail industry. We are working hard to achieve our MKBF target of 400,000 train-KM by 2018 for incidents resulting in service delays of more than five minutes.

We also visited the Metro Rail Transit Corporation (Hong Kong) and Taipei Rapid Transit Corporation (Taipei) in 2016. From the visits, we learned the importance of improving maintenance

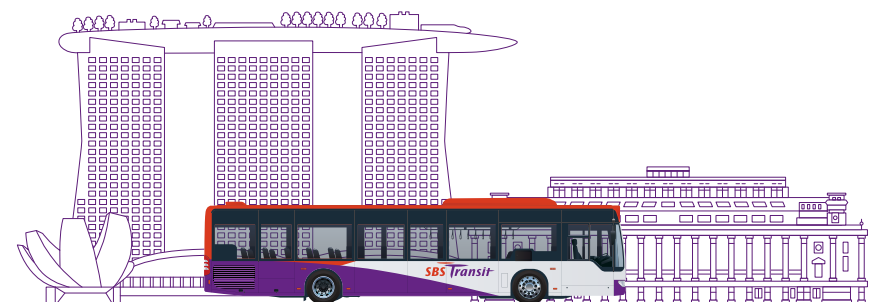
regimes in ensuring continued maintenance effectiveness. We also took away the significance of having in-house Maintenance, Repair and Overhaul capabilities. We are working to further improve in these areas.

For the year, there were three disruptions lasting more than 15 minutes each on the NEL, eight on the SPLRT and one on the DTL.

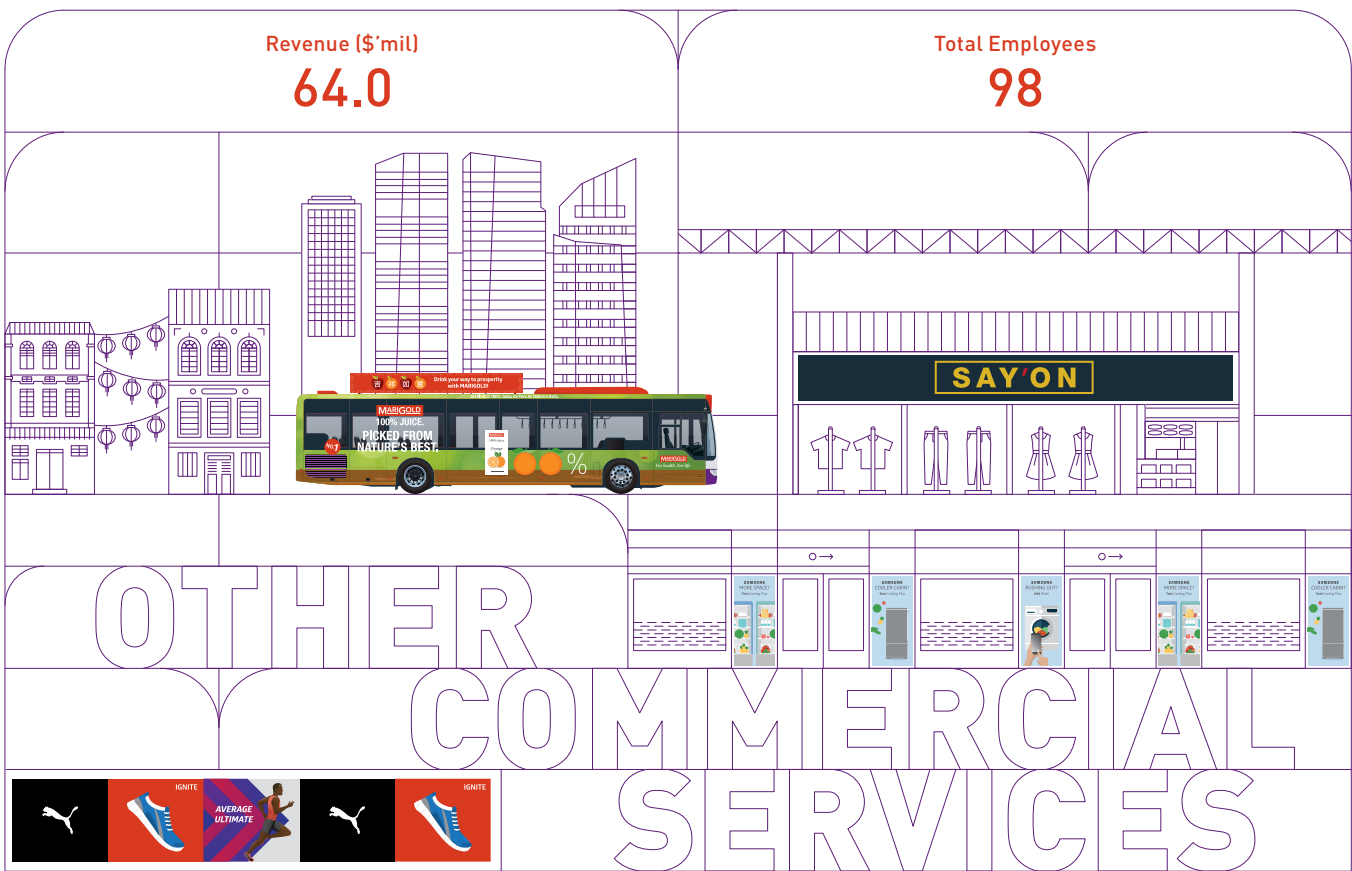
In contingency planning, we continued to review and enhance our Incident Management Plans to ensure they remained relevant. Amongst the new initiatives that were implemented was the installation of large pull-down bus service information screens at all our MRT stations to better guide commuters on alternative transport options.

We also conducted several joint exercises involving our bus services and passenger service teams during a train service disruption. Even our retail tenants at the MRT stations were involved in some of the exercises so that they could help to provide directions to commuters in an emergency.

Our commitment and efforts to doing better did not go unnoticed by our commuters. In the Public Transport Customer Satisfaction Survey conducted during the year by the Public Transport Council, the percentage of respondents who were satisfied with public transport services improved from 91.8% to 96.4%. Satisfaction with bus services increased from 90.7% to 96.7% while that for rail services increased to 96.0%.



# OPERATIONS REVIEW



Bus Advertising • In-train Advertising • Bus Hub Advertising  
Train Station Advertising • Shop Space • Road Show Space

## 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 campaigns at our train stations, bus hubs as well as on buses and trains.

At the Dhoby Ghaut NEL Station, Moove Media installed a series of quirky and effective campaigns for the Health Promotion Board's (HPB's) National Steps Challenge by making walking a fun activity. In the first of the series, it turned the station's staircase into piano keys, emitting sounds when they were stepped on. It became a real crowd pleaser with many commuters walking up and down the stairs just to hear the "music". The campaign was such a hit that it went on to win the "Best Media Solution (Out of Home)" at the Spark Awards 2016. This campaign also won "Team of the Year – Advertising" at the Singapore Business Review Awards 2016.

Encouraged by the positive results, the team devised a musical pathway located next to a traveller for HPB's Season

2 campaign. The pathway would come "alive" with lights and the sound of drum beats as commuters walked through it.

In another HPB campaign, augmented reality technology was employed to engage commuters in the fight to stop the spread of flu and other infectious diseases. Creating a three-dimensional effect, germs were projected onto the station walkway where commuters could either "kick" them out of the way or "stomp" on them. This was to convey the message that everyone can play a part in keeping our community safe by keeping germs at bay.

Besides this, hand sanitisers were also placed in selected MRT stations for commuters to use for free. An innovative sampling campaign, it allowed commuters to try the product while on the move.

In a collaboration with the LTA, trains on both the North East (NEL) and Downtown (DTL) Lines were given makeovers on festive occasions. For instance, during Christmas, a NEL train was transformed into a winter snowmobile with swirling snowflakes and ice-blue hues.



Advertisers looking for some pizzazz found the solution in our Moove “Bling Buses” which were launched during the year. Fitted with LED lights on both sides, the buses stood out in the night, drawing attention to the advertisements they carry.

Advertisers such as the Gem Residences and Electrolux were quick to run their campaigns on these buses, which are currently still exclusive to SBS Transit.

### Rental of Commercial Spaces

Besides advertising opportunities, we also leased out our commercial spaces at our bus interchanges and train stations. As at end 2016, 97% of the commercial spaces in all our stations and interchanges, including those in the new DTL stations, were leased out.

The predominant retailers were in the food and beverage, as well as beauty and wellness businesses. There were also some convenience stores which offered commuters convenience on the go.

To support our tenants, we conducted a lucky draw during the Great Singapore Sale to encourage commuters to patronise the shops. We also produced



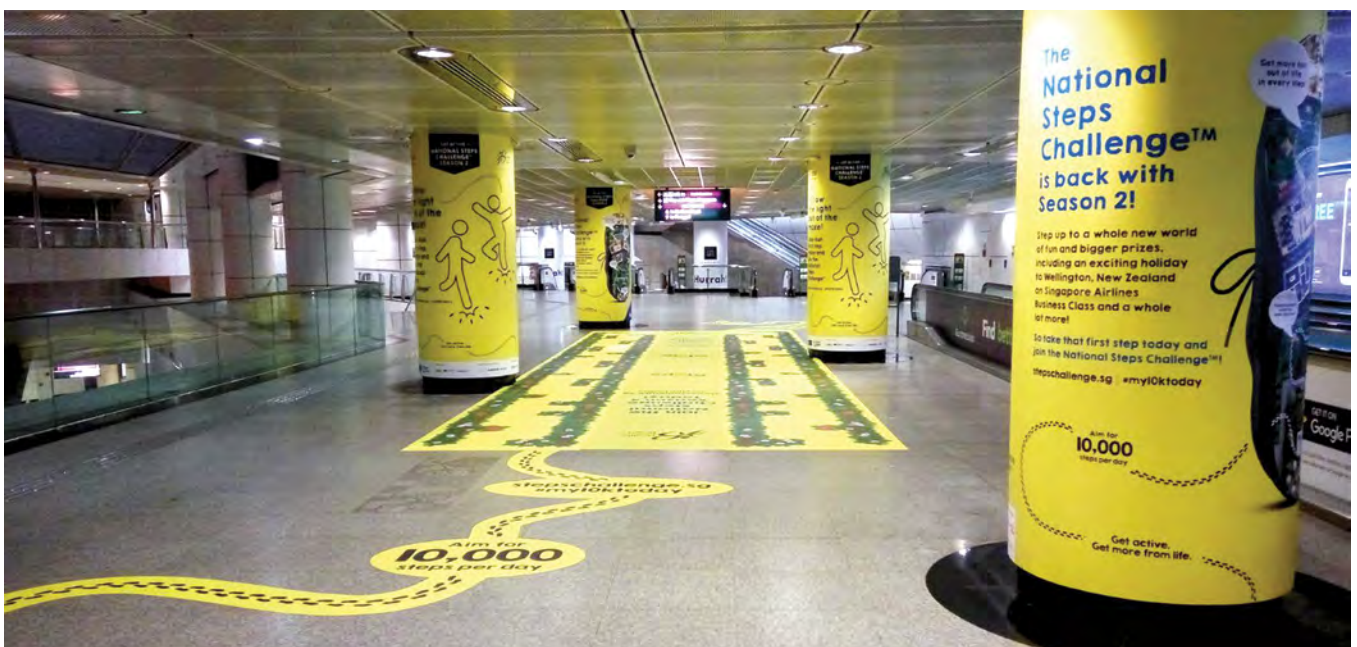
KISS92 advertisements on the Platform Screen Doors

bags for new tenants to give away to their customers. On our mobile application, *iris*, we created a “shop” tab with a directory listing of the tenants located at our respective bus interchanges and train stations. Commuters can also search for shops according to categories.

As part of contingency planning, our tenants participated in some of our rail exercises so that they could play a part in helping to provide directions to commuters when services were disrupted.

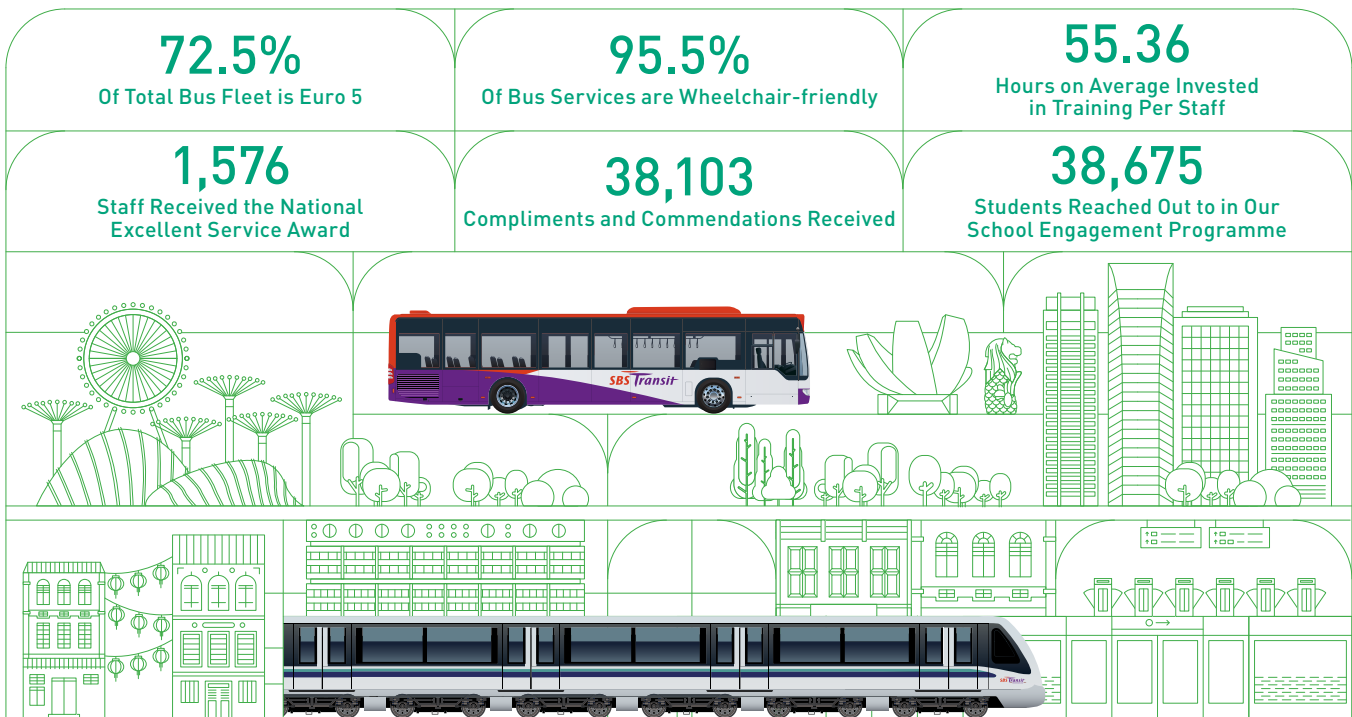


3D boots to publicise the Peranakan Museum



Health Promotion Board's advertising campaign at the NEL Dhoby Ghaut Station

# SUSTAINABILITY REPORT



In the last 12 months, we have focussed our attention on building on the foundations that we have laid in the area of sustainability. From environment to health and safety, people training to reaching out to our community, we have been, and continue to be, deeply committed to ensuring a more sustainable future, for current and future generations.

## Environment

SBS Transit has always been at the forefront of Green technology where our vehicles are concerned. We registered our first Euro 5 bus in 2009, approximately five years before the Government made it mandatory for new buses to meet such standard. By end of 2016, 72.5% of our fleet or 2,287 buses were Euro 5 compliant. The average age of our bus fleet was six years. We also conducted a hybrid bus trial with Volvo Singapore during the year in review.

Our trains and train facilities are equally, if not more, environmentally friendly. The Downtown Line (DTL) depot at Gali Batu is an environmentally friendly building and the first MRT depot in Singapore to achieve the Building and Construction Authority's Green Mark Gold certification. A 999.6KWp rooftop solar photovoltaic system was installed in the Gali Batu depot in 2016. This initiative has helped generate a daily average of 3,737 Kwh of electricity to run the depot equipment operations since October 2016. This means that we used 9.4% less electricity from the powergrid daily.

In an effort to reduce paper wastage and processes, we have commenced the process of converting paper checklists and forms into e-forms for use on tablets at our bus

maintenance depots. This electronic documentation process not only improves efficiency and storage, but also reduces paper usage. In 2016, we saved about 600 reams of A4 paper as a result of this process change. We have put 145 tablets in use at the workshops, and will be introducing another 132 more in 2017.

Our staff also take it upon themselves to play their part in safeguarding the environment. A Senior Technical Officer on the North East Line (NEL) observed that whenever a Point Machine (which guides trains to run smoothly on the tracks) broke down, there was no way to pinpoint which of the four relays that controlled it were faulty. As a result, all the four relays had to be disposed. The staff took the initiative and designed a test jig to accurately identify the faulty relays. In 2016, this test jig was officially introduced for use and helped the Company saved up to \$33,600 last year.

At SBS Transit, we are cognisant of the fact that in providing services that meet the transportation needs of the commuting public, there will invariably be a consequence on the environment and communities. We will, however, continue to look at the various technologies that we can invest in, as well as new behaviour that we can adopt, to reduce our negative impact.

## Health, Safety & Security

The safety and security of our passengers and fellow road users rank high on our priority list, and we invest extensively in these areas. We also invest heavily in training and retraining and run safety awareness and training programmes to instil and reinforce a safety and security conscious culture in

employees at all levels. This focus continues to be strongly reflected in our policies, procedures and training.

Our Bus Captains (BCs) are put through a mandatory "Driving Skills Enhancement Programme (DSEP)" to obtain an objective assessment of their driving competency with areas identified for improvement. This is done using technology based on the Vigil System, which comprises motion sensors, cameras and mapping software. Our BCs' driving behaviour is closely monitored through Vigil's video recording function and shown to them to help them improve. In 2016, 1,065 BCs attended the DSEP, which is now into its third cycle.

We have installed a smart anti-collision alert system known as "Mobileye", which is able to detect, analyse and monitor road conditions while our vehicle is moving and provide real-time audio-visual warning, so that our BCs can take defensive action to avert a collision. By the end of 2016, about 810 of our buses have been equipped with the \$1.5 million system.

Besides this, we employ technology to prepare and equip our BCs to be more safety conscious and alert before they go on the road. The use of the HATT software, which is an acronym for Hazard Awareness Training and Test, helps our BCs to recognise and anticipate road hazards so that they can be vigilant in pre-empting driving dangers. More than 2,000 BCs have attended the HATT programme since it was launched in March 2016. Developed in-house, HATT is also conducted for all trainee BCs attending the foundational training at the Singapore Bus Academy.

During the year, we also launched the "GO ROUTE" programme that simulates actual bus routes to familiarise BCs on their journeys. This comes with instructions on the directions to take and safety pointers on what to look out for in the different routes.

Besides safe driving, we looked at the safety and well-being of both our staff and commuters. On the NEL, we installed gap fillers on the 25 first-

generation trains. This effectively reduced the gap between the trains and the station's platforms by half, from 10cm to about 5cm, thereby reducing the risk of commuters accidentally getting their feet caught in the gap. It is, however, not possible to do away entirely with the gap since it is necessary to provide that buffer for trains entering the stations safely. New trains and those on the Downtown Line come equipped with gap fillers.

To minimise the incidence of commuters getting hurt when using the escalators at our MRT stations, we continued with our public education campaign on escalator safety at six MRT stations on the NEL and the DTL. We encouraged commuters to hold on firmly to the escalator handrails and to use the lifts if they were carrying bulky or heavy bags. We also deployed staff at the escalator landings to spread the message.

As part of the national initiative to help the community respond better to cardiac arrest cases, we have installed Automated External Defibrillators (AEDs) at all our MRT stations, bus interchanges, terminals and depots. Our station and interchange staff are also trained in cardiopulmonary resuscitation to provide emergency assistance if required.

Given the heightened security environment, we continued to work with the Ministry of Home Affairs (MHA) and LTA's Public Transport Security department as a strategic stakeholder in the SG Secure campaign to stay united, alert and strong in the face of terrorism. Our staff attended security briefings conducted by the MHA, the Singapore Police Force and the Singapore Civil Defence Force and we participated in regular security exercises with the Authorities to test our vigilance and preparedness in handling incidents. In September, the Police conducted two exercises – one at the NEL Sengkang Station and the other at our Bishan bus interchange. In "Exercise Heartbeat", a simulated attack involving multiple gunmen was staged at our bus interchange. We also displayed publicity posters at our premises and on board our buses and trains to raise

security awareness among our staff and commuters. As part of our long standing operational training, our staff are also trained in first aid and fire safety.

At our bus and train depots, we completed the enhancement of our CCTV coverage project. We also used electronic vehicle undercarriage inspection equipment at our depots as part of our vehicular security screening process.

To enhance the safety and security of visitors entering our Bus and Rail Depots, an online web-based Visitor Management System was implemented in April 2016. We will roll out this system at our DTL stations in 2017.

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 to test our preparedness in handling incidents.

To ensure better security and an improved performance, we also did a review and upgraded our hardware and application software following the obsolescence of MS Windows server 2000, MS SQL server 2000 and MS Windows XP. We also encrypted all laptops to prevent unauthorised access to information should the laptops be lost.

To increase staff and contractors' awareness on IT security, we held the Annual IT Security Awareness briefings.

### **Commuter Engagement**

To better serve our commuters, our Customer Relations Centre has been extended to operate daily from 7.30am to 8.00pm since 1 September 2016.

We continue to organise our monthly "Meet-the-Managers" sessions for commuters to meet our Rail Management to give feedback or suggestions. Since we started in September 2015, we have received good feedback from the commuters we serve. With this, we have been better able to understand the travel needs of commuters and make necessary adjustments to better serve them. For instance, a wheelchair-bound

# SUSTAINABILITY REPORT

commuter highlighted the difficulties he had in using the lift at the NEL Sengkang Station during peak hours. Following this, we monitored the situation and decided to deploy a staff at the lift during this period to provide assistance to those who have mobility difficulties. Posters were also made to encourage commuters to be more gracious in the use of the lift. For the year, we reached out to 435 commuters during our Meet-the-Managers sessions.

In September 2016, we launched our Facebook page, *sbstransit\_ltd*, to engage our technology savvy commuters through interesting news and information about our bus and train operations. Besides Facebook, we now have Twitter, *iris* app and our website for commuter engagement.

For the year in review, the number of compliments and commendations we received increased slightly by about 0.3% to 38,103 compared to the year before.

## Our People

Our people are undoubtedly our most valued assets. Without them, we would not be where we are today. Indeed, we strongly subscribe to the view that a happy and motivated workforce will ultimately translate into happy and satisfied commuters. In the long run, this can only result in growth for the organisation.

In 2016, we employed 9,882 staff, which was about 143 more than the previous year. This was largely due to the ramp up for the opening of DTL 3. Of this, some 6,000 were BCs, which was our largest category of staff. Technicians and engineers were the next largest category and they were hired in our bus and rail divisions.

We invest continually in our employees to develop their skills and talent. We ensure that employees understand their responsibilities and are given access to necessary training to equip them to do their jobs better. In 2016, our employees averaged 55.36 hours of training.

Since September, all BCs have completed the Continual Operations Training 2 programme, which was launched in 2013 to refresh BCs with

the knowledge and skills in handling onboard commuter issues and incidents. Operations and frontline staff also attended the Bus Operations Competency Training to refresh their skills.

During the year in review, our BCs received training in operating the Common Fleet Management System, which is the new system being rolled out by the LTA across all public buses in Singapore. Workshop staff also attended the first line maintenance training for this new system.

In the area of customer service, we continued with our CARES training programme to equip our staff in providing caring, reliable, safe and secure services to our commuters. Building on the successful implementation of the initial programme launched in 2008, we rolled out CARES 2 in 2012 to focus on commuters with special needs such as the elderly, pregnant women and the disabled. Meanwhile, new staff underwent the CARES 1 training to develop the foundation for delivering CARES service. In 2016, more than 3,000 staff attended the CARES training.

To raise the competency standards of public transport workers, we have been working closely with SkillsFuture Singapore (SSG) since 2012 to develop training courses that can be certified under the Singapore Workforce Skills Qualifications (WSQ) programme. For 2016, 22 new modules were rolled out under the WSQ programme, bringing the total number of WSQ modules in bus and rail operations and engineering to 74. SSG has certified 314 of our in-house trainers and assessors to conduct WSQ courses in rail and bus operations and engineering.

We also sponsored 16 employees to undertake a part-time 2½ year diploma programme in rail engineering to help raise their skills levels.

As part of our efforts in attracting and retaining engineering talent, we constantly encourage our rail engineers to develop their professional competency and keep pace with

technology improvements by being accredited as Chartered Engineers with the Institution of Engineers Singapore. For the year, five of them received accreditation, bringing the total number of Chartered Engineers in our rail division to seven.

Besides this, our rail engineers also made study visits to the rail operators in Hong Kong and Taipei to learn more about their best practices in maintenance regimes.

Employees who provide quality service to commuters receive recognition for their good efforts. At our internal CARES awards, which were organised on a quarterly basis, 1,357 staff were recognised by our CEO, Mr Gan Juay Kiat, for providing caring, reliable, safe and secure services to our commuters. On an industry level, 145 staff were recognised at the National Kindness Award-Transport Gold while our frontliners clinched four of the seven awards in the "Outstanding Service Individual" category at the Land Transport Excellence Awards 2016. Another 1,576 staff received the Excellent Service Award.

On a global level, a Senior Technical Officer from our NEL, Mr Murali A/L Lekshmanan, did us proud by clinching the top spot in the Passion! Award. This Award is organised annually by ComfortDelGro across its group of companies to recognise employees who have exhibited passion in all that they do. One of our Chief BCs, Mr Lim Yew Huat, received the "Customer Service Professional of the Year" title from the Asia Pacific Customer Service Consortium based in Hong Kong. Another Senior BC, Mr Pang Swee Yong, received the Merit Award in the same category.

Besides customer service, two BCs also won top awards for safe driving. At the Singapore Road Safety Awards, they clinched the "Safe Driver" and the "Most Improved Driver" awards.

When it comes to building staff morale, the Company takes the lead in appreciating the contributions of its employees. For instance, in May 2016,

we held our inaugural SBS Transit CARES Kindness Day in conjunction with the Singapore Kindness Movement's Kindness Day. Five hundred students from 14 schools visited our bus interchanges and train stations to show appreciation to our staff by presenting them with handmade thank-you cards and tokens of appreciation. All employees were also treated to specially catered meals on that day.

To promote a healthy lifestyle, we have 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. During the National Day Observance Ceremony in August 2016, we joined in a mass workout organised by the ComfortDelGro group that broke the Singapore Book of Records for having the "Most Number of People Exercising with Resistance Bands". In conjunction with this, we also conducted 23 sessions of workouts in that week at our bus and rail depots.

Following the launch of the "Healthier Workers, Happier Workers" workplace health programme for BCs in June 2015, we have now gone a step further to offer voluntary health screenings for all our employees. Working with the Health Promotion Board (HPB), participants receive coaching on how to eat and live better and their progress is tracked to encourage positive change. Operators of the staff canteens also chip in by offering healthier food options.

We also encouraged our employees to participate in the Second Season of the HPB's National Steps Challenge (corporate challenge). Close to 6,000 of our employees signed up for the steps tracker to participate in the 2016 Challenge. Certainly, having healthy employees is important to our productivity.

Our care for our employees is also extended to their family members in the form of annual scholarships. These are presented to children of our staff who are in tertiary institutions. For 2016, 43 children of our employees received over

\$118,000 in study awards to encourage them to continue in their studies.

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. For example, in 2016, in order to attract more Singaporeans and Permanent Residents to join us as BCs, we reviewed the salary package and staff benefits of our BCs, putting in place free health checks and free travel on the public transport network. This was done in close consultation and negotiation with the NTWU and is covered under the SBS Transit - NTWU Collective Agreement. Today, new BCs who are Singaporeans or Permanent Residents earn a basic salary of \$1,950, and can look forward to a gross salary of up to \$3,460, including allowances, incentives and overtime pay, in their first year of service with us.

For promoting good labour-union-management relations, SBS Transit CEO was conferred the Medal of Commendation by NTUC during its May Day awards in 2016.

### Reaching Out

To serve an even wider group of commuters, we have invested substantially in wheelchair-friendly buses that are capable of transporting persons-in-wheelchairs (PIWs) safely and comfortably in Singapore. In fact, SBS Transit was the first public transport operator in Singapore to offer wheelchair-accessible bus (WAB) services. To-date, we have invested over \$1.2 billion in such buses since 2005.

In 2016, we rolled out 46 WAB services, bringing the total number of such services that we operate to 193. This accounted for close to 96% of the bus services we run; making it even more convenient for PIWs to get around.

To further improve accessibility, we are currently working with the LTA on a six-month trial, starting from 1 December 2016, to allow foldable bicycles and personal mobility devices to be brought on board trains and buses throughout the day.

We also work with organisations and associations to make public transport more accessible to those with special needs. As a result, young children with cerebral palsy are allowed to travel on our buses in opened prams. During the year, we also assisted the Thye Hua Kwan Moral Society to come up with steps to simulate those in buses to help patients who are undergoing physiotherapy practise their steps in getting on board buses as part of their re-integration efforts. SUN-DAC, a charity that provides care for persons with intellectual disabilities, also received our support in filming an educational video on board our bus to help educate its members on the use of public buses.

As the population ages, we have also taken efforts to reach out to elderly commuters who use our transport services. New BCs visited the NTUC Silver Circle Senior Care Centre as part of their training programme to better understand the mobility challenges faced by the seniors.

We also partnered the "Forget Us Not Association" to organise a "Train-the-Trainer" workshop which helped 60 frontline supervisors recognise dementia traits when managing elderly commuters who are lost or appear confused in our public transport hubs.

To help senior citizens embrace technology and put them in better control of their transport options, we conducted a sharing session on the use of our *iris* app, which is a mobile application. Some 40 seniors were taught how they could use their smartphones to check for bus arrival times and bus routes they could take to their destinations.

As a transport operator, we reached out to the community by offering free travel on the NEL to the elderly residents of the Kwong Wai Shiu Hospital and the students of the Autism Resource Centre when they went on their excursions.

In 2016, we gave away close to \$650,000 in cash sponsorships towards several community and charity events and

# SUSTAINABILITY REPORT

programmes. Beneficiaries included the Lions Befrienders Service Association, the Handicaps Welfare Association, the Cerebral Palsy Alliance of Singapore and the Singapore Association of the Visually Handicapped. A year ago, in celebration of SG50, we had sold about 50,000 red dot key chains at our bus interchanges and train stations to raise funds for charity. Full proceeds from the sale of the key chains totalling \$105,000 were donated to the four beneficiaries in 2016.

Unclaimed monies totalling over \$17,000 that were left behind by commuters on our buses and trains during the year were also donated to charity - the Lions Befrienders' Home Improvement Fund. Through this Fund, ComfortDelGro, which is our parent company, has been able to help improve the living conditions of the elderly poor by purchasing new electrical appliances such as washing machines and refrigerators as well as replacing old furniture like bed frames and mattresses.

Unclaimed articles were donated to the Red Cross and Cerebral Palsy Alliance of Singapore after three months. These items are sold at their thrift shops to raise funds to support the organisation's charity activities.

Our sister company, Gobbler, also worked with the South West Community Development Council to help the unemployed poor in the community gain financial independence through a pilot project known as the "Towkay" programme. Beneficiaries received training in customer service and financial management before they were given free merchandise such as tissue packets and snacks to sell at spaces within our bus interchanges. Subsequent replenishment of the stocks was sold to the participants at cost, thus enabling them to better achieve financial independence.

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 to promote national initiatives such as "Singapore World Water Day", "Speak Mandarin Campaign" and "Malay Language Month". For our strong support of Singapore's national language campaigns organised by the Language Council Secretariat, we were recognised with the "Partner Award" at the National Heritage Board's Patron of Heritage Awards.

We are also a long standing partner of the Singapore Civil Defence Force (SCDF). In appreciation of our close partnership and collaboration for the community emergency preparedness, we were bestowed with the prestigious SCDF Strategic Partners Award in November 2016.

Besides this, we received the Total Defence Awards - NS Advocate Award (Large Companies), which is the highest accolade, for our exemplary support towards Total Defence and in particular, National Service.

Our community efforts also include reaching out to a special group of people - the schools and their students. This programme, which began in 2008, is aimed at promoting and inculcating safe and gracious travelling habits amongst our young commuters. We believe that in starting them young, we are growing a generation of gracious adult commuters who elevate the experience of public commuting to a whole new level. An intentional and purposeful move, we reached out to those as young as four and to those as old as 18. In 2016, we conducted 98 school talks, mini exhibitions and visits to our bus interchanges and MRT stations as well bus and train depots and reached out to more than 38,000 students.

Going a step further, we launched an "Adopt an Interchange/Station programme" in May 2016 to provide a platform for students to reach out

to the commuting public to foster graciousness in public travel. Besides encouraging fellow commuters to give up their seats to those who need them more, the students also put on display their artistic talent in music and the visual arts to contribute to a more pleasant travel experience for our commuters. To-date, six schools - Deyi Secondary School, Hwa Chong Institution, Jurong Junior College, Methodist Girls' School, Nanyang Girls' High School and Singapore Chinese Girls' School - have partnered us in this on-going programme.

Other schools also participated on an ad hoc basis. For instance, in June 2016, Monfort Secondary School celebrated its 100th anniversary by involving about 250 students to distribute packets of tissue paper printed with kindness and graciousness messages to commuters at selected stations on the NEL. They also encouraged commuters to be gracious by giving up their seats to others.

We also worked with the Singapore Polytechnic and the Ngee Ann Polytechnic to provide opportunities for their students in three SkillsFuture Earn and Learn Programmes in selected areas of railway specialisation. We also offered opportunities for work-based training to students from the polytechnics, universities and the Institute of Technical education (ITE). This included the Enhanced Internship Programme, where 38 ITE students received practical skills training in 2016.

For those keen on a career in the public transport industry, we offer undergraduate scholarships to cover their tuition fees throughout their course of study. To-date, we have seven SBS Transit scholars, one of whom graduated in 2016 and is now working in our NEL power department. The other six are still pursuing their studies at the local universities.

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

# CORPORATE GOVERNANCE

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

We will continue to:

- Focus relentlessly on our customers;
- Make sound corporate decisions to build long-term value, rather than short-term considerations;
- Spend wisely and 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. 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 2016, we are pleased to report that the Company complied substantially with the key principles and supporting guidelines set out in the Code except where specifically identified and disclosed in this Report.

## 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 the entrepreneurial leadership and guidance, setting strategic direction 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 control, 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 ensure that obligations to Shareholders and other Stakeholders are understood and met; and

- (vi) Considering environmental, social and governance 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 subsidiary, Capital Expenditure, investment in financial instruments, tender for businesses above the prescribed limits, assessing and approving key business decisions, funding and investment initiatives and other corporate actions, including approval of the Financial Authority Limits, Annual Budget and Capital Expenditure and the release of the quarterly and full-year Financial Results require approval from the Board. In addition, the acceptance of credit facilities from banks, the establishment of capital market programmes and the issuance of debt instruments require the approval of the Board.

The Board periodically reviews the adequacy of internal controls and Financial Authority Limits to ensure that while there is delegation of authority, there are sufficient checks and balances in place to monitor such delegation.

### Independent Judgement

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

# CORPORATE GOVERNANCE

and responsibilities, regulations and procedures governing the manner in which the Board Committee is to operate and how decisions are to be taken. Although the Board Committees are empowered to make their own decisions, the Board is ultimately responsible for all decisions made by the Board Committees.

## **Directors' Attendance at Board and Board Committee Meetings**

At least four scheduled Board Meetings are held every year for the purpose of approving the release of the Financial Results every quarter and the Annual Budget. The Board Meetings to approve the Financial Results are held within 45 days after the end of each quarter and

the financial year. The Annual Budget is approved at the Board Meeting convened for the third quarter's results. Ad hoc Board and Board Committee Meetings are also held from time to time when the need arises. Directors who are unable to attend the meetings in person can still participate in the discussions through tele-conferencing.

## Attendance of Directors at Annual General Meeting, Board and Board Committee Meetings in 2016

Name	Annual General Meeting Attended	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee		Service Quality Committee	
		No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Jit Poh	√	5	5	–	–	1	1*	2	2	–	–
Kua Hong Pak	√	5	5	–	–	1	1*	2	2*	–	–
Gan Juay Kiat	√	5	5	4	4*	–	–	2	2*	2	2*
John De Payva	√	5	5	–	–	1	1	2	2	–	–
Cheong Yip Seng	√	5	5	–	–	1	1	–	–	2	2
Chin Harn Tong	√	5	5	4	4	–	–	2	2	–	–
Lim Seh Chun	√	5	5	4	4	–	–	–	–	2	2
Wee Siew Kim	√	5	5	4	4	–	–	–	–	2	2
Wong Chin Huat, David	√	5	5	–	–	1	1	–	–	2	2

\* Attended meetings by invitation of the Board Committee.

Decisions of the Board and Board Committees may also be obtained via circular Resolutions. Directors are free to seek clarifications and explanations from Management on the reports and papers submitted to the Board.

### **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 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 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 Secretary assists 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 Secretary also updates the Board on corporate governance practices and circulates articles relating to changes in laws relevant to the Group's businesses.

During the year, the ComfortDelGro Corporation Limited (ComfortDelGro)



Group engaged an external law firm and an external accounting firm to brief the Boards of the three listed companies in the ComfortDelGro Group including the Company on changes to corporate laws, listing requirements and new accounting standards. Details of the two training sessions are as follows:

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.

Date	Training provider	Topic
14 March 2016	Wong Partnership LLP	Changes to Singapore corporate laws and listing requirements
4 October 2016	Deloitte & Touche LLP	Changes to financial reporting standards

**Principle 2:  
Board Composition and Guidance  
Board Independence**

The Board comprises nine Directors and there is a strong element of independence in the Board. The Chief Executive Officer (CEO) is an executive Director. Of the remaining eight non-executive Directors (NED), five are considered by the NC to be independent. This composition exceeds the Code's requirement of at least half of the Board to comprise independent Directors where the Chairman is not an independent Director. 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 by the Code and requires each Director to assess his own independence. The Director is required to declare any circumstances in which he 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 directly 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 Kua Hong Pak and Mr Wong Chin Huat, David are deemed as

non-independent as they are also Directors of ComfortDelGro, a 10% Shareholder.

As at 31 December 2016, four out of five 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 time. 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 performs his duties in good faith, are more critical measures in ascertaining his 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 independence and interfere with the exercise of his 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 annually examines the size of the Board with a view to determine its overall effectiveness. Taking into account the scope and nature of the operations of the Group and the requirements of the Group's businesses, the NC and the Board are of the view that its current size of nine is conducive to facilitate effective decision making.

The Directors are individuals with a broad diversity of expertise and experience including financial, legal, 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.

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 47 to 50 of this Annual Report.

# CORPORATE GOVERNANCE

## **Non-Executive Directors' Participation**

NEDs participate actively at Board and Board Committee Meetings. To facilitate this, they are kept informed of the Group's businesses and performance through monthly and quarterly reports from the Management and have unrestricted access to the Management.

## **Principle 3: Chairman and CEO Roles of Chairman and CEO**

The roles of the Chairman and the CEO are kept separate and distinct. This is a deliberate policy 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. The CEO reports to the Deputy Chairman. The Chairman, Deputy Chairman and the CEO are not related.

The Chairman:

- (i) Leads the Board 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.

## **Lead Independent Director**

Consistent with the Code, as the Chairman, Mr Lim Jit Poh, 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 re-appointment of Directors to the Board.

## **Nominating Committee**

The NC comprises three NEDs, of whom two, including the Chairman is independent. Consistent with the Code, the Lead Independent Director is also the Chairman of the NC who 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 as a whole and contribution by each individual Director; and
- (iii) Develop a process for evaluation of the Board's performance, including comparison with industry peers and review of training and development plans 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 has 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.

In assessing a Director's contribution, the NC takes a holistic approach. Focussing 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 2016, all Directors comply with the guideline on multiple board representation.

#### **Alternate Director**

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

#### **Process for Selection, Appointment and Re-appointment of Directors**

As part of the Board Succession Plan, new Directors may be identified from time to time for appointment to the Board after the NC evaluates and assesses their suitability in strengthening the diversity of skills, experience, gender, 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 recommendations of Directors and Management and external search services.
- (iv) Potential candidates are interviewed by the NC to assess suitability and commitment.
- (v) The NC makes recommendations to the Board for approval.

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 Gan Juay Kiat, Professor Lim Seh Chun and Mr Wong Chin Huat, David are due for re-election pursuant to Article 97 of the Articles of Association. Mr Wong Chin Huat, David will not be seeking re-election and will retire at the conclusion of the forthcoming AGM.

Appointments and re-appointments of Directors to the Board are subject to the approval of the Land Transport Authority.

#### **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 2016, the NC conducted an evaluation of Board Performance which included key points on 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 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 are 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 Secretary**

The Company Secretary assists in scheduling Board and Board Committee Meetings and prepares the agenda in consultation with the Chairman and CEO. The Company Secretary attends the Board and Board Committee Meetings. The Company

# CORPORATE GOVERNANCE

Secretary keeps 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 Secretary. The appointment and removal of the Company Secretary is 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. 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 three non-executive Directors, of whom two including the Chairman, are independent. Members of the 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 are discussed.

The terms of reference of the RC are to:

- (i) 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;
- (ii) Review and approve the remuneration of Senior Management staff 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
- (iii) 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 access to relevant remuneration data and would seek expert advice from external remuneration consultants whenever required. 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 Senior Executives of the Group comprise fixed and variable components. The variable component in the form of year-end performance bonuses, forms a significant proportion

of the remuneration packages and is dependent on the profitability of the Group and individual performance. Subject to market conditions and the operating environment, the Group targets a total compensation package with fixed to variable component ratios of 70:30 for Rank and File Employees, 60:40 for Middle Management staff and 50:50 for Senior Management staff. The Group believes that a higher proportion of performance related component would ensure greater alignment of interests of the Employees with those of Shareholders and contributes to sustainable performance in the long-term.

### **Short-term and Long-term Incentive Schemes**

The Group advocates a performance-based remuneration system that is responsive to the evolving operating environment and labour market and the Group's and individual's performance. The amount and mix of compensation are aligned to the interests of Shareholders and promote the long-term success of the Group.

The last grant of employee share options under the SBS Transit Share Option Scheme (Scheme) was in 2009. However, the options may be exercised up to the 10th anniversary of the date of grant of the options, i.e. 2019. Where appropriate, consideration of other forms of longer term incentive schemes will be made. The current remuneration mix of fixed and variable components is considered appropriate for the Group and for each key executive role.

### **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 does not receive Director's fees for his Board Directorship with the Company.

### Directors' Fee Structure

The Directors' fee structure 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	Additional fees (per annum) as	
	Chairman	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**

\* Fee paid to ComfortDelGro Corporation Limited, holding company of SBS Transit Ltd.

\*\* 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 Key Executives

The remuneration of the Directors and the key executives of the Group (who are not Directors) for the Financial Year 2016 can be found on pages 92 and 93 of this Annual Report.

##### Remuneration of Certain Related Employees

During the Financial Year 2016, no key executive was an immediate family member of any Director of the Company.

### 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 securities of the Company, ComfortDelGro and VICOM Ltd (VICOM). Directors and executives of the Group are prohibited from dealing in the securities of the Company, ComfortDelGro and VICOM during the period commencing two weeks before the announcement of the Company's, ComfortDelGro's and VICOM's first, second and third quarter results, and one month before the announcement of the full-year results, and ending on the date of the announcement of

the relevant results. All Directors and executives are notified of the trading blackout periods before the start of the financial year and are given reminders prior to each trading blackout period.

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

# CORPORATE GOVERNANCE

## **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 51 to 53 of this Annual Report.

The Internal and External Auditors conduct reviews in accordance with their audit plans to assess the adequacy of the internal controls that are in place. Any material non-compliance and recommendations for improvements 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 2016, 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.

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 Company's ARC comprises three 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 Board has reviewed and is satisfied that the members of the ARC are appropriately qualified to discharge their responsibilities. The members of the ARC collectively have current and related financial management expertise and experience. They keep abreast of relevant changes to accounting standards and issues through attendance at relevant seminars/talks, articles and news circulated by the Company Secretary 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 the audit plans and reports of the Internal and External Auditors; and
- (viii) Review the effectiveness of the Group's Whistle Blowing Policy. The Whistle Blowing Policy is described in more detail on page 53 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), Group Financial Officer of ComfortDelGro, Group Internal Audit Officer (GIAO) and the External Auditors were present at these meetings. The ARC reviewed and considered the following:

- (i) Overall scope of both internal and external audits and results of their respective audits;
- (ii) Significant internal and external audit observations and Management's responses;
- (iii) Quarterly and full year results announcements and the financial statements and recommendation to the Board;
- (iv) Interested Person Transactions;
- (v) Adequacy of internal controls;

- (vi) Independence of the External Auditors; and
- (vii) Re-appointment of External Auditors and its remuneration and recommendation to the Board.

In the performance of its duties, the ARC has explicit authority to investigate the affairs falling within its

terms of reference, with full access to and cooperation from Management, discretion to invite any Director to attend its meetings and reasonable resources to enable it to discharge its duties properly.

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

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

### **Significant Financial Reporting Matters**

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

#### **Significant Matters**

#### **Review of significant matters by ARC**

Valuation and completeness of provision for accident claims

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

Following the review and discussions on the above, the ARC recommended to the Board to approve the financial statements of the Group for the financial year ended 31 December 2016.

#### **Review of Independence of External Auditor**

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

#### **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. Based on the audit plan, it provides an independent and objective evaluation of the internal control systems and corporate governance processes of the Group. The audit plan is developed by the GIAO in consultation with, but independent of, Management and is 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 organisational structure of the 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.

## **4. Shareholders Rights and Responsibilities**

### **Principle 14: Shareholders Rights Disclosure of Information to Shareholders**

The Company notifies Shareholders

# CORPORATE GOVERNANCE

in advance of the dates of release of its Financial Results through the Company's website as well as SGXNet. Communications with Stakeholders 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 Group Investor Relations & Special Projects Officer (GIRSPO) 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 IR team works with Senior Management to proactively carry out this engagement programme.

Communications with the SGX-ST is handled by the Company Secretary, while communications with Shareholders, analysts and fund managers is handled by the GIRSPO. 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 also put in place operational procedures to respond promptly to queries from the SGX-ST on any unusual trading activities in its securities.

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 criteria 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 Secretary 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 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.

### 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.

### Information Protection Policy

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

Information is classified into secret, confidential, restricted and unrestricted use based on its nature, contents and

implications. Processes and systems used to store, process or communicate the information provide protection from unauthorised disclosure and use.

### Data Protection Policy

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

## 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 transactions less than \$100,000 and transaction conducted under Shareholders' mandate pursuant to Rule 920)
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ComfortDelGro and its associates	\$5,753,000
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The aggregate value of the above transactions does not include the aggregate value of \$3.1 million from the renewal of the Licence Agreement disclosed in the Introductory Document of the Company dated 3 December 1997. These transactions relate to leasing charges paid to ComfortDelGro for the use of the premises.

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

# CORPORATE GOVERNANCE

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

Guideline	Questions	How has the Company complied?
General	(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 the principles and guidelines of the Code except for the detailed disclosure of the remuneration of Chief Executive Officer (CEO) and the Group's top five key executives. The Board had considered this matter carefully and has decided against such disclosure. Given the wage disparities and the keen competition in the industry and the likely competitive pressures resulting from such disclosures, it is felt that the disadvantages of disclosure outweigh the benefits.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	The remuneration of the key executives are reviewed and approved by the Remuneration Committee, which comprises three non-executive Directors, of whom two including the Chairman, are independent.
<b>Board Responsibility</b>		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	SBS Transit has adopted internal guidelines setting forth certain matters that require the Board's approval. Under these guidelines, acquisitions of businesses, disposals or changes in equity interests in existing subsidiary, capital expenditure, investment in financial instruments, tender for businesses above the prescribed limits, assessing and approving key business decisions, funding and investment initiatives and other corporate actions, including approval of the Financial Authority Limits, Annual Budget and Capital Expenditure and the release of the quarterly and full-year Financial Results require approval from the Board. In addition, the acceptance of credit facilities from banks, the establishment of capital market programmes and the issuance of debt instruments require the approval of the Board.
<b>Members of the Board</b>		
Guideline 2.6	(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.

Guideline	Questions	How has the Company complied?
	(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 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p><b>For new Directors</b> The NC annually reviews the size, effectiveness, diversity of skills and core competencies of the Board taking into consideration the current and future business needs of the Group.</p> <p>The NC considers the range of skills, knowledge, attributes and experience of the existing Directors, the retirement and re-election of Directors, each Director's contribution and commitment and whether new competencies are required to enhance the effectiveness of the Board. When the need for a new Director arises, the NC will shortlist and meet potential candidates and recommend the most suitable candidate to the Board for appointment as a Director.</p> <p><b>For incumbent Directors</b> Pursuant to the Company's Articles of Association, one-third of the Directors retire from office at the Company's 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 is provided with its terms of reference.</p> <p>The Company Secretary assists 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 Secretary also updates the Board on corporate governance practices and circulates articles relating to changes in laws relevant to the Group's businesses.</p>

# CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has determined that the maximum number of listed company board representations held by a Director who is not in full-time employment should not exceed six. For a Director who is in full-time employment, it should not exceed three. This is to ensure that all Directors have sufficient time and attention to discharge their duties adequately.
	(b) If a maximum number has not been determined, what are the reasons?	Not Applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	The contributions of a Director are key in deciding on a Director's capacity to take on other multiple board appointments.

## 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 2016, the NC conducted an evaluation of Board Performance which included key points on 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 2016.

## 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 eight non-executive Directors. Of the eight non-executive Directors, five 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	Questions	How has the Company complied?
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 2016.  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?	For non-executive Directors, disclosures are made in accordance with the provisions of the Code.  For CEO, disclosure is made in bands of \$250,000 and deviation from the Code is explained in the Notes to Financial Statements as follows:  Given the wage disparities and the keen competition in the industry and the likely competitive pressures resulting from such disclosures, it is felt that the disadvantages of disclosure outweigh the benefits.
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?	Disclosures are made in bands of \$250,000 and deviation from the Code is explained in the Notes to Financial Statements as follows:  Given the wage disparities and the keen competition in the industry and the likely competitive pressures resulting from such disclosures, it is felt that the disadvantages of disclosure outweigh the benefits.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Disclosed as an aggregate together with remuneration of the Directors and deviation from the Code is explained in the Notes to Financial Statements as follows:  Given the wage disparities and the keen competition in the industry and the likely competitive pressures resulting from such disclosures, it is felt that the disadvantages of disclosure outweigh the benefits.
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.

# CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
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 Senior 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 Senior Executive's performance in four key broad areas of the Performance Scorecard, namely</p> <ul style="list-style-type: none"> <li>a) Financial;</li> <li>b) Customers;</li> <li>c) Processes; and</li> <li>d) People Development.</li> </ul>
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes.
<b>Risk Management and Internal Controls</b>		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Prior to each Board and Board Committee Meeting, Management provides Directors with complete, adequate and timely information. The Board also receives monthly management accounts and quarterly Investor Relations (IR) Reports covering IR activities and updates of analysts' views and comments. This enables the Board to make informed and sound business decisions and be kept abreast of key challenges, opportunities and developments for the Group.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes.

Guideline	Questions	How has the Company complied?
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) 2016, 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 subsidiary for FY 2016 are \$124,000 and \$29,000 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.

# CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
<b>Communication with Shareholders</b>		
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 2016, nearly 220 meetings and conference calls were held with institutional investors and analysts and also participation in seven investor conferences in Singapore, Kuala Lumpur, Taipei, London, Edinburgh 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 Group Investor Relations &amp; 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 investor relations 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 of 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 2016)	Past Directorships/ Chairmanships in listed companies held over the preceding three years (from 1 January 2014 to 31 December 2016)	Principal Commitments
<b>Lim Jit Poh</b> <i>Chairman</i> <i>(Non-Executive &amp; Non-Independent)</i>	77	Principal Directorships in the ComfortDelGro Group <ul style="list-style-type: none"> <li>• ComfortDelGro Corporation Limited*</li> <li>• VICOM Ltd*</li> <li>• Beijing Jin Jian Taxi Services Co., Ltd</li> <li>• Comfort Transportation Pte Ltd</li> <li>• CityCab Pte Ltd</li> <li>• ComfortDelGro Engineering Pte Ltd</li> <li>• CityFleet Networks Limited</li> <li>• ComfortDelGro Cabcharge Pty Ltd</li> <li>• Guangzhou Xin Tian Wei Transportation Development Co., Ltd</li> <li>• Metroline Limited</li> <li>• Swan Taxis Pty Ltd</li> </ul> Other Companies <ul style="list-style-type: none"> <li>• Family Leisure Pte Ltd</li> <li>• NCI Golf Pte Ltd</li> <li>• Pasir Ris Resort Pte Ltd</li> <li>• SLF Leisure Enterprises (Pte) Ltd</li> <li>• Surbana Property Investment Pte Ltd</li> <li>• CapitaLand Township Development Fund Pte Ltd</li> <li>• CapitaLand Township Development Fund II Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Ascott Residence Trust Management Ltd*</li> </ul>	Nil
<b>Kua Hong Pak</b> <i>Deputy Chairman</i> <i>(Non-Executive &amp; Non-Independent)</i>	73	Principal Directorships in the ComfortDelGro Group <ul style="list-style-type: none"> <li>• ComfortDelGro Corporation Limited*</li> <li>• VICOM Ltd*</li> <li>• Beijing Jin Jian Taxi Services Co., Ltd</li> <li>• Comfort Transportation Pte Ltd</li> <li>• CityCab Pte Ltd</li> <li>• ComfortDelGro Engineering Pte Ltd</li> <li>• CityFleet Networks Limited</li> <li>• ComfortDelGro Cabcharge Pty Ltd</li> <li>• Guangzhou Xin Tian Wei Transportation Development Co., Ltd</li> <li>• Metroline Limited</li> <li>• Swan Taxis Pty Ltd</li> </ul> Other Companies <ul style="list-style-type: none"> <li>• PSA Corporation Limited</li> <li>• PSA International Pte Ltd</li> <li>• Temasek Holdings (Private) Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Starhub Ltd*</li> </ul>	Nil

\*Listed Company

# DIRECTORS' PARTICULARS

Name	Age	Present Directorships/ Chairmanships (as at 31 December 2016)	Past Directorships/ Chairmanships in listed companies held over the preceding three years (from 1 January 2014 to 31 December 2016)	Principal Commitments
<b>Gan Juay Kiat</b> <i>Chief Executive Officer &amp; Director</i>	59	Directorships in the ComfortDelGro Group <ul style="list-style-type: none"> <li>• ComfortDelGro Bus Pte Ltd</li> <li>• Comfort Transportation Pte Ltd</li> <li>• CityCab Pte Ltd</li> <li>• ComfortDelGro Engineering Pte Ltd</li> <li>• SBS (Guangzhou) Pte Ltd</li> </ul> Directorship in the SBS Transit Group <ul style="list-style-type: none"> <li>• SBS Transit DTL Pte Ltd</li> </ul> Other Companies <ul style="list-style-type: none"> <li>• Ascendas Holdings (Manila) Pte Ltd</li> <li>• Bulawan Ventures, Inc.</li> </ul>	Nil	Nil
<b>John De Payva</b> <i>Director (Non-executive &amp; Lead Independent)</i>	67	Other Company <ul style="list-style-type: none"> <li>• SLF Leisure Enterprises (Pte) Ltd</li> </ul>	Nil	<ul style="list-style-type: none"> <li>• NTUC International Relations (Advisor)</li> <li>• Ong Teng Cheong Institute of Labour Studies (Member of Board of Governors)</li> <li>• NTUC (Trustee)</li> <li>• National Transport Worker's Union (Trustee)</li> <li>• Education Services Union (Advisor)</li> <li>• ITUC General Council (Vice President, Brussels Office)</li> <li>• ITUC-Asia Pacific (Vice President)</li> <li>• ITUC – Asia Pacific (Executive Bureau – Chairman)</li> <li>• Union Network International (Board Member, Nyon, Switzerland)</li> <li>• Union Network International – Professional and Managerial (Asia Pacific Regional Office – Chairman)</li> </ul>
<b>Cheong Yip Seng</b> <i>Director (Non-executive &amp; Independent)</i>	73	Nil	Nil	<ul style="list-style-type: none"> <li>• South China Morning Post (Editorial Adviser)</li> </ul>

\*Listed Company

<b>Name</b>	<b>Age</b>	<b>Present Directorships/ Chairmanships (as at 31 December 2016)</b>	<b>Past Directorships/ Chairmanships in listed companies held over the preceding three years (from 1 January 2014 to 31 December 2016)</b>	<b>Principal Commitments</b>
<b>Chin Harn Tong</b> <i>Director</i> <i>(Non-executive &amp; Independent)</i>	79	Directorships in the ComfortDelGro Group • CityCab Pte Ltd	Nil	Nil
<b>Lim Seh Chun</b> <i>Director</i> <i>(Non-executive &amp; Independent)</i>	62	Other Company • Singapore Symphonia Company Limited	Nil	Nil
<b>Wee Siew Kim</b> <i>Director</i> <i>(Non-executive &amp; Independent)</i>	56	Other Companies • ES Group (Holdings) Limited* • Mapletree Logistics Trust Management Ltd* • 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	Nil	Nil

\*Listed Company

## DIRECTORS' PARTICULARS

Name	Age	Present Directorships/ Chairmanships (as at 31 December 2016)	Past Directorships/ Chairmanships in listed companies held over the preceding three years (from 1 January 2014 to 31 December 2016)	Principal Commitments
Wee Siew Kim <i>Director</i> <i>(Non-executive &amp; Independent)</i>	56	<ul style="list-style-type: none"> <li>• (cont'd)</li> <li>• Nippon Paint China Holdings Co Ltd</li> <li>• Nippon Paint (Zhengzhou) Co., Ltd</li> <li>• Nippon Paint (Hebei) Co., Ltd</li> <li>• Nippon Paint Decorative Coatings (Thailand) Co Ltd</li> <li>• NP Auto Refinishes Co Ltd</li> <li>• Nippon Paint (Shenyang) Co., Ltd</li> <li>• Nippon Paint Lanka (Private) Ltd</li> <li>• Nippon Paint Bangladesh Pte Ltd</li> <li>• Nippon Paint (Kunming) Co., Ltd</li> <li>• Nippon Paint New Materials (Wuhan) Co., Ltd</li> <li>• Nippon Paint (Hubei) Co., Ltd</li> <li>• Nippon Paint New Materials (Shanghai) Co., Ltd</li> <li>• Nippon Paint Malaysia (S) Pte Ltd</li> <li>• HSJ Pte Ltd</li> </ul>		
Wong Chin Huat , David <i>Director</i> <i>(Non-executive &amp; Non-independent)</i>	68	Directorship in the ComfortDelGro Group <ul style="list-style-type: none"> <li>• ComfortDelGro Corporation Limited*</li> </ul> Other Companies <ul style="list-style-type: none"> <li>• CapitaMalls Malaysia REIT Management Sdn Bhd</li> </ul>	Nil	<ul style="list-style-type: none"> <li>• Ramdas &amp; Wong Advocates &amp; Solicitors (Consultant)</li> <li>• NTUC-U Care Fund Board of Trustees (Chairman)</li> </ul>

\*Listed Company

# RISK MANAGEMENT

Risk management is an important and integral part of the SBS Transit Group's strategic planning and decision-making process. The Group's Risk Management Framework enables the business units to understand the nature and complexity of the risks involved in their business operations and provides a systematic process for the business units to identify and review the risks 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 71 to 106.

## 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.

# RISK MANAGEMENT

## 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 management and review 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. We regularly carry out drills and exercises 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 to assess the adequacy of the internal controls that are in place. Non-compliance and recommendations for improvements are reported to the Audit and Risk Committee, which reviews the effectiveness of the actions taken to mitigate the risks. In the course of their audits, the Internal and External Auditors highlight to the Audit and Risk Committee and Management areas where there are material deficiencies and weaknesses or the occurrence or potential occurrence of significant risk events and propose mitigating measures and treatment plans. The recommendations are followed up as part of the Group's continuous review of the system of internal controls.

### **Code Of Business Conduct And Whistle Blowing Policy**

The Group has adopted a Code of Business Conduct which sets out the principles and policies upon which 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.

# FINANCIAL CALENDAR

## 2016

Announcement of 2015 Full Year Results	5 February 2016
Annual General Meeting	27 April 2016
Announcement of 1st Quarter 2016 Results	9 May 2016
Payment of 2015 final dividend (1.05 cents/share)	13 May 2016
Announcement of 2nd Quarter 2016 Results	11 August 2016
Payment of 2016 interim dividend (2.35 cents/share)	26 August 2016
Announcement of 3rd Quarter 2016 Results	10 November 2016

## 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) (Subject to Shareholders' approval at the forthcoming Annual General Meeting)	12 May 2017
Announcement of 2nd Quarter 2017 Results	10 August 2017*
Announcement of 3rd Quarter 2017 Results	9 November 2017*

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



# FINANCIAL STATEMENTS

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# DIRECTORS' STATEMENT

The Directors present their annual statement together with the audited Consolidated Financial Statements of the Group and Statement of Financial Position and Statement of Changes in Equity of the Company for the Financial Year ended 31 December 2016.

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 64 to 106 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 2016, 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)
Kua Hong Pak	(Deputy Chairman)
Gan Juay Kiat	(Chief Executive Officer)
Cheong Yip Seng	
Chin Harn Tong	
John De Payva	
Lim Seh Chun	
Wee Siew Kim	
Wong Chin Huat, David	

## 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			Shareholdings in which Directors are deemed to have an interest			
	At 1 January 2016	At 31 December 2016	At 21 January 2017	At 1 January 2016	At 31 December 2016	At 21 January 2017	

### Interest in the Company

#### (a) Ordinary shares

Kua Hong Pak	90,000	90,000	90,000	–	–	–
Cheong Yip Seng	185,000	185,000	185,000	–	–	–
Chin Harn Tong	275,000	275,000	25,000	–	–	–
Wee Siew Kim	65,000	65,000	65,000	–	–	–
Wong Chin Huat, David	215,000	215,000	215,000	–	–	–

# DIRECTORS' STATEMENT

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

	Shareholdings registered in the names of Directors			Shareholdings in which Directors are deemed to have an interest		
	At 1 January 2016	At 31 December 2016	At 21 January 2017	At 1 January 2016	At 31 December 2016	At 21 January 2017
<b>Interest in the Company</b>						
(b) Options to subscribe for ordinary shares						
Gan Juay Kiat	240,000	240,000	240,000	–	–	–
<b>Interest in ultimate holding company, ComfortDelGro Corporation Limited</b>						
(a) Ordinary shares						
Lim Jit Poh	4,425	244,425	244,425	–	–	–
Kua Hong Pak	1,524,530	3,924,530	3,924,530	–	–	–
Gan Juay Kiat	–	36,000	30,000	25,000	–	–
Wong Chin Huat, David	380,000	620,000	620,000	–	–	–
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	240,000	–	–	–	–	–
Kua Hong Pak	6,000,000	3,600,000	3,600,000	–	–	–
Gan Juay Kiat	980,000	770,000	770,000	–	–	–
Wong Chin Huat, David	240,000	–	–	–	–	–
<b>Interest in related company, VICOM Ltd</b>						
(a) Ordinary shares						
Lim Jit Poh	190,000	190,000	190,000	–	–	–
Kua Hong Pak	54,000	54,000	54,000	–	–	–
Cheong Yip Seng	10,000	10,000	10,000	–	–	–

# DIRECTORS' STATEMENT

## 4 SHARE OPTIONS

### SBS Transit Share Option Scheme ("SSOS")

- a) The SSOS was approved by the shareholders of the Company on 9 June 2000. The SSOS is administered by the Remuneration Committee comprising Messrs Chin Harn Tong (Chairman), John De Payva 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 shares under 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.
- 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 cancelled/lapsed during the financial year, and options outstanding as at 31 December 2016 are as follows:

Date of grant	Number of options to subscribe for ordinary shares				Subscription price per share	Expiry date
	Outstanding at 1 January 2016	Exercised	Cancelled/Lapsed	Outstanding at 31 December 2016		
13 July 2006	835,000	690,000	145,000	–	\$2.15	13 July 2016
22 June 2007	1,255,000	–	100,000	1,155,000	\$3.40	22 June 2017
25 June 2008	1,532,500	200,000	150,000	1,182,500	\$2.18	25 June 2018
25 June 2009	947,500	200,000	–	747,500	\$1.58	25 June 2019
	<b>4,570,000</b>	<b>1,090,000</b>	<b>395,000</b>	<b>3,085,000</b>		

The options outstanding as at 31 December 2016 include 300,000 options granted to a former employee of the Group who has been granted an extension from the date of retirement by the Remuneration Committee to exercise the outstanding options.

# DIRECTORS' STATEMENT

## 4 SHARE OPTIONS (cont'd)

- 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 2016	Aggregate options exercised since the commencement to 31 December 2016	Aggregate options lapsed since the commencement to 31 December 2016	Aggregate options outstanding as at 31 December 2016
Lim Jit Poh	780,000	480,000	300,000	–
Kua Hong Pak	690,000	240,000	450,000	–
Gan Juay Kiat	240,000	–	–	240,000
Cheong Yip Seng	455,000	305,000	150,000	–
Chin Harn Tong	470,000	275,000	195,000	–
John De Payva	495,000	135,000	360,000	–
Wee Siew Kim	515,000	320,000	195,000	–
Wong Chin Huat, David	475,000	295,000	180,000	–

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.
- h) 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.

## 5 AUDIT AND RISK COMMITTEE

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

Wee Siew Kim (Chairman)  
Chin Harn Tong  
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.

# DIRECTORS' STATEMENT

## 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  
9 February 2017

# INDEPENDENT AUDITOR'S REPORT

To the Members of SBS Transit Ltd

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying Financial Statements of SBS Transit Ltd (the "Company") and its subsidiary (the "Group") which comprise the Statements of Financial Position of the Group and the Company as at 31 December 2016, 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 64 to 106.

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 2016 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.

# INDEPENDENT AUDITOR'S REPORT

To the Members of SBS Transit Ltd

## Information Other than the Financial Statements and Auditor's Report Thereon (cont'd)

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.



# INDEPENDENT AUDITOR'S REPORT

To the Members of SBS Transit Ltd

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

- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## Report on Other Legal and Regulatory Requirements

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

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

## DELOITTE & TOUCHE LLP

Public Accountants and  
Chartered Accountants

Singapore  
9 February 2017

# STATEMENTS OF FINANCIAL POSITION

31 December 2016

	Note	The Group		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		4,254	4,379	3,446	3,907
Trade receivables	5	77,238	9,577	76,284	9,142
Other receivables and prepayments	6	19,274	82,429	128,408	160,257
Inventories	7	59,695	48,365	53,000	45,130
<b>Total current assets</b>		<b>160,461</b>	<b>144,750</b>	<b>261,138</b>	<b>218,436</b>
<b>Non-current assets</b>					
Subsidiary	8	–	–	5,000	5,000
Investments	9	5,268	5,337	5,268	5,337
Prepayments	10	2,527	21,592	2,519	21,334
Vehicles, premises and equipment	11	866,186	904,506	851,924	888,368
Deferred tax assets	12	20,354	14,961	–	–
<b>Total non-current assets</b>		<b>894,335</b>	<b>946,396</b>	<b>864,711</b>	<b>920,039</b>
<b>Total assets</b>		<b>1,054,796</b>	<b>1,091,146</b>	<b>1,125,849</b>	<b>1,138,475</b>

See accompanying notes to the Financial Statements.

# STATEMENTS OF FINANCIAL POSITION

31 December 2016

	Note	The Group		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Borrowings	13	150,000	87,500	150,000	87,500
Trade and other payables	14	241,948	247,669	214,181	223,393
Deposits received	15	4,967	4,452	4,301	3,816
Insurance premiums payable and provision for accident claims	16	24,799	26,652	24,799	26,652
Fuel price equalisation account		19,992	19,992	19,992	19,992
Income tax payable		67	43	67	43
<b>Total current liabilities</b>		<b>441,773</b>	<b>386,308</b>	<b>413,340</b>	<b>361,396</b>
<b>Non-current liabilities</b>					
Borrowings	13	66,000	250,000	66,000	250,000
Deferred grants	17	7,709	8,426	7,709	8,426
Deposits received	15	4,802	5,921	3,908	5,131
Deferred tax liabilities	12	85,554	71,545	85,554	71,545
Provision for service benefits and long service awards	18	10,981	10,260	10,836	10,186
Fuel price equalisation account		19,992	19,992	19,992	19,992
<b>Total non-current liabilities</b>		<b>195,038</b>	<b>366,144</b>	<b>193,999</b>	<b>365,280</b>
<b>Total liabilities</b>		<b>636,811</b>	<b>752,452</b>	<b>607,339</b>	<b>726,676</b>
<b>Capital and reserves</b>					
Share capital	19	97,138	94,786	97,138	94,786
Other reserves	20	38,566	(17,492)	38,566	(17,017)
Accumulated profits		282,281	261,400	382,806	334,030
<b>Total equity</b>		<b>417,985</b>	<b>338,694</b>	<b>518,510</b>	<b>411,799</b>
<b>Total liabilities and equity</b>		<b>1,054,796</b>	<b>1,091,146</b>	<b>1,125,849</b>	<b>1,138,475</b>

See accompanying notes to the Financial Statements.

# GROUP INCOME STATEMENT

Year Ended 31 December 2016

		The Group	
	Note	2016 \$'000	2015 \$'000
<b>Revenue</b>	21	1,098,736	1,023,923
Staff costs	22	(581,143)	(491,723)
Repairs and maintenance costs		(131,453)	(115,870)
Fuel and electricity costs		(127,082)	(173,961)
Premises costs		(51,959)	(45,270)
Depreciation expense	11	(81,660)	(85,360)
Other operating costs		(83,680)	(86,578)
Total operating costs		(1,056,977)	(998,762)
<b>Operating profit</b>	23	41,759	25,161
Net income from investments	24	243	242
Finance costs	25	(5,268)	(5,843)
<b>Profit before taxation</b>		36,734	19,560
Taxation	26	(5,384)	(2,846)
<b>Profit attributable to shareholders</b>		31,350	16,714
<b>Earnings per share (in cents):</b>			
Basic	27	10.12	5.41
Diluted	27	10.12	5.41

See accompanying notes to the Financial Statements.

# GROUP COMPREHENSIVE INCOME STATEMENT

Year Ended 31 December 2016

	The Group	
	2016 \$'000	2015 \$'000
<b>Profit attributable to shareholders</b>	31,350	16,714
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Revaluation of premises <sup>(Note A)</sup>	40,265	–
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value adjustment on cash flow hedges	16,014	20,169
Fair value adjustment on investments	(69)	(150)
<b>Total comprehensive income for the year attributable to shareholders of the Company</b>	<b>87,560</b>	<b>36,733</b>

## Note A

This arose due to revaluation of a leasehold property.

See accompanying notes to the Financial Statements.

# STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2016

	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 2015	94,579	(37,427)	252,927	310,079
Total comprehensive income for the year				
Profit for the year	–	–	16,714	16,714
Other comprehensive income for the year	–	20,019	–	20,019
<b>Total</b>	<b>–</b>	<b>20,019</b>	<b>16,714</b>	<b>36,733</b>
Transactions recognised directly in equity				
Exercise of share options	207	(17)	–	190
Payment of dividends (Note 31)	–	–	(8,346)	(8,346)
Other reserves	–	(67)	105	38
<b>Total</b>	<b>207</b>	<b>(84)</b>	<b>(8,241)</b>	<b>(8,118)</b>
Balance at 31 December 2015	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
<b>Total</b>	<b>–</b>	<b>56,210</b>	<b>31,350</b>	<b>87,560</b>
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
<b>Total</b>	<b>2,352</b>	<b>(152)</b>	<b>(10,469)</b>	<b>(8,269)</b>
Balance at 31 December 2016	97,138	38,566	282,281	417,985

See accompanying notes to the Financial Statements.

# STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2016

	The Company			
	Share capital (Note 19) \$'000	Other reserves (Note 20) \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2015	94,579	(37,427)	295,464	352,616
Total comprehensive income for the year				
Profit for the year	–	–	46,807	46,807
Other comprehensive income for the year	–	20,494	–	20,494
<b>Total</b>	<b>–</b>	<b>20,494</b>	<b>46,807</b>	<b>67,301</b>
Transactions recognised directly in equity				
Exercise of share options	207	(17)	–	190
Payment of dividends (Note 31)	–	–	(8,346)	(8,346)
Other reserves	–	(67)	105	38
<b>Total</b>	<b>207</b>	<b>(84)</b>	<b>(8,241)</b>	<b>(8,118)</b>
Balance at 31 December 2015	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
<b>Total</b>	<b>–</b>	<b>55,735</b>	<b>59,245</b>	<b>114,980</b>
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
<b>Total</b>	<b>2,352</b>	<b>(152)</b>	<b>(10,469)</b>	<b>(8,269)</b>
Balance at 31 December 2016	97,138	38,566	382,806	518,510

See accompanying notes to the Financial Statements.

# GROUP CASH FLOW STATEMENT

Year Ended 31 December 2016

	The Group	
	2016 \$'000	2015 \$'000
<b>Operating activities</b>		
Profit before taxation	36,734	19,560
Adjustments for:		
Depreciation expense	81,660	85,360
Finance costs	5,268	5,843
Net gain on disposal of vehicles and equipment	(723)	(703)
Interest income	(243)	(242)
Grant income	(69,521)	(95,010)
Operating cash flows before movements in working capital	53,175	14,808
Trade receivables	(67,661)	(457)
Other receivables and prepayments	72,887	(50,057)
Inventories	(11,330)	(4,638)
Trade and other payables	20,315	42,094
Deferred grants	(717)	672
Deposits received	(604)	1,697
Provision for service benefits and long service awards	721	(138)
Insurance premiums payable and provision for accident claims	(1,853)	(2,264)
Cash generated from operations	64,933	1,717
Income tax paid	(24)	(68)
Net cash from operating activities	64,909	1,649
<b>Investing activities</b>		
Interest received	243	242
Proceeds from disposal of vehicles and equipment	15,630	218,801
Purchase of vehicles, premises and equipment	(23,455)	(155,801)
Net cash (used in) from investing activities	(7,582)	63,242
<b>Financing activities</b>		
New loans raised	437,300	466,946
Repayment of borrowings	(558,800)	(611,972)
Proceeds from share issue	2,236	190
Grants received	78,008	93,180
Interest paid	(5,691)	(5,535)
Dividends paid	(10,535)	(8,346)
Others	30	38
Net cash used in financing activities	(57,452)	(65,499)
Net decrease in cash and cash equivalents	(125)	(608)
Cash and cash equivalents at beginning of year	4,379	4,987
<b>Cash and cash equivalents at end of year</b>	<b>4,254</b>	<b>4,379</b>

See accompanying notes to the Financial Statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 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 8 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 2016 and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2016 were authorised for issue by the Board of Directors on 9 February 2017.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 2016.

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

**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 period but are not yet effective:

FRS 115	– <i>Revenue from Contracts with Customers (with classifications issued)</i> <sup>2</sup>
FRS 116	– <i>Leases</i> <sup>3</sup>
Amendments to FRS 7	– <i>Statement of Cash Flows: Disclosure Initiative</i> <sup>1</sup>
Amendments to FRS 12	– <i>Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses</i> <sup>1</sup>

<sup>1</sup> Applies to annual periods beginning on or after 1 January 2017, with early application permitted.

<sup>2</sup> Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

<sup>3</sup> Applies to annual periods beginning on or after 1 January 2019, with early application permitted, if FRS 115 is adopted.

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 FRS 116 which may result in certain operating lease arrangements being recorded in the Statements of Financial Position.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**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.

### **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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 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 and 19
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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 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 (2015 : \$250) for 15 years of service, \$700 (2015 : \$350) for 20 years, \$900 (2015 : \$500) for 25 years, \$1,100 (2015 : \$700) for 30 years and \$1,300 (2015 : \$750) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 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.

**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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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).



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

### Key sources of estimation uncertainty

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

#### Provisions

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

#### (a) Accident claims

Claims for property damage and personal injury are provided in the Financial Statements based on the claims outstanding as of the end of the financial year and estimated amounts payable. The past claims history and payment are used as a basis to estimate the amounts in which the Group will have to pay to third parties for such claims. As at 31 December 2016, the provision for claims is \$18,169,000 (2015 : \$17,922,000) (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 2005 to 2008 of \$6,630,000 (2015 : \$8,730,000) 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 1.24% to 2.84% (2015 : 0.83% to 2.85%) 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 2016, the provision for retirement benefits is \$7,737,000 (2015 : \$7,775,000) (Note 18).

#### (d) Long service awards

Staff with more than 15 years of service are entitled to long service awards of \$500 (2015 : \$250) for 15 years of services, \$700 (2015 : \$350) for 20 years, \$900 (2015 : \$500) for 25 years, \$1,100 (2015 : \$700) for 30 years and \$1,300 (2015 : \$750) 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 1.24% to 2.84% (2015 : 0.83% to 2.85%) 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 2016, the provision for long service awards is \$3,244,000 (2015 : \$2,485,000) (Note 18).

#### 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 2016, the carrying amount of the vehicles, premises and equipment is \$866,186,000 (2015 : \$904,506,000) (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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 4 HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

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	
	2016 \$'000	2015 \$'000
Purchases of inventories from a related company	17,665	17,940
Rental expense from:		
Ultimate holding company	3,122	2,979
Related company	600	600
Purchase of goods and services from:		
Ultimate holding company	2,724	2,707
Related companies	1,477	2,348
Associate of the ultimate holding company	121	124
Sales of goods and services to:		
Ultimate holding company	(36)	(43)
Related companies	(1,706)	(3,221)
Rental income from related companies	(256)	(243)

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 TRADE RECEIVABLES

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Related companies (Note 4)	6	6	6	6
Outside parties	77,232	9,571	76,278	9,136
Total	77,238	9,577	76,284	9,142

The amounts outstanding are interest-free and the credit period ranges from 7 to 30 days (2015 : 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 6 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Receivables from:				
Ultimate holding company (Note 4)	-	2	-	2
Related companies (Note 4)	258	1,043	258	1,043
Subsidiary (Note 8)	-	-	112,263	80,949
	258	1,045	112,521	81,994
Prepayments	12,431	6,748	11,665	5,239
Interest receivable	47	47	47	47
Staff advances	190	338	114	278
Security deposits:				
Ultimate holding company (Note 4)	721	721	721	721
Outside parties	929	928	924	928
Accrued income	3,425	10,465	2,201	10,269
Grant receivables	-	18,046	-	18,046
Receivables from outside parties	1,273	44,091	215	42,735
Total	19,274	82,429	128,408	160,257

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

## 7 INVENTORIES

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

## 8 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 9 INVESTMENTS

The Group and The Company

2016	2015
\$'000	\$'000

Financial assets at fair value through Other Comprehensive Income:

Bond in SP PowerAssets Limited	5,268	5,337
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The fair values are based on the closing market prices on the last market day of the financial year.

## 10 PREPAYMENTS

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 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
<b>The Group</b>									
Cost or valuation:									
At 1 January 2015	1,348,045	48,588	39,894	62,246	36,762	6,003	13,267	17,321	1,572,126
Additions	502	-	695	3,973	4,416	1,557	911	162,573	174,627
Disposals	(277,528)	-	-	(1,992)	(501)	(554)	(249)	-	(280,824)
Reclassification	153,845	-	1,568	178	(147)	-	1,231	(156,675)	-
At 31 December 2015	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
Accumulated depreciation:									
At 1 January 2015	396,088	22,093	29,355	57,673	20,402	3,830	9,348	-	538,789
Additions	74,231	1,728	1,330	2,772	3,584	611	1,104	-	85,360
Disposals	(60,137)	-	-	(1,301)	(499)	(552)	(237)	-	(62,726)
Reclassification	-	-	1	-	(1)	-	-	-	-
At 31 December 2015	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
Carrying amount:									
At 31 December 2016	748,186	62,312	13,181	4,111	27,984	3,503	5,743	1,166	866,186
At 31 December 2015	814,682	24,767	11,471	5,261	17,044	3,117	4,945	23,219	904,506

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 11 VEHICLES, PREMISES AND EQUIPMENT (cont'd)

	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
<b>The Company</b>									
Cost or valuation:									
At 1 January 2015	1,348,045	48,588	32,460	61,992	35,490	5,237	12,914	17,321	1,562,047
Additions	502	-	377	3,127	3,558	1,043	732	157,010	166,349
Disposals	(277,528)	-	-	(1,990)	(501)	(554)	(249)	-	(280,822)
Reclassification	153,845	-	1,371	-	(2)	-	846	(156,060)	-
Transfer to subsidiary	-	-	-	(3)	(1)	-	-	-	(4)
At 31 December 2015	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
Accumulated depreciation:									
At 1 January 2015	396,088	22,093	28,987	57,529	20,176	3,671	9,261	-	537,805
Additions	74,231	1,728	792	2,582	3,253	493	1,045	-	84,124
Disposals	(60,137)	-	-	(1,299)	(499)	(552)	(237)	-	(62,724)
Reclassification	-	-	1	-	(1)	-	-	-	-
Transfer to subsidiary	-	-	-	(3)	-	-	-	-	(3)
At 31 December 2015	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 to subsidiary	-	-	-	(1)	-	-	-	-	(1)
At 31 December 2016	404,729	1,568	30,585	55,080	24,738	3,870	10,287	-	530,857
Carrying amount:									
At 31 December 2016	748,186	62,312	3,842	3,194	26,153	2,341	4,730	1,166	851,924
At 31 December 2015	814,682	24,767	4,428	4,317	15,615	2,114	4,174	18,271	888,368

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 2016, the carrying amount of Soon Lee bus depot would have been \$23,039,000 (2015 : \$24,767,000), had the depot been carried at cost less accumulated depreciation.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 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	Bus depot
No. 4 Defu Ave 1 Singapore	74,236 sq m	38 years from 1 January 1983	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	Bus depot

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 12 DEFERRED TAX ASSETS/LIABILITIES

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deferred tax assets	20,354	14,961	-	-
Deferred tax liabilities	(85,554)	(71,545)	(85,554)	(71,545)
Net	(65,200)	(56,584)	(85,554)	(71,545)
At beginning of year	(56,584)	(49,656)	(71,545)	(58,207)
Charge to Profit or Loss (Note 26)	(5,335)	(2,796)	(10,826)	(9,109)
Arising from movement in Other Comprehensive Income Statement	(3,281)	(4,132)	(3,183)	(4,229)
At end of year	(65,200)	(56,584)	(85,554)	(71,545)
The balance comprises the tax effects of:				
<b>Deferred tax assets</b>				
Unutilised tax losses	19,887	14,461	-	-
Excess of tax written down value over carrying amount	443	214	-	-
Other items	24	286	-	-
	20,354	14,961	-	-
<b>Deferred tax liabilities</b>				
Excess of carrying amount over tax written down value	(102,684)	(90,654)	(102,684)	(90,654)
Other items	17,130	19,109	17,130	19,109
	(85,554)	(71,545)	(85,554)	(71,545)
Net deferred tax liabilities	(65,200)	(56,584)	(85,554)	(71,545)



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 13 BORROWINGS

	The Group and The Company	
	2016 \$'000	2015 \$'000
Borrowings comprise the following:		
(a) Short Term Bank Loans	–	87,500
(b) Long Term Bank Loan	66,000	100,000
(c) Medium Term Notes	150,000	150,000
Total	216,000	337,500
Analysed as:		
Current	150,000	87,500
Non-current	66,000	250,000
Total	216,000	337,500

**(a) Short Term Bank Loans**

In 2015, short term bank loans were for a tenure ranging from 2 to 6 months, unsecured and bore interest at rates ranging from 1.26% to 1.53% per annum.

**(b) Long Term Bank Loan**

The long term bank loan is unsecured and has a remaining tenure of 2 years (2015 : 3 years). Of this, \$50m bears fixed interest rate at 2.53% (2015 : 2.53%) per annum. The remaining \$16m bears floating interest rate at 1.35% (2015 : 1.81%) 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. 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 fair value of the notes approximates their carrying amount.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 14 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Payables to:				
Ultimate holding company (Note 4)	986	861	970	853
Related companies (Note 4)	3,151	3,022	3,128	3,000
Outside parties	53,699	89,891	48,487	84,918
Accruals	180,602	148,768	158,381	129,874
Deferred income	3,510	5,127	3,215	4,748
<b>Total</b>	<b>241,948</b>	<b>247,669</b>	<b>214,181</b>	<b>223,393</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The amounts outstanding are interest-free and the average credit period is 30 days (2015 : 30 days).

## 15 DEPOSITS RECEIVED

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deposits received	9,769	10,373	8,209	8,947
Less: Due within 12 months	(4,967)	(4,452)	(4,301)	(3,816)
<b>Due after 12 months</b>	<b>4,802</b>	<b>5,921</b>	<b>3,908</b>	<b>5,131</b>

Deposits received from tenants in respect of leases of stalls and shoplots, 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 16 INSURANCE PREMIUMS PAYABLE AND PROVISION FOR ACCIDENT CLAIMS

	The Group and The Company	
	2016 \$'000	2015 \$'000
At beginning of year	26,652	28,916
Charge to Profit or Loss	2,955	2,086
Payments	(4,808)	(4,350)
At end of year	24,799	26,652
The balance comprises provision for:		
Insurance premiums	6,630	8,730
Accident claims	18,169	17,922
	24,799	26,652

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

During the financial year, government grants amounting to \$137,000 (2015 : \$1,422,000) have been received from the government authorities to purchase certain assets. The grants received/receivable have 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At beginning of year	10,260	10,398	10,186	10,351
Charge to Profit or Loss	1,414	536	1,341	509
Payments	(693)	(674)	(691)	(674)
At end of year	10,981	10,260	10,836	10,186
The balance comprises provision for:				
Retirement benefits	7,737	7,775	7,656	7,726
Long service awards	3,244	2,485	3,180	2,460
	10,981	10,260	10,836	10,186

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 19 SHARE CAPITAL

	The Group and The Company			
	2016 Number ('000) of ordinary shares	2015	2016 \$'000	2015 \$'000
Issued and paid up:				
At beginning of year	309,165	309,045	94,786	94,579
Exercise of share options	1,090	120	2,352	207
At end of year	310,255	309,165	97,138	94,786

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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Share option reserve:				
At beginning of year	507	591	507	591
Transfer to share capital on exercise of share options (Note 19)	(116)	(17)	(116)	(17)
Transfer to accumulated profits	(36)	(67)	(36)	(67)
At end of year	355	507	355	507
Investments revaluation reserve:				
At beginning of year	336	486	336	486
Loss on investments	(69)	(150)	(69)	(150)
At end of year	267	336	267	336
Premises revaluation reserve:				
At beginning of year	-	-	-	-
Revaluation changes during the year in Other Comprehensive Income	40,265	-	40,265	-
At end of year	40,265	-	40,265	-
Hedging reserve:				
At beginning of year	(18,335)	(38,504)	(17,860)	(38,504)
Gain on cash flow hedges	16,014	20,169	15,539	20,644
At end of year	(2,321)	(18,335)	(2,321)	(17,860)
Total	38,566	(17,492)	38,566	(17,017)

The premises revaluation reserve arises due to the revaluation of a leasehold land and building (Note 11).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 21 REVENUE

Revenue comprises the following amounts:

	The Group	
	2016 \$'000	2015 \$'000
Public Transport Services	1,034,786	962,676
Other Commercial Services	63,950	61,247
Total	1,098,736	1,023,923

### 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 (2015 : \$95,010,000) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 22 STAFF COSTS

(a) Included in staff costs are:

(i) Directors' remuneration

### The Group

Remuneration band	Salary %	Bonus %	Others %	Total compensation %
-------------------	-------------	------------	-------------	-------------------------

#### 2016

(\$750,000 to \$999,999)	46	49	5	100
Gan Juay Kiat				

#### 2015

(\$750,000 to \$999,999)	46	49	5	100
Gan Juay Kiat				

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

	The Group 2016 \$
Lim Jit Poh	70,350
Kua Hong Pak	47,250*
Cheong Yip Seng	46,200
Chin Harn Tong	56,700
John De Payva	55,650
Lim Seh Chun	53,550
Wee Siew Kim	59,850
Wong Chin Huat, David	49,350

\* Fee paid to the Company's ultimate holding company, ComfortDelGro Corporation Limited.

(ii) Key executives' remuneration

### The Group

Remuneration band	Salary %	Bonus %	Others %	Total compensation %
-------------------	-------------	------------	-------------	-------------------------

#### 2016

(\$500,000 to \$749,999)	57	29	14	100
No. of executives : 1				

(\$250,000 to \$499,999)	55	37	8	100
No. of executives: 5				

#### 2015

(\$250,000 to \$499,999)	57	34	9	100
No. of executives : 7				

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 22 STAFF COSTS (cont'd)

### (a) Included in staff costs are: (cont'd)

#### (ii) Key executives' remuneration (cont'd)

The Code of Corporate Governance 2012 recommends the disclosure of the remuneration of the Company's Directors and top five key executives. The Board had considered this matter carefully and has decided against such disclosure except for non-executive Directors. Given the wage disparities and keen competition in the industry and the likely competitive pressures resulting from such disclosures, it is felt that the disadvantages of disclosure outweigh the benefits.

(iii) The remuneration of Directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and the Group. The total remuneration for the Directors and key executives comprising of short term benefits amounted to \$3,839,513 (2015 : \$3,973,833).

	The Group	
	2016 \$'000	2015 \$'000
(iv) Cost of contribution to Central Provident Fund	45,112	37,833

### (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			
	2016		2015	
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Outstanding at the beginning of the year	4,570,000	2.39	5,418,750	2.35
Cancelled/Lapsed during the year	(395,000)	2.48	(728,750)	2.23
Exercised during the year	(1,090,000)	2.05	(120,000)	1.58
Outstanding at the end of the year	3,085,000	2.49	4,570,000	2.39
Exercisable at the end of the year	3,085,000	2.49	4,570,000	2.39

The weighted average share price at the date of exercise for share options during the year was \$2.40 (2015 : \$1.80). The options outstanding at the end of the year have a weighted average remaining contractual life of 1.4 years (2015 : 2.1 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 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	
	2016 \$'000	2015 \$'000
Directors' fees	439	439
Cost of inventories recognised in repairs and maintenance costs	91,807	81,116
Net gain on disposal of vehicles and equipment	(723)	(703)
Insurance premiums payable and provision for accident claims	2,955	2,086
Provision for service benefits and long service awards	1,414	536
Audit fees:		
Paid to auditors of the Company	124	124
Non-audit fees:		
Paid to auditors of the Company	29	39

## 24 NET INCOME FROM INVESTMENTS

	The Group	
	2016 \$'000	2015 \$'000
Interest income from bonds and time deposits	243	242

## 25 FINANCE COSTS

	The Group	
	2016 \$'000	2015 \$'000
Interest expense on loans and Medium Term Notes	5,268	5,843



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 26 TAXATION

	The Group	
	2016 \$'000	2015 \$'000
Current taxation	49	50
Deferred tax (Note 12)	5,335	2,796
	5,384	2,846

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2015 : 17%) to profit before taxation as a result of the following differences:

	The Group	
	2016 \$'000	2015 \$'000
Profit before taxation	36,734	19,560
Taxation charge at statutory rate	6,245	3,325
Non-allowable items	482	(159)
Tax-exempt income	(26)	(26)
Overprovision of deferred tax in prior years	(1,300)	-
Previously unrecognised and unused tax losses now recognised as deferred tax assets	-	(277)
Other items	(17)	(17)
	5,384	2,846

## 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:

	2016	2015
Profit attributable to shareholders of the Company (\$'000)	31,350	16,714
Weighted average number of ordinary shares in issue ('000)	309,652	309,105
Basic earnings per share (in cents)	10.12	5.41

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 27 EARNINGS PER SHARE (cont'd)

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.

	2016	2015
Profit attributable to shareholders of the Company (\$'000)	31,350	16,714
Weighted average number of ordinary shares in issue ('000)	309,652	309,105
Adjustment for share options ('000)	244	115
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	309,896	309,220
Diluted earnings per share (in cents)	10.12	5.41

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 28 BUSINESS SEGMENT INFORMATION (cont'd)

	Public Transport Services \$'000	Other Commercial Services \$'000	Total \$'000
2015			
REVENUE	962,676	61,247	1,023,923
RESULTS			
Segment results	(12,800)	37,961	25,161
Net income from investments			242
Finance costs			(5,843)
Profit before taxation			19,560
Taxation			(2,846)
Profit after taxation			16,714
OTHER INFORMATION			
Additions of vehicles, premises and equipment	169,189	5,438	174,627
Depreciation expense	83,568	1,792	85,360
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Segment assets	1,045,332	23,101	1,068,433
Unallocated corporate assets			22,713
Consolidated total assets			1,091,146
LIABILITIES			
Segment liabilities	338,196	31,794	369,990
Unallocated corporate liabilities			382,462
Consolidated total liabilities			752,452

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 29 COMMITMENTS

As at 31 December 2016, 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Purchase of vehicles, premises and equipment	24,514	210,541	22,952	209,022

- (b) Operating lease commitments

*The Group as lessee*

	The Group	
	2016 \$'000	2015 \$'000
Minimum lease payment under operating leases included in the Profit or Loss	10,418	9,102

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

	The Group	
	2016 \$'000	2015 \$'000
Within one year	9,570	5,547
In the second to fifth year inclusive	25,707	14,548
After five years	6,604	7,825
Total	41,881	27,920

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 29 COMMITMENTS (cont'd)

(b) Operating lease commitments (cont'd)

### *The Group as lessor*

The Group rents out part of their spaces and floor areas at bus depots and train stations under operating leases. Property rental and licence fee income earned under non-cancellable leases during the year was \$19,342,000 (2015 : \$18,969,000). 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Within one year	15,125	17,744	12,733	14,736
In the second to fifth year inclusive	12,591	14,771	9,476	12,551
Total	27,716	32,515	22,209	27,287

## 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 buses, 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

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

### (a) Financial risk, management policies and objectives (cont'd)

#### Credit risk management

The Group has minimal credit risk arising from its public transport operations as the credit risk arising 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 and its MTN Programme to ensure its ability to access funding at any time at the best possible rates.

#### Fuel price risk management

Fuel, comprising diesel and electricity, is part of the operating cost of the Group. The Group seeks to hedge the price risk associated with its fuel needs and uses hedging instruments, where necessary, to achieve the desired hedge outcome.

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 diesel and electricity using the closing rates as at end of the reporting period as a basis will impact the Group's annual fuel and electricity costs by \$1.1m (2015: \$0.6m). The sensitivity analysis assumes that consumption is held constant at the same level as in 2016.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

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

### (b) Hedging instruments

	2016		2015	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
<b>The Group and The Company</b>				
At fair values:				
Foreign exchange hedges	-	-	2,335	-
Fuel hedges	-	2,798	-	24,427
	-	2,798	2,335	24,427

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.

At end of the reporting period, the Group has outstanding fuel hedges (2015: fuel and foreign exchange hedges) with notional amounts totalling \$13,253,000 (2015 : \$51,078,000).

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. As at 31 December 2016, there is no foreign exchange hedging instrument (2015 : \$2,335,000 of assets).

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. As at 31 December 2016, the fair value of the Group's and the Company's fuel hedging instruments comprised \$2,798,000 of liabilities (2015 : \$24,427,000 of liabilities) on cash flow hedges in Other Comprehensive Income.

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

### (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) and MTN under Note 13 (c) while equity refers to total equity.

No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 2015.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

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

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

	Carrying amount \$'000	Contractual cash flows			Effective interest rate %
		Total \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	
<b>2016</b>					
<b>Financial liabilities</b>					
<b>Loans:</b>					
In functional currency:					
Long Term Bank Loan					
- 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
<b>2015</b>					
<b>Financial liabilities</b>					
<b>Loans:</b>					
In functional currency:					
Short Term Bank Loans					
- unsecured	87,500	87,932	87,932	-	- 1.26 – 1.53
Long Term Bank Loan					
- unsecured	100,000	106,515	2,170	104,345	- 1.81 – 2.53
Medium Term Notes					
- unsecured	150,000	155,407	2,707	152,700	- 1.80

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 31 DIVIDENDS

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

	2016 \$'000	2015 \$'000
Tax-exempt one-tier final dividend in respect of the previous financial year:		
– 1.05 cents (2015 : 1.05 cents) per ordinary share	3,248	3,245
Tax-exempt one-tier interim dividend in respect of the current financial year:		
– 2.35 cents (2015 : 1.65 cents) per ordinary share	7,287	5,101
Total	10,535	8,346

(b) Subsequent to the end of the financial year, the Directors of the Company recommended that a tax-exempt one-tier final dividend of 2.70 cents per ordinary share totalling \$8,377,000 be paid for the financial year ended 31 December 2016. 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 2.35 cents per ordinary share (2015 : 1.65 cents per ordinary share), total distributions paid and proposed in respect of the financial year ended 31 December 2016 will be 5.05 cents per ordinary share (2015 : 2.70 cents per ordinary share).

## 32 LICENCE CONDITION FOR RAIL SERVICES

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

A licence condition ("LC") 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 LC 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 LC 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. As at the date of this report, the Company and LTA have not commenced the review.
- (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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 32 LICENCE CONDITION FOR RAIL SERVICES (cont'd)

### Downtown Line MRT System

A LC 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 LC 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.
- (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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 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 is effective from 1 September 2016 following the expiry of the Bus Service Operating Licence on 31 August 2016.

The Company will operate 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 will lease 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 will pay a leasing fee based on the depreciation of the buses over the statutory lifespan. LTA will also pay 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 will retain all fare revenue collected from the provision of the bus services. Revenue for provision of bus services will comprise service fee and leasing fee. The service fee is indexed to changes in wage levels, inflation and fuel costs. In addition, the Company will retain 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:-

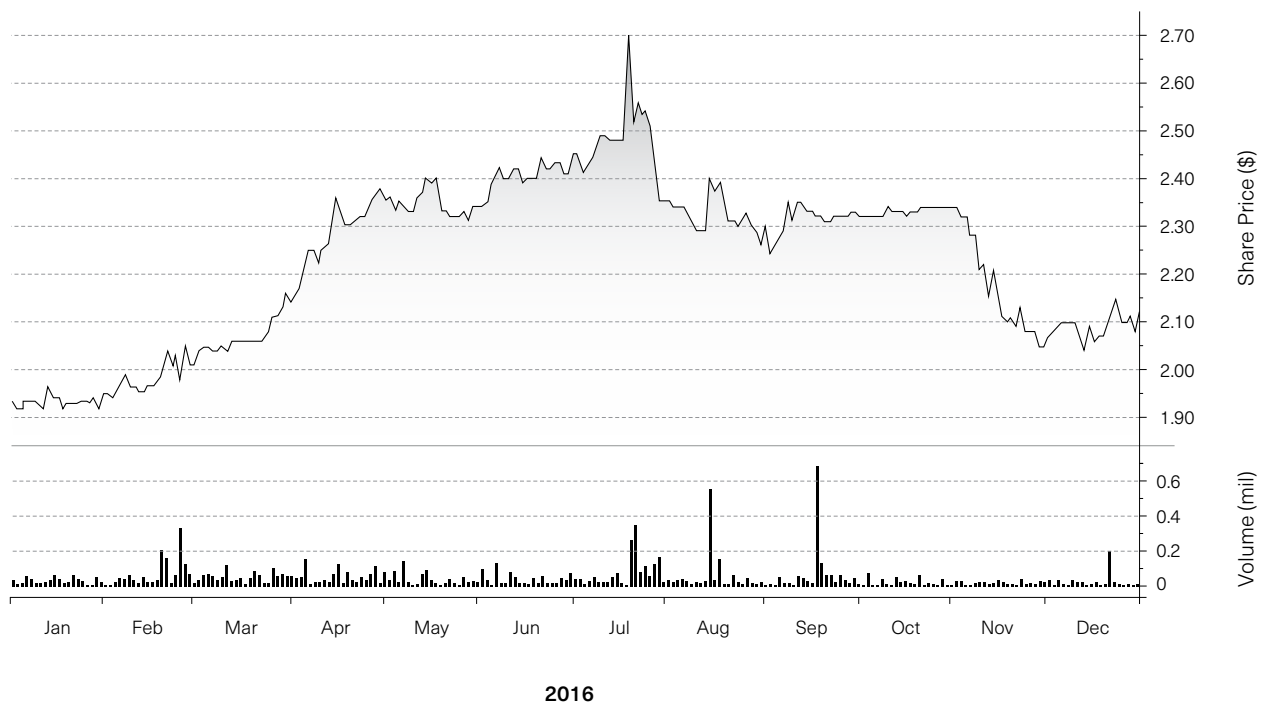
- (a) Operate, manage and maintain the buses and their on-board equipment;
- (b) Operate, and maintain the bus interchanges, bus depots including the equipment and systems therein;
- (c) Charge and collect fares as approved by the Public Transport Council, on behalf of LTA, for travel on the bus services;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

## 34 IFRS CONVERGENCE IN 2018

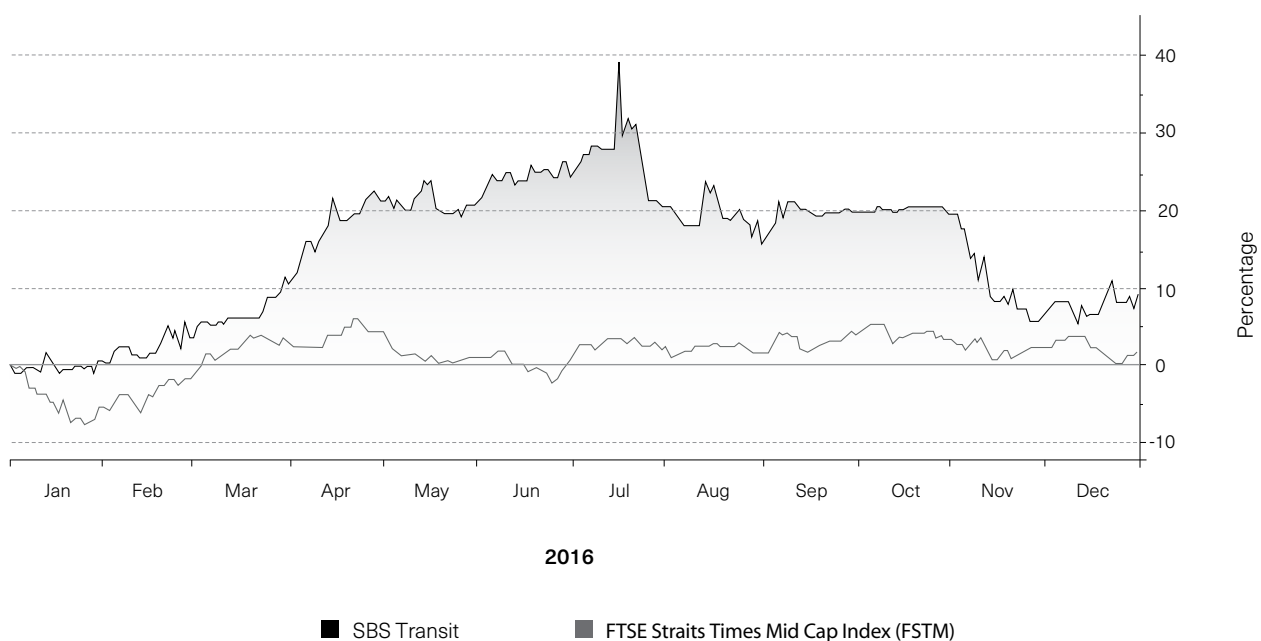
Singapore-incorporated companies listed on the Singapore Exchange (SGX) will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 31 December 2018, with retrospective application to the comparative financial year ending 31 December 2017 and the opening Statement of Financial Position as at 1 January 2017 (date of transition). Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1, including financial effects on transition to the new framework.

# SHARE PRICE MOVEMENT CHART

## SBS Transit's Share Price Movement and Volume Turnover



## Comparison of Performance of SBS Transit's Share Price and the FTSE Straits Times Mid Cap Index (FSTM)



Source: Bloomberg Finance L.P.

# SHAREHOLDING STATISTICS

As at 6 March 2017

No. of shares issued : 310,379,766  
 Class of shares : Ordinary shares  
 Voting rights : One vote per ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	22	0.12	530	0.00
100 - 1,000	3,560	18.98	2,265,513	0.73
1,001 - 10,000	14,720	78.50	24,823,142	8.00
10,001 - 1,000,000	441	2.35	18,086,442	5.83
1,000,001 & above	10	0.05	265,204,139	85.44
<b>Total</b>	<b>18,753</b>	<b>100.00</b>	<b>310,379,766</b>	<b>100.00</b>

Top Twenty Shareholders	No. of Shares	%
ComfortDelGro Corporation Limited	232,125,512	74.79
BNP Paribas Securities Services Singapore	10,964,000	3.53
DBS Nominees Pte Ltd	7,634,589	2.46
Raffles Nominees (Pte) Ltd	4,540,400	1.46
United Overseas Bank Nominees Pte Ltd	2,271,200	0.73
Maybank Kim Eng Securities Pte Ltd	1,900,712	0.61
Citibank Nominees Singapore Pte Ltd	1,840,566	0.59
DB Nominees (S) Pte Ltd	1,420,800	0.46
OCBC Nominees Singapore Pte Ltd	1,329,560	0.43
Tham Kim Fay or Kwa Ai Tee Jeanne	1,176,800	0.38
DBSN Services Pte Ltd	866,100	0.28
Changi Bus Company (Private) Limited	691,548	0.22
Ng Kok Song Jolly	416,500	0.14
Tan Kuangxu	367,000	0.12
Cheng Kai Lan	333,600	0.11
Phillip Securities Pte Ltd	317,800	0.10
Jusin Private Limited	300,000	0.10
Pang Cheow Jow	255,000	0.08
Tan Din Lua	253,100	0.08
Chin Hsiang San (Qian Xiangshan)	250,000	0.08
<b>Total</b>	<b>269,254,787</b>	<b>86.75</b>

Substantial Shareholder (as shown in the Register of Substantial Shareholders)	No. of Shares	%
ComfortDelGro Corporation Limited	232,125,512	74.79

As at 6 March 2017, approximately 25.03% 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.

# NOTICE OF ANNUAL GENERAL MEETING

## SBS Transit Ltd

(Incorporated in the Republic of Singapore)

(Co. Reg. No.: 199206653M)

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting\* of the Company will be held on Tuesday, 25 April 2017 at 10.00 a.m. at:

**HDB HUB AUDITORIUM  
BASEMENT 1  
480 LORONG 6 TOA PAYOH  
SINGAPORE 310480**

The Annual General Meeting 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 2016 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a tax-exempt one-tier final dividend of 2.7 cents per ordinary share in respect of the Financial Year ended 31 December 2016. **(Resolution 2)**
3. To approve the payment of Directors' fees of \$438,900 for the Financial Year ended 31 December 2016. (FY2015: \$439,175). **(Resolution 3)**
4. To re-elect Mr Gan Juay Kiat, a Director retiring pursuant to Article 97 of the Company's Articles of Association. **(Resolution 4)**
5. To re-elect Professor Lim Seh Chun, a Director retiring pursuant to Article 97 of the Company's Articles of Association. **(Resolution 5)**
6. To note that Mr Wong Chin Huat, David will be retiring pursuant to Article 97 of the Company's Articles of Association and he will not be seeking re-election at this Annual General Meeting.
7. To re-appoint Messrs Deloitte & Touche LLP as Auditors and authorise the Directors to fix their Remuneration. **(Resolution 6)**

### 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 2017 for the purposes of determining Shareholders' entitlements to the proposed tax-exempt one-tier final dividend of 2.7 cents per ordinary share for the Financial Year ended 31 December 2016.

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 2017 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 2017 will be entitled for the proposed final dividend.

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

# NOTICE OF ANNUAL GENERAL MEETING

The final dividend, if approved by the Shareholders at the Twenty-Fourth Annual General Meeting of the Company, will be paid on 12 May 2017.

By Order of the Board

Chan Wan Tak, Wendy  
Company Secretary  
Singapore  
27 March 2017

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, Cap. 50.

- 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:**

Professor Lim Seh Chun is a Member of the Audit and Risk Committee. He is considered an independent Director of the Company. If re-elected, Professor Lim Seh Chun will continue as a Member of the Audit and Risk Committee.



# 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 2017.

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 Tuesday, 25 April 2017 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*
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Mr Gan Juay Kiat as Director		
5.	Re-election of Professor Lim Seh Chun as Director		
6.	Re-appointment of Auditors and authorising Directors to fix their remuneration		

\* 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 \_\_\_\_\_ 2017

<b>Total Number of Shares Held (Note 1)</b>

\_\_\_\_\_  
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

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

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

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

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

**HDB HUB AUDITORIUM  
BASEMENT 1  
480 LORONG 6 TOA PAYOH  
SINGAPORE 310480**

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

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All rights reserved. Some information in this Annual Report constitute 'forward looking statements', which reflect SBS Transit's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which may be outside SBS Transit's control. You are urged to view all forward looking statements with caution. No information herein should be reproduced without the express written permission of SBS Transit Ltd. All information herein is correct at the time of publication. For updated information, please contact our Corporate Office.

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Company Registration No. 199206653M