

going  
beyond



COMFORTDELGRO CORPORATION LIMITED  
annual report 2003

going

beyond

We transcend. We go above. We push ahead. In 2003, Comfort Group and DelGro Corporation went beyond their boundaries to become ComfortDelGro. A powerful force to be reckoned with, ComfortDelGro ranks among the three largest public listed passenger land transport companies in the world. Offering all-encompassing services including taxi, bus, car rental & leasing, rail, automotive engineering, inspection, test & assessment services, learner drivers' instruction services and outdoor advertising, the Group operates across the globe from the United Kingdom and Ireland to Vietnam and Malaysia, as well as 12 cities in China.

# Chairman's Statement



## INTRODUCTION

This is our first annual report following the overwhelming support given by the shareholders of both Comfort Group Ltd and DelGro Corporation Limited to merge the two companies.

Events leading to the merger are well documented elsewhere in this annual report under the chapter: **The ComfortDelGro Story.**

2003 is a watershed year in Singapore's land transport scene. In our national history, the progress and development of the land transport sector have mirrored that of the country's growth. In the 1960s, the birth of Comfort (a taxi cooperative) and DelGro (an amalgamation of several private bus companies) were ideas of our first Prime Minister, Mr Lee Kuan Yew, who saw the need to help workers to have a better standard of living and for a strong and reliable land transport system.

Having achieved that, the Government is urging companies to venture abroad as a second wing of our economy. This paved the way for the two groups to merge, so that the combined financial resources, expertise and experience will propel the enlarged entity to an even higher level. This is crucial in today's borderless high technology business world.

We have responded and aim to be a global group that Singapore can be proud of.

## Chairman's Statement (cont'd)

### CORPORATE GOVERNANCE

The establishment of ComfortDelGro came at a time when the investing public was pushing for more transparency and accountability. We fully support this.

From the beginning, it was decided that the two top positions of the Chairman and the Chief Executive Officer had to be separated. Accordingly the Chairman is non-executive in nature and manages the Board of Directors while the Chief Executive Officer, a full-time executive, manages the day-to-day business of the Group.

We have constituted a Board with persons rich in international business experience as well as others who are sensitive to the needs of the workforce and the commuting public. Their profiles appear elsewhere in this annual report.

The Board of eight with five independent directors has a well-balanced mix of expertise and experience.

We also constituted four standing committees to review, monitor and decide on various critical issues. The Audit Committee, the Remuneration Committee, the Nominating Committee and the Investment Committee exist for very specific purposes. Their terms of reference are reflected under the chapter: **Corporate Governance**.

I had earlier stated that we should strive towards achieving at least 50% of our turnover from overseas. I had also mentioned that we would work towards declaring 50% of our profit as dividend payment. I also stressed that we would stay within the confines of our core business of land transportation.

### MANAGEMENT STRUCTURE

Today's management style calls for an organisational structure that has to be flat, with senior staff taking full ownership of their responsibilities and duties. I am pleased to say that the structure is working well. This is fundamental in today's borderless and fast changing business world.

The merged outfit which is larger in scope and scale expects a high level of dedication and commitment from our senior staff starting right from the top of the pyramid, namely the

Chief Executive Officer. I am pleased that the choice of Mr Kua Hong Pak as the first Managing Director/Group Chief Executive Officer to lead the Group has turned out to be a blessing. With his high energy level, a good analytical mind, coupled with his equally high sense of commitment, conviction, passion and integrity, he is able to effectively implement the policies laid down by the Board with distinction.

A new Group Financial Officer and a Group Information Officer were recruited to complement the existing senior staff in carrying out the necessary functions outlined in the merger Scheme Document. Some existing senior staff members were re-deployed to test their potential in a bigger organisation. Those who had the ability, initiative and drive, were given additional responsibilities. They will be rewarded.

I regret that those who could not cope with the added responsibilities had to leave. There were, however, retrenchments as a result of changes and shift in our business strategy such as the introduction of the North East MRT Line (NEL) which affected the bus business. There were also retrenchments because we had become complacent in the past and had added on excessive headcount, such as the case of the Computer Cab business in London. Some retrenchments consequent to the merger were inevitable. In all, 612 staff members left us and were not replaced. The cost of this was about \$19 million resulting in an annualised savings of \$27 million. The manpower strength is now trim and responsive as it should be.

### SARS

While the Management was mapping out and implementing policies to achieve the benefits outlined in the merger Scheme Document, the region was suddenly confronted with the Severe Acute Respiratory Syndrome (SARS) that caused a nation-wide crisis. The Managing Director/Group Chief Executive Officer, Mr Kua, personally attended to the various problems and issues associated with SARS. His bold and decisive action in cutting taxi rentals substantially together with the generous rebates on fuel sales were deeply appreciated by the taxi drivers. He won their hearts. He also instituted measures, both short term and long term, to help the taxi drivers. He also checked on our staff stationed



### Chairman's Statement (cont'd)

in the People's Republic of China (PRC), Vietnam and Malaysia where SARS was prevalent and took pains to enquire about their personal well-being before asking about business conditions – such is the test of leadership at the highest level and the demonstration of skills in managing a global group.

It was also a personal and powerful demonstration of the Group's commitment to our people.

I dread to think what would be the situation and outcome if we had a weak CEO. Numerous people may have surrendered their taxis, throwing in their towels. For us, it would mean, not just a drastic loss in income, but also a thorny problem of finding parking bays for these vehicles.

It could have cost us hundreds of millions of dollars. As it is, the reduction of rental rates for only four months and other measures implemented to combat SARS affected our revenue by as much as \$30 million with another \$1 million spent in organising the various preventive hygiene measures. As this is a significant event, an outline of the measures taken appears elsewhere in this annual report under the chapter: **Impact of SARS.**

#### LOCAL BUSINESSES

Our taxi business portfolio continued to do well. As the authorities have liberalised the taxi operator licence, we also increased our taxi fleet by 284 to reach an all time high of 16,794 taxis spread over three brands, Comfort Transportation, CityCab and Yellow-Top Cab. We also increased the proportion of large capacity taxis to 81% to meet the demand.

We have provided our taxi drivers with various incentives ranging from direct fuel rebates and top-up in their medical schemes to indirect benefits like scholarships and bursaries granted to the taxi drivers' children, and funding of their kiosks as well as their associations. Training continues to be our priority. With the establishment of the Singapore Taxi Academy, we hope that our taxi drivers will take advantage of the courses specially designed, planned and organised for them to enhance their capability.

Because of our large, well located and established in-house engineering workshops, the scheduled maintenance programmes of our taxis are very effective and efficient. Turnaround time for the taxis is minimal. This has resulted in our drivers not having long unproductive idle time which can affect their income unfairly.

Our fuel sale outlets have reached 14 in number, taking advantage of our own Group's premises. Sale of fuel to our drivers continues to rise. So far, only 55% of our drivers are using these facilities to their benefit.

Our engineering workshops also continue to engage in repairs and maintenance of private vehicles. This is a rising trend, especially with the increase in the car population.

Our bus business assumed a different dimension when, for the first time, we engaged in rail business. The Sengkang Light Rapid Transit system was opened for business in January 2003 while the long awaited NEL commenced business six months later in June 2003.

Though losses were incurred initially, the Board of Directors of SBS Transit is examining the various options available to NEL in the light of the Minister for Transport's remark that he had no objection to the centralisation of rail services.

Our vehicle inspection business took a further step forward when it ventured into other technical testing and inspection services. The acquisition of Setsco, a business owned by the Keppel Group in testing areas like engineering, manufacturing and food, has provided the Group with a niche of its own.

Our car rental business had a difficult year because of the sluggish economy. However, it is still profitable.

Our driving school continues to improve even though we were a late starter. Its profit is commendable.

Because the nature of our business is capital intensive and is strongly linked to human life, our insurance premium is unavoidably huge. We see an alarming rise in premium following the tightening of rates in the aftermath of 9/11. A new perspective to this subject was examined. A decision

### *Chairman's Statement (cont'd)*

was, therefore, taken in September 2003 that an in-house insurance broking business should be established not only to review and monitor insurance claims and risk management services of the Group, but also to engage in self insurance since we have the necessary scale to embark on it. We are encouraged by the initial positive results. But some of our existing insurance policies are still valid and we have to honour these contracts. Meanwhile, we are undertaking outside insurance broking activities to enhance our profitability.

#### **MERGER BENEFITS**

I am very pleased to advise that all that were highlighted in the Scheme Document in connection with the merger has been achieved. Within a short span of nine months after the merger, the Management was able to enhance revenue, derive business synergies, eliminate duplicated functions and cut down operating costs besides embarking on its overseas expansion plans.

Instead of two separate call-booking taxi despatch systems for our taxis, there will now be one. Similarly, the current two call centres will be reduced to one. There will be substantial savings in capital expenditure and manpower costs. With the size of the combined fleet, the purchase price of our taxis is also reduced.

The increase in the number of fuel sale outlets from nine, prior to the merger, to 14, after the merger, provided our taxi drivers with more avenues to get their lower cost fuel. The amalgamation of the engineering duties had eliminated duplicated functions resulting in manpower cuts.

Comfort's unscheduled bus operations were transferred to Braddell Road. This has resulted in meaningful savings of office rental, parking bays and purchase of fuel.

Tremendous savings were made when common activities like finance, internal audit, IT, legal and secretarial services and business development were rationalised and centralised under one roof for greater efficiency. Duplicated functions were eliminated resulting in more savings.

Above all, the combined resources, expertise, knowledge and experience have helped the Group to expand abroad

in a more systematic and efficient way. In short, we had delivered what we had promised in the Scheme Document. Better still, we did it within a period of nine months, shorter than what demanding shareholders and fund managers, whom we met prior to the merger, had given as a deadline of one year to accomplish. I congratulate the Management for a job excellently and speedily executed.

In financial terms, revenue enhancement was in the region of \$22 million for a nine-month period from the increase of diesel sales and additional engineering repairs and maintenance activities.

#### **OVERSEAS BUSINESSES**

I have previously said that the critical test for our future success lies in our initiatives and ability to expand abroad. This is not an easy task for our business which is not only politically sensitive, but capital intensive as well. We have declared a target of deriving 50% of our revenue from abroad within a time frame of five to seven years after the merger. This target has not changed.

While the integration of the two groups was in progress immediately after the merger had been approved, the unfortunate appearance of SARS and the weak economy had somewhat retarded the speed of our overseas expansion plans. We were, however, not deterred by this. In fact, we accelerated our activities.

We expanded our taxi fleet in Ho Chi Minh City, Vietnam by 45% to a size of 580 vehicles after having our presence there for a year only. We reorganised and expanded our car rental business in Kuala Lumpur, Malaysia by 10% to 300 licences. We also expanded our taxi fleet in the PRC by 453 or 8% bringing the number to 6,377 by the end of the financial year 2003.

Till now, our investment strategy in the PRC had been confined to the major and coastal cities. This strategy was reviewed and there is now a concerted effort to shift to the developing western and north-eastern regions of the country. We have also decided that when our taxi and bus fleets reached certain sizes, our downstream related activities like engineering workshops, vehicle inspection, fuel sales and vehicle distributorship should follow. At the same time, existing operations should expand concurrently.

### Chairman's Statement (cont'd)

In line with the shift of our strategy, we entered into another project in Shenyang before the financial year 2003 had ended. This project involves a total of 1,021 taxi licences.

In yet another project concluded just after the financial year 2003, we entered into four deals in Chengdu, Sichuan, involving taxi operations, car rental, vehicle inspection and vehicle repair and servicing. This is a model which we would like to be repeated in other cities.

The present Suzhou operations involving taxi operations, vehicle repair and maintenance workshops, fuel sales and vehicle distributorship is similar.

Another interesting model is the operations of our bus station in Guangzhou, Guangdong. This model can and should be repeated in other parts of the PRC since domestic travel is expected to rise with better standards of living. Under this model, revenue streams are derived from parking bay fees, commission from ticket sales and rental of premises.

The stage is now set for us to move in an organised and aggressive manner in the PRC which has 30 provinces and four municipalities. In attempting to achieve these goals, we will identify and groom local talents to work side by side with our own experienced Singaporeans. The PRC is a vast market which we have to tap, nurture and root in the long term.

Our UK operations continue to perform well. The transport policy of the Mayor of London has benefited the bus companies. We are no exception. However, we will continue to look for growth opportunities. Consolidation and improvement shall be our immediate aim.

A footprint of our overseas investments is reflected elsewhere in this annual report.

### FINANCIALS

With such hectic activities, I am pleased to inform that our revenue had increased by 8% from the pro forma figure of \$1.74 billion to \$1.88 billion. The increased revenue came from our new rail business, taxi operations, fuel sales and overseas operations. With the merger we have become

the second largest land transport fleet owner in the world and within the top three in terms of shareholders' funds.

Profit before tax was \$206 million, a reduction of \$13 million or 6% from the previous year. This was inevitable due largely to SARS. If our loss of income and higher expenses connected with this epidemic were added back, our profit would, in fact, show an improvement of 8% over the previous year.

For the same reason, net profit for the year suffered a drop of \$15 million or 10%. It was still a commendable \$134 million and ahead of the market consensus of \$128 million. Again, had the SARS effect together with a one-time restructuring charge of \$19 million during the year been ignored, we would have enjoyed a 16% improvement.

Earnings per share was 6.6 cents from 7.4 cents a year ago. Net asset per share had increased by 6% from 58 cents to 62 cents. Return on shareholders' funds at 11% was very satisfactory in today's low interest environment. We enjoyed a positive free cash flow of \$173 million. Our Group's gearing ratio continued to be low at 33%.

Your Directors have recommended a final dividend of 12.25% or 3.0625 cents per share for approval of the shareholders. Together with the interim dividend of 1.15 cents per share, the total dividend for 2003 would be 16.85% or 4.21 cents per share. Against the last traded price at 31 December 2003, the yield was 5.2%. The total dividend payout would represent 50% of our profit after tax and minority interests, achieving the target set by the Board earlier.

Viewed from another perspective, overseas turnover for 2003 was 30%. However, profit before tax was only 14%. The main reason for this lower profit figure was that our local businesses were very matured, whereas our overseas operations were in different stages of progress and development.

## Chairman's Statement (cont'd)

### CORPORATE RESPONSIBILITY

As a public-listed company, we are conscious of our social responsibility. We donated \$1 million to the Lee Kuan Yew School of Public Policy to be housed in the National University of Singapore. We also donated \$1 million in transport vouchers to a meaningful Transport Voucher Scheme initiated by the National Trades Union Congress and the Community Development Councils, to help ease the burden of low income families in meeting public transportation expenses.

We continued to donate to charities, educational institutions, constituency functions and the labour movement, regarding these as part and parcel of our social commitment and responsibility.

Believing that a business has the responsibility to protect the environment in which it operates, we placed nine Compressed Natural Gas (CNG) monitor taxis on the road for a pilot run. This is in addition to the two CNG buses already in place.

### 2004 OUTLOOK

We are broadly optimistic about 2004. This stems from our belief that the economies in the countries in which we operate are recovering, and hence will sustain business growth.

Overseas expansion has to be our engine of growth. Our good start in the PRC will continue to be accelerated.

In line with our Government's extension of statutory lives for taxis and buses in Singapore, the Group has rationalised its depreciation rates. In Singapore, our taxis will be depreciated over 90 months from 72 months and 80 months for CityCab and Comfort Transportation/Yellow-Top Cab, respectively. Buses will be depreciated over 12 instead of eight years. These rates are effective from 1 January 2004.

The benefits of rationalisation and economies of scale from the merger should reap profitable returns in 2004.

### APPRECIATION

I must confess that a large part of our achievements and progress in the past year has to be attributed to our first Managing Director/Group Chief Executive Officer, Mr Kua Hong Pak. He has set the tone, discipline and direction for the next level of management to emulate. On behalf of the Board, I wish to congratulate him for a job well done despite unexpected problems and difficulties.

Under his capable and effective leadership, we are able to successfully integrate Comfort and DelGro into ComfortDelGro so as to meet the goals and objectives spelt out in the Scheme Document and also to achieve the financial targets set.

I also wish to thank all our staff for their hard work and commitment. I am also grateful to our unions and, in particular, their leaders for appreciating and understanding our objectives and helping us to achieve our goals and aspirations. The process was not easy. But as partners, we passed with flying colours.

I wish to thank the Government and the Land Transport Authority for their trust and confidence in us to operate a large portion of the land transport delivery systems in Singapore. I also wish to express my gratitude to our commuters and public for their support, understanding and patronage.

My thanks are also due to my fellow Directors for their support, cooperation and trust as we phased in the merger and integration processes and made preparations to move forward as a global company.

On behalf of the Board, I also wish to thank our shareholders for their support and confidence in us. We hope you are as proud of our people and their achievements as we are and that you share our enthusiasm for the tremendous future prospects of the Group.

**Lim Jit Poh**  
Chairman  
12 April 2004









# we transcend

Paradigms are shifting. To succeed in a globalised world, new waters must be chartered and the status quo challenged.



## The ComfortDelGro Story



ComfortDelGro Corporation Limited (“ComfortDelGro”) is a company born of a merger of two excellent organisations, whose union is a harbinger of greater growth and overseas expansion.

Below outlines the key events leading to the birth of ComfortDelGro. Within the next five to seven years, we aim to be a leading global land transport icon, deriving 50% of our revenue overseas.

### Signaling intentions in advance

The merger of Comfort Group Ltd (“Comfort”) and DelGro Corporation Limited (“DelGro”) was the brainchild of two Directors who had been closely associated with Comfort and DelGro. The two Directors were Mr Lim Jit Poh, at that time non-executive Chairman of Comfort and a non-executive Director of DelGro, and Mr Kua Hong Pak, then a non-executive Director of DelGro.

The idea of a merger was sparked off by public outcry following a bus fare increase announced by SBS Transit Ltd (“SBS Transit”), the listed bus operating arm of DelGro.

*“It hit me then, that if we were to grow our business, we first had to become much bigger and then to expand, grow a second wing overseas,” Mr Lim recalls.*

Mr Lim and Mr Kua then brought the idea of the merger to the Boards of Comfort and DelGro, both of whom unanimously supported the proposal. Mr Lim and Mr Kua then broached the idea, in strict confidence, with the Singapore Labour Foundation (“SLF”), the single largest controlling shareholder of Comfort, controlling 37.2% of its shares, to gauge their response. Again, the response was positive. There was no controlling shareholder in DelGro.

The announcement of the merger started with Comfort and DelGro each issuing an identical announcement after the close of business on 20 November 2002 requesting the Singapore Exchange Securities Trading Limited (“SGX”) for a suspension in the trading of their respective shares on 21 November 2002 pending the release of an announcement. The trading in the shares of their respective listed subsidiaries, VICOM Ltd (“VICOM”) and SBS Transit Ltd were also suspended.

**康福将与得高合并**

成新加坡最大交通经营者

本地公共交通业又有重大合并行动，康福集团（Comfort）和得高企业（DelGro）计划合并为市值超过10亿元的新上市公司，成为新加坡最大的多元化公共交通经营者。

两家公司昨晚发布的联合文告说，合并计划的目的是为了提高效率和提供更好的客户服务，并壮大海外业务的规模。

合并公司将拥有7大业务

合并公司将拥有7大业务，即巴士服务、德士服务、地铁与轻轨服务、汽车租赁、广告、汽车检验服务、汽车工程与维修服务。

根据康福集团和得高企业上财政年的业绩，合并公司的营业额达15亿6100万元，而税前盈利为1亿9600万元。

在合并协议下，股东将根据各自公司的股本比例，获得新公司的一半股权。股东将持有1000股康福集团股票，将获得1245股新公司股票。得高企业股东则以1000股股票，交换为3342股新公司股票。

新加坡地铁公司在去年7月宣布并购巴士与德士经营者八达控股的敲议，成为新加坡首家多元化的公共交通经营者。这个交易总值将近2亿元。

分析员说，鉴于我国市场小，多家公共交通公司竞争无法取得经济效益，政府希望最终只有两家公共交通公司彼此竞争，但由于本地公共交通经营者都是上市公司，是否要合并是个别公司的商业决策。

此外，分析员指出，随着巴士支线服务市场开放，公共交通业者面对更激烈的竞争。

合并行动将让业者在采购车辆与燃油、维修、保险、扩展海外业务等方面节省成本。康福集团在中国的德士车队有730辆，而得高企业在中国、英国和马来西亚也有业务。

新公司总资金超过11亿

新闻刊第21页

Source: Lianhe Zaobao, 22 November 2002

## The ComfortDelGro Story (cont'd)

### Reading road signs

After the close of business on 21 November 2002, the merger details were announced via two separate but identical announcements by Comfort and DelGro to the SGX. The details of the proposed merger were as follows:

- Comfort and DelGro will merge under a new holding company by way of separate schemes of arrangement;
- The shareholders of Comfort and the shareholders of DelGro will each receive 50% of the issued share capital of the new holding company. Comfort shareholders will receive 1.245260513 shares in the new company for every Comfort share owned while DelGro's shareholders will receive 3.341812670 shares for every share owned;
- The purpose of the merger was to consolidate the transportation business of Comfort and DelGro in order to enhance profitability and shareholder value, provide better customer service through synergies and greater efficiencies and to achieve increased size and scale for its overseas operations. The merger will create a premier public and personal land transportation and integrated services group with the following seven main areas of business:

- Bus services;
- Taxi services;
- Rail operations;
- Car rental;
- Advertising;
- Automotive engineering and maintenance services; and
- Vehicle inspection and assessment services.

- The benefits expected to derive from the proposed merger include:

- optimising the utilisation of resources to create operational efficiencies and productivity gains;
- achieving cost savings and extract synergies from economies of scale, rationalisation and streamlining of existing businesses;
- positioning of the new company to grow its businesses with its wider geographical reach;
- meeting challenges effectively in the Singapore and overseas markets with its enhanced financial strength; and
- attracting broader investor interest.

# Comfort, DelGro merger to create \$1b company

**New company to be listed, but Comfort and DelGro will be delisted**

*By Wong Wei Keng*  
[SINGAPORE] Comfort Group and DelGro Corp yesterday proposed a merger that will create a billion-dollar grouping that is set to dominate the transportation market in Singapore.

The new company (Newco), formed by the merger of Singapore's biggest taxi operator and the largest public bus operator, will have a market capitalisation of over \$1 billion, combined sales of \$1.56 billion, and pre-tax earnings of \$196 million. It will provide a spectrum of transport services ranging from bus and taxi services to leasing and vehicle maintenance and inspections.

Comfort has a fleet of some 11,240 taxis, while DelGro runs 2,872 buses. Comfort is also Singapore's biggest private bus operator with 401 buses, while DelGro has been awarded the operation of the NorthEast MRT line and the Sentosa/Punggol light rail system.

The only rival in Newco here, Island SMRT Corp, in comparison, has a market capitalisation of around \$380 million, sales of \$200 million and pre-tax profits of \$66.7 million. It has a smaller fleet of some 400 buses and 2,000 taxis, but

operates all the existing MRT lines in Singapore.

Under the merger plan, Newco will be listed, but Comfort and DelGro will be delisted after the transaction is completed.

Comfort's Vehicle Inspection and Vicam Ltd and DelGro's bus operating unit SBS Transit will remain listed as separate entities on the Singapore Exchange.

Comfort shareholders will receive about 1.25 Newco shares for every Comfort share, while DelGro shareholders will get around 3.34 Newco shares for each DelGro share.

There are \$1.80 billion Comfort shares and 306.00 million DelGro shares currently in issue.

Based on the allocation of shares, Newco will have 2.02 billion shares in issue and paid-up capital of \$66.5 million, and will be equally held by Comfort and DelGro shareholders.

In a joint statement, Comfort and DelGro said the proposed merger aims to consolidate their transportation businesses to enhance profitability and shareholder value. It will

enable Newco to provide better customer service through synergies and greater efficiencies and to increase the size and scale of overseas operations.

Newco will also be better placed to face the increased competition from the liberalisation of the unscheduled feeder bus services market in Singapore, the statement added.

The merger will result in a stronger balance sheet with shareholders' funds exceeding \$1.1 billion, it said.

With a market capitalisation of over \$1 billion, Newco should attract a broader shareholder base, wider institutional interest, and more extensive research coverage.

Initial market reception was positive. "I think it looks like a good deal," said Kevin Scully, head of Nedra Research Asia. "Comfort is looking to expand overseas and DelGro has large bus and taxi operations in London and China. There are also overlaps in local operations so there should be some synergies and margin expansion."

The issue, Mr Scully suggests, is more competition one rather than an equity one.

*Continued on Next Page*

	2002	2001
Sales	\$1,560m	\$900m
Pre-tax profit	\$196m	\$96.5m
NTA/SGX	546	21.3x

**SMRT faces harder fight for funds and riders. Pg 3**

Source: The Business Times, 22 November 2002



### *The ComfortDelGro Story (cont'd)*

## Traffic wardens

A panel of advisers, both financial and legal, were appointed to advise the relevant parties of the proposed merger:

<b>ANZ Singapore Limited</b>	- Financial Adviser to the proposed merger
<b>Stamford Law Corporation</b>	- Legal Adviser to the proposed merger
<b>PricewaterhouseCoopers</b>	- Reporting accountants
<b>Ernst &amp; Young Corporate Finance Pte Ltd</b>	- Financial Adviser to the independent Directors of Comfort
<b>N.M. Rothschild &amp; Sons (Singapore) Limited</b>	- Financial Adviser to the independent Directors of DelGro

## Honking in approval

"True synergy" was the reaction by one of the analysts to the news of the mega merger while several press carried the headlines like "The Big Union", "Comfort DelGro merger to create \$1 b company" and "Big cost-savings at home, long-term benefits abroad".

In the meantime, a day after the news of the merger was announced, both Comfort's and DelGro's shares had a field day at the stock market. "Comfort soars 5.8% while DelGro leaps 8.4%" was the headline in The Business Times that described the performance of both the counters. Comfort's share price hit a near five-and-a-half-year high at 82.5 cents during the day, before ending up 4.5 cents, or nearly 6% at 81.5 cents, with a trading volume of 5.5 million shares. As for DelGro, its share price surged to a high of \$2.20 in intra-day trade before settling at \$2.19, up 17 cents or over 8%, with a volume of 4.5 million shares traded.

At the same time, there was also speculation as to who would lead the merged entity. In a report in The Straits Times entitled "Opinions split over who will take the helm", it was reported that views were split as to whether the then Executive Chairman of DelGro or the former Managing Director of Comfort would be promoted to the top job. There was also the insider's choice of Mr Kua as the other possible candidate.

## Public address

Six days after news of the proposed merger was announced, the analysts, press and media were invited to attend separate press conferences held at the Sheraton Towers where Mr Lim and Mr Kua explained the rationale and benefits of the merger proposal, and a time table of the various events.

The reason for the delayed press conference was that the staff had to be briefed first. Also, there was a need to allow the analysts and the media to digest the details of the merger proposal.

# Opinions split over who will take the helm

**The chief execs of Comfort and DelGro and their teams have their strengths and weaknesses, say analysts and investors**

Source: *The Straits Times*, 23 November 2002

### The ComfortDelGro Story (cont'd)

At the press conference, it was also revealed by Mr Lim that Mr Kua was likely to be the CEO of the merged entity while he was likely to assume the position of non-executive Chairman. The merger said Mr Kua, would result in cost savings from areas such as vehicle purchase, fuel management and purchase, vehicle repairs and maintenance, insurance cost and overseas business development cost.

In terms of fleet size, there would be a combined fleet of 4,879 buses and 26,920 taxis in Singapore, Vietnam, China and the United Kingdom. In addition, there would also be 2,640 rental cars in Singapore, China and Malaysia.

On overseas expansion, Mr Kua said that the merged entity would draw on the strength and experiences of Comfort and DelGro and go in as one collective company.



Source: The Straits Times, 28 November 2002

### Transport giant in the making

Comfort and DelGro fill each other's gaps

Source: The Edge, 2 December 2002



Source: The Straits Times, 28 November 2002

*“More importantly, we are going abroad together, instead of as two companies trying to compete for the same business.*

*If you look at the Japanese and Koreans, they work together when they go overseas, they don't compete with each other. We want to do that.*

*Don't forget, we are not competing among ourselves; we are competing against the world,” said Mr Kua.*

With regard to staff rationalisation, while there would be some degree of rationalisation and streamlining in the backroom, the merger was an “excellent fit”. There was very little overlap in terms of frontline staff. Mr Kua assured:

*“Bus captains will continue to be bus captains. In fact, we are short of bus captains. And taxi drivers will continue to be taxi drivers.”*

Finally, the commitment from Mr Kua:

*“If the merger goes through, it will be a very big company, a very dominant player. And precisely because of that, it will become necessary and very important for us that, in whatever we do, we must do it with a very high sense of responsibility and accountability.*

*And we will make sure that all stakeholders benefit from it – be they commuters or shareholder.”*

Following the press conference, investors and analysts were even more upbeat about the proposed merger.

### The ComfortDelGro Story (cont'd)

## Highway code: Scheme Document

A Scheme Document to provide shareholders with the necessary information to decide whether to vote in favour or against the proposed merger had to be prepared.

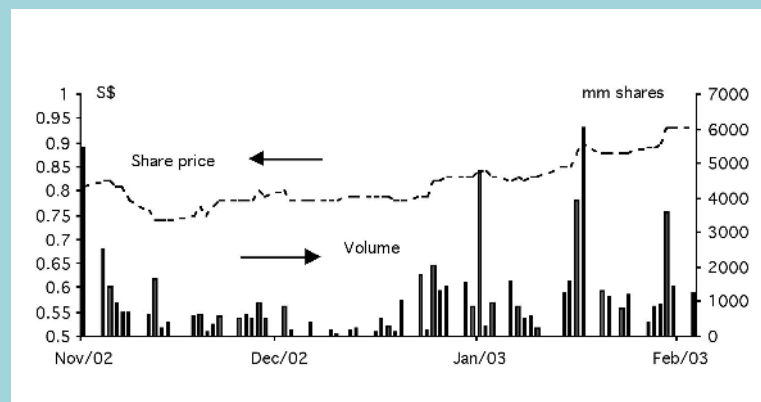
A working committee, led by Mr Lim and Mr Kua, comprising Directors, Mr Tow Heng Tan, Chairman of the Audit Committee of Comfort and Mr Oo Soon Hee, Chairman of the Audit Committee of DelGro, and the executives from Comfort and DelGro and the respective advisers, was formed. In addition to preparing the Scheme Document, the Committee was also tasked with obtaining all the necessary and relevant approvals from the relevant authorities, addressing all the financial, legal and operational issues relating to the merger, obtaining the court order, and the convening of the Court Meetings and Extraordinary General Meetings (“EGMs”).

All this was to be done in four months. Tight but not impossible.

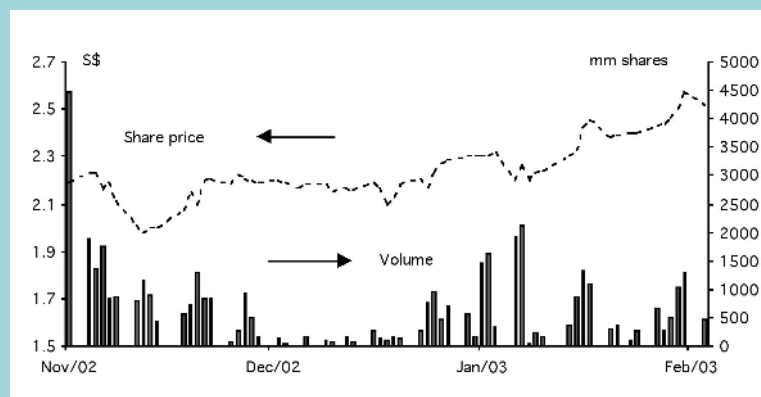
Finally, after camping at the printer’s office for several days, the Scheme Document was launched on 22 February 2003. For the first time, after months of speculation, it was also made known that the merged entity will be known as ComfortDelGro Corporation Limited, a name coined by both Mr Lim and Mr Kua.

The day after the release of the Scheme Document, the combined market capitalisation of Comfort and DelGro stood at \$1.519 billion, an increase of \$281 million or about 23%, prior to the merger announcement.

**FIGURE 1: COMFORT SHARE PRICE AND VOLUME**



**FIGURE 2: DELGRO SHARE PRICE AND VOLUME**



Source: J P Morgan Securities Singapore & Datastream

### *The ComfortDelGro Story (cont'd)*

## Backing the driver

Realising the importance of getting the support of institutional investors early, Mr Lim and Mr Kua planned, weeks before the issuance of the Scheme Document, a series of intensive roadshows both in Singapore and overseas.

Straight after the launch of the Scheme Document, Mr Lim and Mr Kua met various fund managers and major institutional fund managers from Singapore, Malaysia, Hong Kong and the United Kingdom. The roadshows were led by Mr Lim and Mr Kua with management representatives from both Comfort and DelGro coming together as one team and assisted by advisers from J P Morgan Securities Singapore Pte Ltd and ANZ Singapore Limited.

The main objectives of the roadshows were to explain the rationale and benefits of the merger, address any concerns that investors might have on the merger and to gather feedback.

The roadshows began in Singapore on 28 February 2003 and were also held from 11 to 13 March 2003; followed by London and Edinburgh from 3 to 5 March 2003 and then Hong Kong on 14 March 2003. In addition, tele-conferences were also held with fund managers and institutional investors in New York, Tokyo and Luxembourg.

In total, the management met 38 institutional shareholders and other key shareholders of Comfort and DelGro. Management was greatly encouraged by the overwhelming positive response. Feedback from the shareholders revealed that they would like to see the Group expand and grow overseas as they were fully aware that the Singapore market was saturated. They were satisfied with the footprint for expansion and were also very excited by the business synergies and cost savings which would lead to revenue and profit growth. They were also impressed with the new Board and new management team led by Mr Lim and Mr Kua respectively, and had given the new management one year to achieve the synergies and cost savings. The intensive roadshows certainly contributed significantly to the overwhelming support received from shareholders at the respective Court Meetings and EGMs on the proposed merger.

On 3 March 2003, the SLF gave its backing to the proposed merger by announcing the appointment of DBS Bank as its independent financial adviser and publicly announcing that it will support and vote in favour of the proposed merger following the advice of its financial adviser. Such was the support from the labour movement.

While some among the working committee were out on roadshows, others were busy making preparations for the convening of the Court Meetings and EGMs. These include advertising the notices of all the meetings, checking and collating of proxy forms received, preparing of the polling papers, making arrangements for the logistics of the meetings and addressing shareholders' enquiries.

### *The ComfortDelGro Story (cont'd)*

## Getting keys to the car

Finally, D-day arrived. At 10.30 a.m. on 19 March 2003 at the Meritus Mandarin, shareholders of Comfort attended the Court Meeting followed, thereafter, by the EGM. After an intense two hours of debate, the shareholders voted on the merger.



Dr Chew Kia Ngee of PricewaterhouseCoopers, the scrutineer then delivered the results for Comfort as follows:

*A total of 287 shareholders, representing 99.54% of the shares in value, voted for the merger and 26 shareholders, representing 0.46% of the shares in value, voted against.*

At 2.30 p.m. shareholders of DelGro attended the Court Meeting and EGM of DelGro. Unlike Comfort's meeting, there were hardly any questions by the shareholders of DelGro. Shareholders were fully convinced of the benefits of the merger. The results speak for themselves.

Mr Philip Yuen Ewe Jin of Deloitte & Touche, the scrutineer, delivered the results for DelGro as follows:

*A total of 265 shareholders, representing 99.99% of the shares in value, voted for the merger and two shareholders, representing 0.01% of the shares in value, voted against.*

At the press conference held immediately after the meetings, Mr Lim thanked the two groups of shareholders for giving the two Boards of Directors and Management a loud and clear mandate. He also thanked the leadership of the SLF for giving the much needed and critical support, without which the outcome of the merger would not have been possible. In his speech, Mr Lim said:

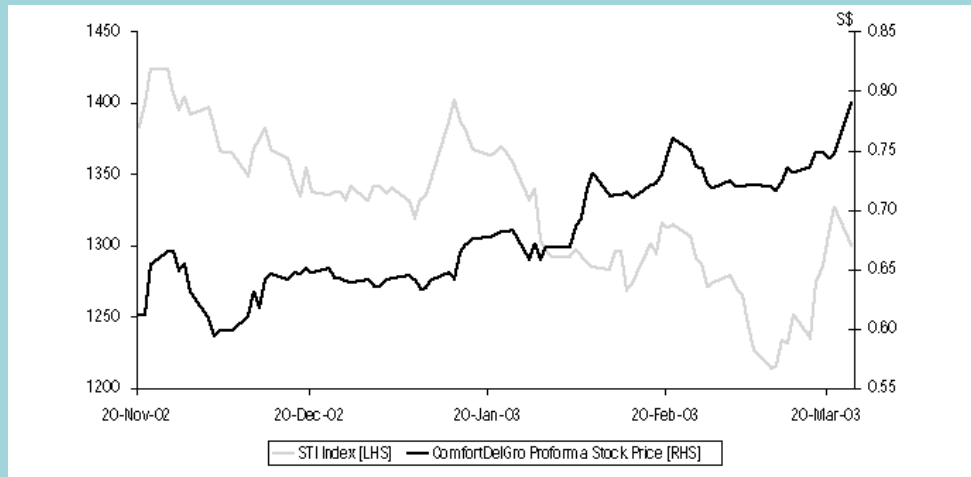
*"I applaud and salute the leadership in the SLF for taking the decision to vote in favour of the proposed merger. It is also significant in that it has made its intention known publicly and in advance. It is also prepared to accept a 50% dilution in its present shareholding. Such actions demonstrate very clearly their views on the short and long term benefits of the proposed merger. Can you imagine if the single largest shareholder with 37.2% shareholding voted against the proposal? It would have sounded the death knell for the proposed merger! I am, therefore, deeply appreciative of their action in publicly conveying their confidence in us."*

*The ComfortDelGro Story (cont'd)*

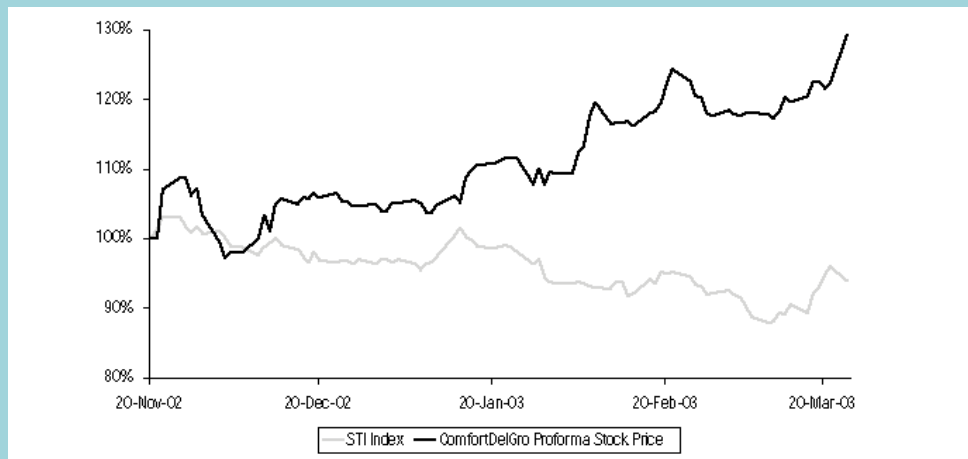
Mr Lim also thanked the media, both local and international, for the wide and fair coverage, and the numerous analysts from various local and international research houses and fund managers, for their detailed write-ups of the merger.

He said that reactions from investors to the merger had also been overwhelming. The combined market capitalisation of the two counters the day before the announcement of the merger was about \$1.237 billion. In a short period of four months, i.e., between the announcement of the proposed merger on 21 November 2002 and the convening of the Court Meetings and EGMs on 19 March 2003, the increase in the combined market capitalisation was 22% compared to about 8% decline of the ST Index during the same period.

COMFORTDELGRO, ST INDEX PRO FORMA COMBINED ABSOLUTE PERFORMANCE SINCE 20 NOVEMBER 2002



COMFORTDELGRO, ST INDEX PRO FORMA COMBINED RELATIVE PERFORMANCE SINCE 20 NOVEMBER 2002



Source: Smith Barney Singapore & Datastream

On 21 March 2003, the High Court of the Republic of Singapore sanctioned both the schemes of arrangement under Section 210 of the Companies Act, Cap. 50.

### *The ComfortDelGro Story (cont'd)*

## Listing of ComfortDelGro

The shares of both Comfort and DelGro were delisted on 31 March 2003 and the shares of ComfortDelGro were listed on 1 April 2003. On the day of listing, ComfortDelGro's shares closed at \$0.79 with a total of 10.552 million shares traded.

## Admission to the Morgan Stanley Capital International ("MSCI") Singapore Free Index

On 30 April 2003, it was announced that the shares of ComfortDelGro would be admitted to the MSCI, by the end of May 2003, a move widely anticipated by the market.

## New Identity

The ComfortDelGro logo was unveiled on 30 May 2003 by Mr Lim Boon Heng, Minister, Prime Minister's Office and Secretary-General, National Trades Union Congress.



In his opening speech, Mr Lim Jit Poh said:

*“As at the end of April 2003, we were ranked by The Business Times as the 22nd largest company in the Singapore Exchange in terms of market capitalisation. By world standard we are the largest public listed land transport company in terms of fleet size and the third based on shareholders’ equity. We have been included in the ST Index and lately, the MSCI. We are therefore an important component of the financial market.*”

*The words ‘Comfort’ and ‘DelGro’ have great goodwill value. They have to be treasured. Hence, we name the new enlarged entity ComfortDelGro with ‘C’ coming before ‘D’. It is as simple as that but no less significant.”*

In the meantime, the Minister reiterated how both the taxi and bus companies had humble beginnings but now had played vital roles in the elevation of overall public transport standards in Singapore, comparable to the best in the world.



### *The ComfortDelGro Story (cont'd)*

*“Today we see how the labour movement, government and the private sector join hands to create a more secure job environment.*

*For over three decades, Comfort and DelGro made tremendous progress both as listed companies in their own rights and as responsible public transport operators. Indeed, the two companies have played vital roles in the elevation of overall public transport standards in Singapore. Today, we expect a safe, reliable and comfortable ride on our public transport system.*

*But this is not pre-ordained. The Government, the operators and the employees and their unions worked very hard over a long period of time to achieve it. Such high standards are not only befitting of a modern metropolis like Singapore, they are also comparable to the best of the world. These improvements in the public transport system are crucial to Singapore’s economic and social development.*

*Apart from enjoying economies of scale, the merged entity can also leverage on its combined strengths and resources, synergise operations, and gain additional efficiencies from the integration. The merger not only makes good commercial sense, but is also beneficial for the transport industry as a whole. Such is the embodiment of the spirit of how we should embrace change to better meet new challenges.”* **Speech by Mr Lim Boon Heng, Minister, Prime Minister’s Office and Secretary-General, National Trades Union Congress.**

## Logo rationale

The logo for ComfortDelGro features the word "COMFORT" in blue and "DELGRO" in orange. The letters "T" and "D" are connected, and the final "O" in "DELGRO" has a blue swoosh underneath it.

The new logo reflects the evolution of a market leader. Both partners’ names are retained. The familiar Comfort blue and the vibrant orange of DelGro continue to be used. The “T” and “D” in the name act as a ligature, or shared letter, seamlessly joining the two companies.

The typeface is specially created and embodies the unique qualities of the new company. It is a modern sans serif face, yet with rounded edges and flairs to show the rich heritage.

The final “O” with its graphic accent reinforces the company’s core business of transport – moving people in Singapore and around the world.



## Impact of the Severe Acute Respiratory Syndrome (SARS)



Less than three weeks after the World Health Organisation (WHO) issued a global alert on 12 March 2003 warning of a severe form of pneumonia in Hong Kong and Vietnam, the Singapore authorities embarked on an islandwide search for a taxi driver who had ferried a passenger infected with SARS from Changi Airport to Singapore General Hospital.

On 31 March 2003, a Comfort Transportation taxi driver came forward to say that he might be the one who ferried the SARS victim and her mother from the airport to the hospital. The media coined the term “SARS cabby” for the man.

The damage was immediate and massive: taxi drivers’ net incomes fell from an average of \$68 per day to \$46 per day in the first week of April 2003 alone.

In fact, the impact was so significant that it prompted Senior Minister Lee Kuan Yew to speak out loud. He said that Singaporeans were “acting stupid”.

*“We are acting stupid. Taxis are empty, hotels are empty, restaurants are empty, everybody is scared. The pain that is going to be inflicted will be tremendous unless we change our behaviour patterns. We are hitting the people who are most vulnerable, the people who earn money day by day. They are the ones who hurt very badly,” he said.*

Indeed, the entire sequence of events could not have come at a worse time given that the management under Managing Director/Group Chief Executive Officer Mr Kua Hong Pak was in the midst of a post-merger integration. But the team acted swiftly and decisively, taking into account the best interests of the drivers, commuters and shareholders.

### Formation of the Taxi Industry Task Force

Worried about the welfare of the Group’s taxi hirers and relief drivers, Mr Kua together with the Adviser of the Taxi Operators’ Associations, Mr Seng Han Thong - who is also the Assistant Secretary-General of National Trades Union Congress (NTUC), quickly initiated the formation of the Taxi Industry Task Force, made up of various taxi companies and taxi operators’ associations. The purpose of the Taxi Industry Task Force, which was formed on 31 March 2003, was to help taxi drivers should they fall ill or be quarantined because of SARS and to reassure the commuting public that the taxi associations, taxi companies and taxi drivers were doing all they could to help contain the spread of SARS.

### The Combat Against SARS

To further allay drivers’ and passengers’ concerns about the SARS virus, the ComfortDelGro Group of taxi companies started to disinfect its fleet of more than 16,000 taxis on a daily basis. Starting 9 April 2003, attendants at five service centres-cum-refilling stations started spraying cab interiors with non-toxic, non-allergenic disinfectants that work for at least 24 hours. Comfort



### Impact of SARS (cont'd)



Transportation/Yellow-Top Cab and CityCab also advised their cabbies on personal hygiene and what to do if they fetched a sick person. Cabbies were also told they could choose to wear masks.

Yet, business continued to suffer. Group Chairman Mr Lim Jit Poh - with his vast experience with the taxi business - suggested that Mr Kua, who was making his debut in taxi business, meet up with the taxi driver association representatives. The meeting took place for the first time on 10 April 2003, and at the meeting Mr Kua without hesitation offered a \$10 daily rental rebate for one month combined with a \$0.04 per litre discount off its diesel price.

One week later, on 17 April 2003, the Singapore government announced an overall SARS assistance package for the transport industry including a \$2,000 diesel tax cut to just \$2,700 a year per taxi. A waiver was also given for the monthly \$25 licence fee which each operator was to pay for each vehicle in its fleet.

Both Comfort Transportation/Yellow-Top Cab and CityCab said they were happy with the licence fee waiver and added that they would pass on the savings in diesel cuts, of \$15.2 million and \$6.8 million respectively, to their drivers.

Things seemed to be finally looking up - until 17 April 2003, when it was announced that a Comfort Transportation taxi driver was one of four people diagnosed with SARS and that the Health Ministry was trying to trace the passengers who took his cab between 6am and 9am on 10 April 2003.

To help the driver, Comfort Transportation said it would waive the entire rental for the infected driver and give him \$200 as a hardship grant. His insurance will also pay his \$25 a day ward charges and give him \$30 for every day he is sick.

Unknown to many, SBS Transit also kept a strong surveillance on our bus and rail operations. Since March 2003, the bus air-conditioners were switched off and doors were opened during layover at interchanges and terminals for better ventilation. In April 2003, SBS Transit began disinfecting its buses and trains, in addition to distributing protective masks and Vitamin C tablets to all frontline staff. It was also compulsory for all frontline staff to have their temperatures checked before the start of their shift and fever-free staff were given "I'm OK" stickers to be worn.

SBS Transit was also prepared for emergencies. A case in point: the false alarm at the Institute of Mental Health (IMH) in which SBS Transit was called to participate in the exercise to ferry IMH staff between their temporary accommodations and work place.

### *Impact of SARS (cont'd)*

#### **Further Steps**

But we realized that more needed to be done if taxi drivers were not to suffer even more. To help boost commuters' confidence that the taxi was a safe mode of transport, cabbies volunteered to get their temperatures checked before the start of their shift. They also wore "fever-free" stickers prominently on their shirts.

ComfortDelGro also introduced a compulsory issue of receipts to passengers and compulsory logging of all trips by drivers from 21 April 2003, as a form of contact tracing. Concerned about the dramatic drop in taxi drivers' incomes, Mr Lim, accompanied by Mr Kua, paid visits to temperature check stations to lend support to cabbies.

#### **Crisis Mounts**

Despite all the added precautions and measures, the SARS crisis deepened.

On 30 April 2003, it was reported that a 43-year-old Indian Comfort Transportation driver, who had died and had been diagnosed earlier as having viral fever, had actually been suffering from SARS.

Commuters shunned taxis. Business was badly hit. To help ease the growing financial burden, ComfortDelGro said it would be deferring \$10 of taxi drivers' daily rental for two months starting 6 May 2003. ComfortDelGro continued to extend the daily rental rebate at a reduced rate of \$7 from 11 June 2003 until 10 July 2003. This was revised to \$3.50 per day from 11 July 2003 until the last payout on 10 August 2003. The diesel price discount was extended and increased to \$0.06 per litre from 11 June 2003 to 10 August 2003.

And to further help drivers safeguard against SARS, the Taxi Industry Task Force armed drivers with a SARS Battle Kit comprising thermometers, masks, disinfectant and alcohol wipes. Mr Lim and Mr Kua personally distributed these kits to taxi drivers who drove by a collection centre at Causeway Point.

#### **Light At The End Of The Tunnel**

Even though Singapore was finally removed by WHO from the list of SARS-affected areas by end May 2003, the Taxi Industry Task Force persevered with its precautionary measures. On 3 June 2003, the SMS Contact Bowl Project to facilitate contact tracing through SMS was launched. To further reinforce the importance of personal hygiene and social responsibility to taxi drivers, the "Taxi Also OK" campaign was launched soon after.

By June 2003, life for residents in Singapore especially for taxi drivers seemed to have returned to normal. The Straits Times reported on 7 June 2003 that average net income had gone back to \$66, from \$46 a day at the peak of the SARS outbreak.



On 25 May 2003, Deputy Prime Minister Lee Hsien Loong officially launched the Taxi Operators' Savings Scheme, which ComfortDelGro supported financially. During the launch, he said: "The SARS crisis has highlighted the importance of being prepared for difficult times...It is especially important for taxi drivers to save, because driving a taxi is an unpredictable business."

### *Impact of SARS (cont'd)*

#### **SARS Overseas**

ComfortDelGro's businesses in the People's Republic of China (PRC), were also severely affected by the SARS outbreak. At the onset of SARS, ComfortDelGro had operations in 10 cities across the PRC. In Beijing, ComfortDelGro's largest subsidiary, Beijing Jin Jian, supported the local government's call to reduce taxi rentals by 50%, from May 2003 to July 2003, to help taxi drivers. ComfortDelGro also had operations in Guangzhou that was identified by WHO as a possible location for the source of the SARS virus.

Just as he was concerned about the welfare of Singapore cabbies, Mr Kua also kept a close watch on ComfortDelGro's staff stationed in China and Vietnam and constantly enquired about their health as well as the welfare of their family members.

#### **Financial Impact Of SARS**

The direct loss of income to ComfortDelGro as a result of SARS was in the region of \$30 million while about \$1 million was spent in organizing the various precautionary measures. If the situation had prolonged, the impact would have been more significant.

#### **Commendation**

For their contributions to the welfare of taxi drivers and the industry, Mr Kua and Mr Seng were awarded the President's Certificate of Commendation, which was given out to organizations that played significant roles in Singapore's fight against SARS.

Transport Minister Yeo Cheow Tong said in a letter addressed to the duo that the Taxi Industry Task Force, which they both led, had risen to the challenge by demonstrating "great initiative and commitment during the fight against SARS and providing assistance to the taxi drivers throughout the difficult period."

*"The many initiatives, including setting up of 17 temperature check stations across Singapore for taxi drivers as well as distributing SARS Battle Kits to the taxi drivers helped reassure the public that the taxi industry was taking all the measures to contain the spread of SARS..." he said.*

Accolades were also given by Mr Lim Boon Heng, Minister, Prime Minister's Office and Secretary-General of the National Trades Union Congress. He said at the ComfortDelGro corporate identity launch on 30 May 2003 that the Group was a "model responsive corporate entity."

*"It has demonstrated this in its recent initiatives to re-instil confidence in our taxi and bus commuter public in the wake of the SARS outbreak," he said.*

#### **Conclusion**

ComfortDelGro's swift and decisive approach in acknowledging the SARS matter and tackling the issues of looking after the welfare of important business partners including commuters, drivers, staff and investors has won praise. The management's success in addressing SARS and Mr Lim's and Mr Kua's resolute interest and personal attendance in practically all related events have strengthened our brand name and ensured that these stakeholders retained full confidence in the company through the SARS situation in Singapore. ComfortDelGro is now in a much better position to respond to any unforeseen incidents of this nature.



A man in a blue dress shirt and a patterned tie is shown from the waist up, celebrating with his arms raised in a 'V' shape. He is looking upwards with a joyful expression. The background is a bright, clear blue sky with some light clouds. The text 'we go above' is centered in the upper half of the image in a blue, sans-serif font. To the right of the text are three small circles: a solid orange one, an orange outline, and a solid blue one.

we go above







Change is constant. In today's evolving globalised world, the only way to get on top of the situation is to embrace change.

## Operations Review



A new force to be reckoned with, ComfortDelGro is Singapore's largest and most diverse land transport group in terms of fleet size and services offered, and ranks among the three largest public listed passenger land transport companies in the world in terms of fleet size and shareholders' funds. Offering all-encompassing services including taxi, bus, car rental & leasing, rail, automotive engineering, inspection, test & assessment services, learner drivers' instruction services and outdoor advertising, the Group operates across the globe from the United Kingdom and Ireland to Vietnam and Malaysia, as well as 12 cities in China.

With the merger successfully completed, the Group focused its attention on extracting the benefits that were expected. This included the need to enhance revenue, leverage upon economies of scale and eliminate wasteful duplication. The best managerial, financial and technical capabilities, resources, systems and processes from both companies were combined to create a stronger, more productive and effective organisation.

A flatter management structure that enables each Strategic Business Unit (SBU) head to be highly responsive to changes in the local and regional landscape as well as to counter threats and seize opportunities was adopted. This flatter structure also drives the development of a strong corporate culture of responsibility and accountability.

### SARS

While efforts at driving the Group into a leaner and more effective organisation were underway, SARS made its sudden ominous appearance and added to the challenges faced. The need to manage the impact of SARS on our Group's operations both in Singapore and in China took on an urgent added dimension.

The Group responded swiftly and positively to provide assistance to those affected and helped in implementing measures to contain the epidemic. Measures included extending a \$10 daily rental reduction to our drivers and passing on the Government diesel tax rebate. In China,



taxi rental reductions were implemented. The relief packages alone cost the Group about \$30 million. To help hirers' cashflow, deferment of taxi rental that amounted to \$8.1 million was also provided.

"With a central management in ComfortDelGro, the three taxi companies in the Group were able to display a concerted and coordinated effort in the fight against SARS. Setting up temperature check stations and regular disinfecting of the taxis are just some of the actions taken that have helped regain public confidence that taxis are a safe mode of transport. In doing so, ComfortDelGro has shown itself to be a responsive corporate citizen" - Minister, Prime Minister's Office and Secretary-General, National Trades Union Congress, Mr Lim Boon Heng, at the official launch of the ComfortDelGro corporate identity on 30 May 2003.

### Growth

During the year, our listed subsidiary VICOM Ltd expanded its business to include inspection and test services with the acquisition of Setsco Services Pte Ltd. SBS Transit Ltd, the other listed subsidiary, launched the much anticipated North East MRT Line (NEL) and Sengkang Light Rapid Transit (LRT) system. An in-house insurance capability was also developed with the setting up of ComfortDelGro Insurance to support our highly capital intensive business globally and to contain rising insurance costs with the hardening of rates in the aftermath of 9/11.

### Operations Review (cont'd)



Gradually, we see land transportation in Singapore evolving towards a model based on competition among the various modes of travel, namely taxi, bus or rail. Even though we do not envisage competition within each mode, we see a limited growth in Singapore.

Overseas expansion has to be our engine of growth. In all, the Group had invested \$39.6 million in new and existing businesses overseas since merger. As the Group accelerates its overseas expansion plans following our good start in the People's Republic of China, the proportion of overseas turnover has increased to 30% in 2003.

## ASEAN Singapore

ComfortDelGro's passenger land transport fleets in Singapore comprise:

- 16,500 taxis;
- 3,200 buses;
- 1,650 rentals cars; and
- 20km of heavy rail and 10km of light rail.

The Group also manages the largest chain of vehicle workshops, vehicle inspection and assessment centres and test and inspection services in Singapore. In terms of outdoor advertising, ComfortDelGro commands the lion share of the market. It also has a driving school, in-house insurance brokerage and a diesel sales business.

Turnover and profit before tax (PBT) for year ended 2003 generated from the Group's Singapore businesses were \$1,289.3 million and \$177.1 million respectively. This is 3% higher than pro forma 2002 results for turnover but a 4% drop for PBT. Singapore operations were impacted by SARS and staff restructuring.

### Taxi Services

The Group has three taxi companies, namely Comfort Transportation, CityCab and Yellow-Top Cab which command nearly 90% market share of the taxi industry in Singapore. Together, these three companies achieved a turnover of \$504.9 million and PBT of \$89.7 million in 2003.

A noticeable development in 2003 was the introduction of the Taxi Operator Licence that enabled three new companies to enter the market in 2004. The sudden appearance of SARS also affected the lives of taxi drivers not just in their earnings but also the high risk of exposure to the virus.

The impact of SARS on taxi drivers led Senior Minister Lee Kuan Yew to single them out as a group of people needing urgent assistance. ComfortDelGro reacted swiftly with a slew of financial and non-financial measures. Working in conjunction with the Taxi Industry Task Force, these measures were rolled-out across the taxi industry. The most significant measure was a \$10 daily discount on taxi rental. This discount was in place for four months from 10 April to 10 August 2003 with the discount quantum reducing gradually as taxi takings increased with SARS brought under control.





### Operations Review (cont'd)



Other measures included taxi disinfection, diesel discounts and temperature check stations. In total, the relief packages for the three taxi companies had cost the Group \$30 million. The implementation of the new Taxi Operator Licence places a cap for the first year on the number of taxis that existing operators can put on the road. With three taxi companies under the ComfortDelGro umbrella, a further 300 taxis were added to the fleet in 2003. The Group will stay ahead of competition through a high level of customer service and enhancement of its technological systems.

In the area of customer service, both Comfort Transportation and CityCab are certified with the COPC-2000 certification. This international standard is a quality certification for customer contact centres.

On the technological front, the Group was recognised when Comfort Transportation was presented with two innovation awards by MIS Asia. This was in the Customer Relationship Management and Storage categories. Comfort Transportation also won the Intelligent20 Award for its innovative text-to-speech taxi booking initiative, SpeedCall. This award is organised by Intelligent Enterprise Asia. During the year, Comfort Transportation also launched the region's first Personal Digital Assistant (PDA) taxi booking service targeted at business travelers and tourists.

In August 2003, CityCab announced plans to develop a new call-booking taxi despatch system called Escalade. The \$23 million system will use General Packet Radio Service (GPRS) technology and will be the platform for the next generation call-booking management system that the Group will eventually use for its entire taxi fleet.

The Group's taxi companies played an active role in community and charity projects in 2003. Some of these

projects were the Handicare Cab Service, Road Courtesy Campaign, Road Safety Public Education, Anti-Drink Drive Campaign and the Boys' Brigade Charity Gift Box. A total of \$290,000 was sponsored for these events. A group of CityCab drivers, known as the CityCare Charity Group, won the President's Social Service Award for outstanding voluntary work and fund raising activities.

The Group's focus will be on raising standards of customer service and improving efficiencies through leveraging on economies of scale and the removal of wasteful duplication made possible by the merger.

#### *Bus and Rail Services*

The year 2003 marked the transition of SBS Transit into a bi-modal operator. It posted a turnover of \$538.2 million. The smooth commencement of revenue service of the Sengkang LRT and NEL was achieved through extensive testing of each system and thorough and intensive training of our staff. System previews over several weekends were also organized to familiarize and prepare the community-at-large. In support of the rationalization policy, a total of 23 bus services along the north east corridor were amended or withdrawn to reduce duplication and to enhance bus links to NEL stations.

Two new bus interchanges for its scheduled bus services were opened during the year, one in Sengkang and the other in Punggol. Sengkang Interchange is the second air-conditioned interchange that SBS Transit manages. These interchanges provide residents with added convenience through service integration and improved level of customer service.

*Operations Review (cont'd)*

With a fleet of 410 buses, Comfort Bus is the largest private bus chartering company providing unscheduled bus services in Singapore. The year 2003 saw the commencement of new bus services like the condominium shuttle bus service from Hume Avenue to Bukit Gombak MRT Station and Tuas View express bus services, a joint project with JTC Corporation. Comfort Bus was also the service provider for several prominent events such as the ZoukOut Nokia Remix, Osim Singapore Triathlon Race, Imdex UDT Asia and Standard Chartered Marathon. Comfort Bus was certified ISO 9001:2000 during the year.

Community projects supported by SBS Transit for 2003 included the \$1 million contribution to the Transport Voucher Scheme initiated by National Trades Union Congress to help the needy families. For the second consecutive year, SBS Transit participated in the President's Challenge through the Heart Bus fund raising campaign. \$700,000 was raised for President's Challenge 2003. The opening of NEL was another opportunity to give to the community. An entire day's NEL fare collection, amounting to \$165,000, was distributed to 24 Citizens Consultative Committees located along the north east corridor.

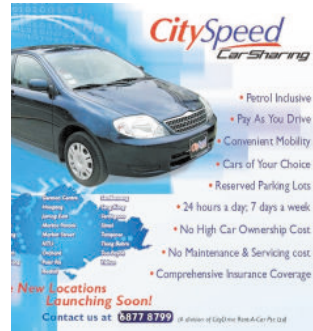
SBS Transit will continue to improve its customer service and strengthen operations through training and development of both bus and rail staff. The focus for Comfort Bus will be to maintain its dominant position in

the market. It will also look into niche market growth areas like special bus service links for condominium clusters and industrial parks.





### Operations Review (cont'd)



#### Car Rental & Leasing Services

CityLimo Auto Services Group (CASG) is the leading car rental and leasing operator in Singapore, offering a range of personal transport services including rental of cars on short term, monthly and long term leases.

The Group however suffered from the regional economic slowdown that saw many corporate clients cutting cost and restructuring their businesses. Many corporate companies in Singapore down-sized or relocated their operations to low-cost based countries such as China and India. This in turn reduced demand for car rentals and leases.

On a positive note, CASG has maintained its fleet size of 1,649 vehicles and still managed a PBT of \$5.7 million on a turnover of \$33.5 million for last year. CASG's hourly carsharing division, CitySpeed CarSharing, increased its membership to 2,273 members, with 107 cars assigned to 34 locations island-wide.

CASG will strive to maintain market dominance through providing excellent customer service to its existing and new customers and value for money packages. Growth is expected to come from the carsharing business that CASG seeks to expand.

#### Automotive Engineering, Maintenance Services and Diesel Sales

Leveraging on the combined Group's assets, automotive engineering, maintenance services and diesel sales achieved an improvement in turnover of 23% to \$216.9 million and PBT increase of 31% to \$36.7 million. Key areas driving the growth were accident repairs of taxis, diesel sales to our enlarged fleet of taxis and specialised vehicle construction.

On 1 December 2003, Comfort Automotive Services (CAS) changed its name to ComfortDelGro Engineering Pte Ltd (CDGE). Following this, General Automotive Services Pte Ltd (GAS) and DelGro Engineering Pte Ltd (DGE) were also consolidated under CDGE. This was a formality that reflected the actual position of operations that were already merged by mid-2003 following the merger.

CDGE operates a taxi maintenance business that allows for savings and innovations that are difficult to be replicated by competitors. Having taken over most of the CityCab fleet maintenance, innovations were introduced that led to significant labour cost reductions. Through a reverse auction scheme, cost of material purchases for maintenance of the taxi fleets was also reduced while quality maintained.



### Operations Review (cont'd)

For diesel sales, the ComfortDelGro merger immediately opened the doors of nine strategically located dispensing outlets to all CityCab taxis. Leveraging on the SBS Transit depot sites, CDGE was also able to roll out an additional five kiosks in the last quarter of 2003 to bring the total dispensing outlets to 14 by year-end. This provided added convenience to an enlarged fleet. Pre-merger, the total volume of diesel sold per month was 9.2 million litres. Volume increased to 13.8 million litres by the end of 2003.

CDGE opened two additional workshops to bring the total number of workshops to seven. The Marymount Workshop is a specialist centre focusing on the maintenance and repairs of cars of continental marques. Through offers of value-added packages, the workshop had encouraging growth in its two months of operation. CDGE has also secured several contracts for fleet maintenance. Some of the major ones are with Singapore Power, Public Utilities Board, Singapore Civil Defence Force, CISCO, Singapore Prison, StarHub and F & N Coca-Cola.

Through the former DelGro Engineering, CDGE now has extensive experience in vehicle construction. With its beginnings in building buses for in-house use, the Group has now developed expertise to design and build ambulances (DelMedic) and Light Fire Attack vehicles. During the year, CDGE won a contract to supply 41 units of ambulances to the Hong Kong Government.

The focus for CDGE will be to further streamline the operations of its businesses to achieve further cost savings and more efficient operations while seeking to grow its diesel sales and identifying opportunities to expand overseas.



### Inspection, Test and Assessment Services

Listed subsidiary VICOM Ltd, expanded its business scope from vehicle inspection to that of inspection and test services with the acquisition of Setsco Services Pte Ltd in April 2003. VICOM is the leading inspection and test services company in Singapore. Turnover from VICOM rose by 144% from \$18.7 million in 2002 to \$45.7 million in 2003.

New business streams and services were added during the year under review. The Land Transport Authority (LTA) outsourced its vehicle inspection functions in 2003. The services are vehicle weighing, type approval inspection, registration inspection, facelift/re-certification/extension to type approval model, batch vehicle approval, change of vehicle particulars and enforcement inspections. With the largest chain of strategically located inspection centres, VICOM provides easy access and convenience to users. The contract to conduct statutory periodic inspection of SBS Transit's fleet of 2,730 buses was awarded to VICOM in September 2003. In April 2003, following the LTA regulation requiring lorries to display the Maximum Passenger Capacity (MPC) labels, VICOM introduced a new service to assist lorry owners to determine this number.

The volume of inspections fell during the year as some 110,000 cars of below 5-year were deregistered. The fall in the prices of new cars had dampened the second hand car market, which led to a 14% drop in demand for car evaluation services. The amendment to the PARF rebate structure is likely to stabilise demand for vehicle inspections in the years ahead. As more COEs are released, the vehicle inspection business is expected to grow.



### Operations Review (cont'd)



Its wholly owned subsidiary, VICOM Assessment Centre (VAC), operates a total of six independent damage assessment centres (Idac) out of a total of 12 in Singapore. VAC achieved significant improvement in its results and captured a 60% market share of the assessment business.

Setsco undertook several major projects during 2003. LTA awarded Setsco two of the three contracts to provide Quality Inspection for the Tunnel Segment of the Circle Line. Setsco was commissioned by the Agri-Food & Veterinary Authority of Singapore to conduct microbiological and dioxin analysis of food samples it had collected. One of the biggest offshore marine service providers in the world, Keppel Offshore & Marine, contracted Setsco to perform a wide range of mechanical testing services for its projects.

Singapore Aerospace Manufacturing Pte Ltd awarded Setsco a contract to carry out non-destructive testing on its manufactured parts. Pratt & Whitney, one of the world's biggest company in aircraft components and engine manufacturing, appointed Setsco to conduct aircraft engine oil and debris analysis, radiographic and liquid penetrant testing.

The employment of technology in the testing and inspection business will continue to be a focus. The search for innovative and new services will remain a key growth driver.

#### *Learner Drivers' Instruction Services*

Comfort Driving Centre launched its PDA based training system during the year. This system allows trainers to access and chart the progress of trainees on the PDA. This system has helped to improve the trainees' learning progress. Training initiatives included the new Class 3 Express Course and the introduction of Scooter Class 2 nursery training. These initiatives received good response from the public and have helped capture untapped market opportunities. During the year, Comfort Driving Centre was certified with ISO 9000:2001 and achieved Singapore Quality Class Award.



*To stay ahead and to enlarge its market share, Comfort Driving Centre will continue to invest in technology to enhance its operations.*



## Operations Review (cont'd)



### Advertising

The impact of the US-Iraq war and SARS on the economy had a direct impact on the advertising businesses. Discretionary spending was the first in the cut back in business expenditures, which included advertising expenses. Our advertising businesses suffered a fall in revenue of 14% to \$29.9 million in 2003 compared to the previous year.

Two new media were launched during the year. Comfort Ads rolled out their new "Mr. Taxi" interactive system designed specifically for taxis. SBS Transit also launched their rail advertising on the Sengkang LRT and NEL.

*The merger enables the Group to market its media as a whole and every effort will be made to capitalise on this. With the improving business sentiment, the focus will be to capture a larger market share of the advertising industry. Improved customer service and introduction of innovative products and cross-packages will underpin this.*

### Malaysia

The Group operates a car rental fleet with about 300 vehicles in Kuala Lumpur. Good fleet utilisation rates of 90%, the securing of 30 new licences and an increase in average rental rates pushed revenue to \$0.8 million and PBT of \$0.1 million this year.

The focus will be to keep utilisation rates up while applying for new licences to support growth.

### Vietnam

Operating under the brand name of Vinataxi, ComfortDelGro's taxi operation in Ho Chi Minh City ended the year as the largest operator in fleet size. Vinataxi was acquired in January 2003 with a fleet size of 400 vehicles. 180 more vehicles were added during the year to bring the fleet size to 580 vehicles.

The business operated profitably from the beginning and turned in profits of \$1.2 million on the back of total revenue of \$4.5 million.

With 11% of the market share, the Group will continue to grow the business through increasing the fleet.



### Operations Review (cont'd)



## PEOPLE'S REPUBLIC OF CHINA

ComfortDelGro's presence in the PRC at the end of the year spanned 11 cities from Jilin in the North to Guangzhou in the South. In all, the Group operates nearly 8,000 taxis, cars and buses, an inter-city bus terminal, a fuel station, a vehicle workshop and a vehicle distributorship.

The unfortunate advent of SARS affected the Group's PRC operations. Revenue from taxi operations suffered from government mandated taxi rental discounts that were applied industry wide. Bus operations experienced lower ridership as demand for inter and intra city travel fell. The silver lining was the strong recovery in business post SARS. Total turnover generated from the China operations were \$88.8 million or 5% of Group revenue and 4% more than last year. PBT was down by 69% to \$6.8 million.

Aside from growing our existing operations within each city where we operate, it is our strategy to bring in other downstream value-added activities such as automotive maintenance and engineering and fuel sales to provide a more holistic transport service. The beginnings of this new strategy can be seen in Suzhou where the Group has a taxi fleet, workshop facility, fuel sales station and a car distributorship.

The focus for investments will also shift from the major and coastal cities to the newly developing parts of PRC like the North East and Western regions.

### Bus and Coach Services

Shanghai Shen Xin with 580 buses is a relatively small bus operation that has made big headlines. In a survey comparing similar sized operators, Shen Xin was voted the best in customer service. Initiatives such as encouraging passengers to give up their seat to needy passengers are examples of service initiatives that have won over customers.

In Guangzhou, the Group manages an inter-city bus terminal, an express parcel delivery service and a long distance bus service through its subsidiary Guangzhou Xin Tian Wei. The company recovered well from the impact of SARS to record a 6% rise in turnover and 3% fall in PBT compared to 2002. Both the inter-city bus terminal business and the parcel business contributed positively to the improved results. However, ridership on the long distance bus service, with a fleet of 10 buses, was affected by SARS and a ban on inter-city tours across the May Day holidays, which was a peak season.

The emphasis on good customer service and employment of best practices based on the Group's experience will remain a strong focus. The Group will continue to seek opportunities to expand its bus and bus related activities in the PRC. This will include inter-city buses and bus stations.

## Operations Review (cont'd)

### Taxi Services

In total, the Group operates 6,537 taxis across nine cities. The Group's flagship operation is in Beijing. Beijing Jin Jian has a fleet of over 5,000 taxis and is amongst the top five operators there.

With the onset of SARS, the Beijing government mandated an industry wide 50% taxi rental discount for three months from May to July 2003. Beijing Jin Jian also saw, at the peak of the SARS crisis, some 33% of hirers applying to suspend rentals on their taxis. The combined adverse impact on revenue from SARS was \$6.3 million. In turn, the Government provided assistance in the form of a discount on sales tax and full waiver of road tax between May and September 2003, but this was not sufficient to fully mitigate the drop in revenue. However a strong recovery was seen post SARS. By November, the company had even outperformed the corresponding month of last year's key performance indicators.

In Shanghai, City Qi Ai saw turnover increasing by 7% against last year and PBT by 27% to \$1.4 million. The company was awarded the "Model Company – City Level" by the municipal government in August and also certified a "Contract Trustworthiness Company" in the following month. The fleet size remained at 460 vehicles.

ComfortDelGro's other taxi operations include Jilin Comfort, Nanning Comfort, CityCab (Shenyang), Suzhou Comfort, Xiamen Comfort, Hengyang CityCab and Yantai CityCab. The combined fleet size of these operations is slightly over 1,000 taxis.



In December 2003, the Group signed a joint venture agreement to operate a fleet of 770 taxis in Shenyang. To be known as Shenyang ComfortDelGro Taxi Pte Ltd, the company will increase its fleet size to more than 1,000 taxis over two years. Shenyang ComfortDelGro will help to grow the Group's taxi fleet size in the PRC by 12%.

Besides seeking opportunities to acquire taxi licences and expand in the newly developing regions, the Group will also focus on introducing more downstream value-added activities such as vehicle workshops, fuel sales and vehicle distributorship.



## UNITED KINGDOM

In the UK, ComfortDelGro has a significant bus and taxi presence in London with an inter-city coach operation and two taxi circuits based in Scotland. With a 12% market share of the London bus market, Metroline is amongst the top five largest bus operators. Through Computer Cab's brands ComCab, Call-a-Cab and Datacab, ComfortDelGro manages the largest taxi radio circuits with over 50% of the radio taxi market in London.

The combined UK operations with a total of 4,500 vehicles contributed 25% to Group turnover for 2003 up from 22% in the previous year. Contribution to PBT was 10%.



## Operations Review (cont'd)

### Bus and Coach Services

In London, 2003 was a year of growth for Metroline resulting from tender successes that were associated with the introduction of congestion charging in February. Revenue grew by 31% and PBT by 52%. In total £14.4 million worth of contracts were awarded to Metroline in the year representing a 30% increase on previous contract values for a 5% increase in fleet size. Quality of service improved in the year. Metroline was top of the league in the performance of its high frequency services for two periods.

During the year, Metroline also moved from pilot to roll out phase for its satellite based bus-tracking system known as iRIS (Intelligent Route Information System). Mayor for London, Mr Ken Livingstone, officially opened the purpose-built Perivale Garage. Mr Livingstone said that the "garage sets the standard for the bus industry of the future...a beacon for the rest of the bus industry in London."



Scottish Citylink saw passenger numbers grow by 4% over the previous year. In August, a new route between Stirling and Edinburgh was launched. At the end of September, a new web based sales and reservation system called STAR was launched. The system has already registered sales of £1.2 million with internet only sales achieving twice the target set for the first year of operation.

Metroline is leading the way in London in the use of technology to improve its operations and services. Further investment in enabling technology in garage operations will be made to achieve operational excellence. Growth will be based on concerted efforts to retain existing work while seeking to win new tenders. Scottish Citylink will harness the STAR system to deliver better customer service and resource utilisation.

### Taxi Services

Three new services aimed at London's consumer sector were launched this year to diversify Computer Cab's reliance on its key customer group, which is the financial services sector. Call-a-Cab was one of the new services and is London's first 'no-frills' radio taxi service. The public sector has shown very strong and encouraging growth at 16%. A quality action drive was put in place to improve core service. Central to this drive was the achievement of ISO 9001, which Computer Cab was successfully accredited with during the year. In Scotland, fleet number was stable with a combined fleet size of 470 taxis.



### Operations Review (cont'd)

Cost control and improvement in quality of the core service helped to improve PBT by 12% against last year. However, demand for taxi services from the financial services sector continued its decline while reducing numbers of visitors to London further impacted demand. The downward trend in demand did however show signs of abating at the end of 2003.

With the demand from the financial services sector beginning to turn around, the Group's taxi companies are confident of securing new contracts and retaining existing ones through improved quality of service. The focus for 2004 will be on retention of its key customers whilst realizing growth in the consumer and public sectors.

## IRELAND

Through Metroline, the Group operates a bus and a coach operations in Ireland. These operations are positioned to capitalise on the intended liberalisation of the Irish bus and coach market.



The Aerdart service, which was launched in April 2001, increased patronage by 7% and revenues by 19% during the year. This was despite service disruptions in the Dart rail network that this service feeds into. The coach operation operated first as Cummer Commercials, which was acquired in December 2002, and re-branded as Irish Citylink in March 2003. Over the year, it established a good reputation as a quality operation and generated positive press coverage. The STAR web based booking system developed for the Scottish Citylink business is being implemented for the Irish operation. Online sales will commence early January 2004.

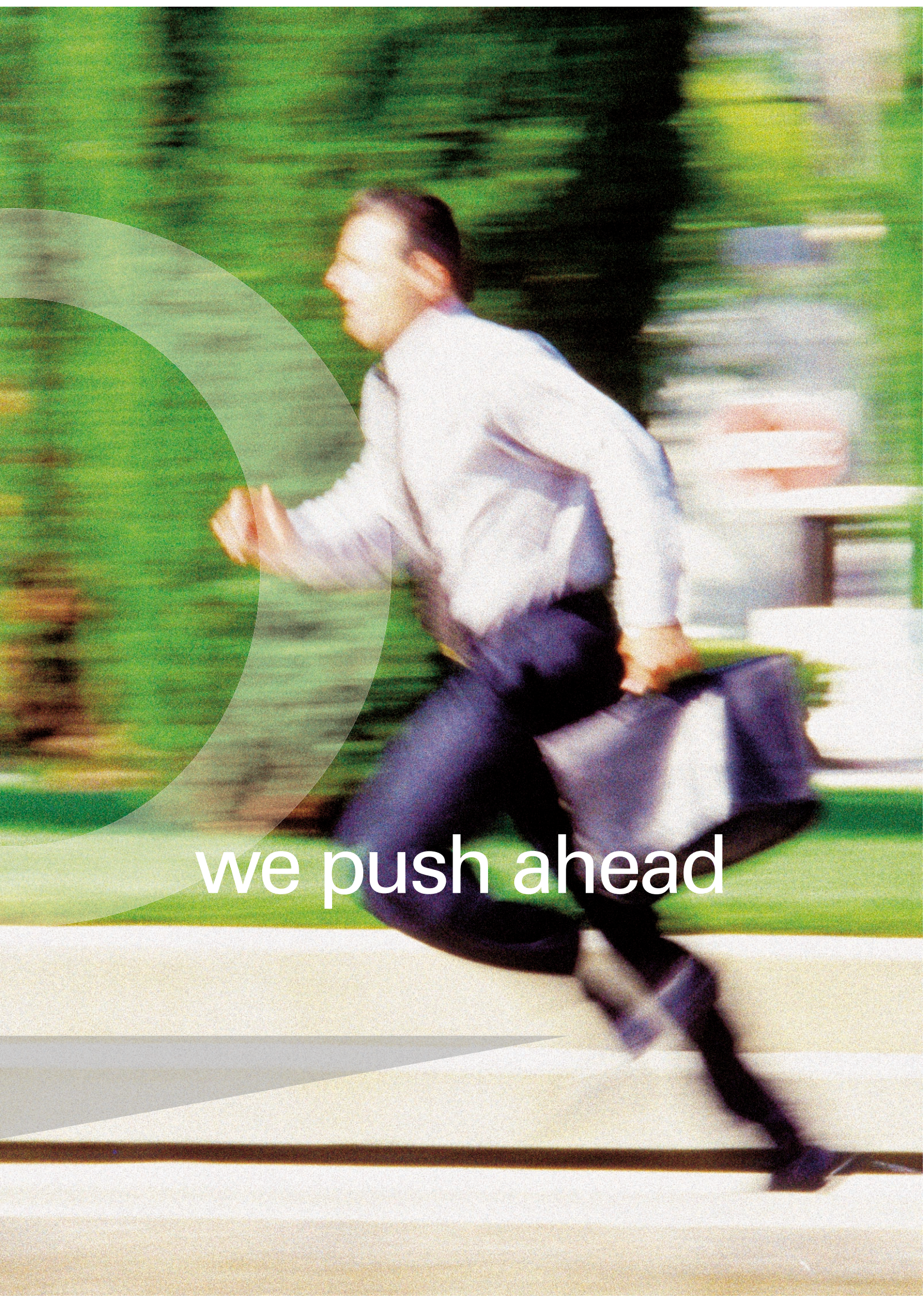
The Irish operations will focus on using quality and efficiency to improve patronage. The Irish Citylink operation will also develop the Citylink brand and build revenue by adding new routes.





Evolution is part and parcel of life. To thrive in a globalised world, we must continually evolve to meet new challenges.





we push ahead



# Corporate Information



## REGISTERED OFFICE

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- Email [info@comfortdelgro.com.sg](mailto:info@comfortdelgro.com.sg) • Website <http://www.comfortdelgro.com.sg>



### BOARD OF DIRECTORS

- Mr Lim Jit Poh Chairman
- Mr Kua Hong Pak Managing Director/  
Group Chief Executive Officer
- Mr Ong Ah Heng
- Mr Oo Soon Hee
- Ms Teo Geok Har, Nancy
- Mr Tow Heng Tan
- Dr Wang Kai Yuen
- Mr Wong Chin Huat, David

### AUDIT COMMITTEE

- Mr Oo Soon Hee Chairman
- Mr Ong Ah Heng
- Mr Tow Heng Tan
- Mr Wong Chin Huat, David

### REMUNERATION COMMITTEE

- Mr Lim Jit Poh Chairman
- Mr Kua Hong Pak
- Mr Ong Ah Heng
- Mr Tow Heng Tan
- Mr Wong Chin Huat, David

### NOMINATING COMMITTEE

- Dr Wang Kai Yuen Chairman
- Mr Lim Jit Poh
- Ms Teo Geok Har, Nancy

### INVESTMENT COMMITTEE

- Mr Lim Jit Poh Chairman
- Mr Kua Hong Pak
- Ms Teo Geok Har, Nancy
- Mr Tow Heng Tan
- Dr Wang Kai Yuen

### COMPANY SECRETARY

- Mr Tan Cher Chong, Bobby

### SHARE REGISTRAR

- B.A.C.S. Private Limited  
63 Cantonment Road  
Singapore 089758

### AUDITORS

- Deloitte & Touche  
Certified Public Accountants  
6 Shenton Way #32-00  
DBS Building Tower Two  
Singapore 068809

Date of appointment: 19 February 2003  
Partner-In-Charge: Mr Yuen Ewe Jin, Philip

## Board of Directors



**Mr Lim Jit Poh** was appointed non-executive Chairman and Director of ComfortDelGro in 2003. He is the Chairman of the Remuneration Committee and the Investment Committee, and a member of the Nominating Committee. Mr Lim is also the Chairman of SBS Transit Ltd and VICOM Ltd as well as a Director of The Ascott Group Limited, Inchem Holdings International Limited, SHC Capital Limited and International Factors (Singapore) Ltd. All these are public companies listed on the Singapore Exchange Securities Trading Limited.

Mr Lim was a former top civil servant and a Fulbright scholar. He was awarded the Public Administration Medal by the Government of Singapore in 1972 and three awards by the National Trades Union Congress, namely, Friend of Labour Award in 1986, Meritorious Service Award in 1990 and Distinguished Service Award in 2000. Mr Lim is a member of the Council of the National University of Singapore and a trustee of the Singapore National Employers Federation.

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 the People's Republic of China, Hong Kong, United Kingdom, Australia and Mauritius. He was also involved in the management of these operations.

Mr Lim holds a Bachelor of Science (Hons) from the University of Singapore and a Masters of Education from the University of Oregon, USA.

Pursuant to Article 91 of the Company's Articles of Association, Mr Lim will be due for re-election at the forthcoming Annual General Meeting to be held on 29 April 2004. Mr Lim is an Independent Director of the Company.

**Mr Kua Hong Pak** was appointed Managing Director and Group Chief Executive Officer of ComfortDelGro in 2003. He is a member of the Remuneration Committee and the Investment Committee. Mr Kua joined the DelGro Group in 2002 as the Executive Director of SBS Transit Ltd and then went on to assume the position of Managing Director/Chief Executive Officer of DelGro Corporation Limited in 2003. Prior to this, he was the President/Chief Executive Officer of Times Publishing Limited. As President/Chief Executive Officer of Times Publishing, Mr Kua spent over a period of 15 years managing its overseas operations in the United States, United Kingdom, the People's Republic of China, Hong Kong and Australia.

Mr Kua also serves on the boards of Temasek Holdings (Private) Limited, Overseas Union Enterprise Limited, PSA Corporation Limited, PSA International Pte Ltd, StarHub Pte Ltd and Ringier Print (HK) Limited. He is also an Honorary Citizen of Shenyang City, People's Republic of China and serves on various community and charitable organisations. In recognition of his contributions to community service, he was awarded the Public Service Medal in 1991 and Public Service Star in 1996 by the President of the Republic of Singapore and made a Justice of the Peace in 2000.

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

Pursuant to Article 91 of the Company's Articles of Association, Mr Kua will be due for re-election at the forthcoming Annual General Meeting of the Company to be held on 29 April 2004. He is a non Independent Director of the Company.

*Board of Directors (cont'd)*

**Mr Ong Ah Heng** was appointed a non-executive Director of ComfortDelGro in 2003. He is a member of the Audit Committee. Mr Ong is a Member of Parliament for Nee Soon Central Single Member Constituency. He is also the Assistant Secretary-General of NTUC and Director, Community Development Department, and Executive Secretary of the National Transport Workers' Union. Mr Ong also serves on the boards of Singapore Post Limited and PSA International Pte Ltd.

Being involved in the trade union movement since 1980 and taking care of members in the transport industry, Mr Ong has built cordial relationships with counterparts in foreign unions, such as Chinese Federation of Drivers in the People's Republic of China, Korea Automobile and Transport Workers' Federation and International Transport Workers' Federation. Besides having exchange programmes with these unions, Mr Ong also represents the Union in attending various international conferences and seminars.

Mr Ong holds a Bachelor of Arts (Government & Public Administration) from Nanyang University and a Masters of Arts (Political Science) from the University of Arkansas. He is a non Independent Director of the Company.

**Mr Oo Soon Hee** was appointed a non-executive Director of ComfortDelGro in 2003. He is also the Chairman of the Audit Committee. Mr Oo is presently the President and Director of NatSteel Ltd. He is also a Director of LKN-Primefield Limited and Vertex Venture Holdings Limited.

Over the past 30 years, Mr Oo had experience in handling export development and exports/imports to and from various overseas market, for example United States, Europe, Middle East, People's Republic of China, Japan, Australia, and the ASEAN region. In addition, he was also involved in negotiations for investments in the People's Republic of China and various ASEAN countries, and sat on the boards of companies in the People's Republic of China, Hong Kong, Australia and in the ASEAN region.

Mr Oo holds a Bachelor of Science (Hons) from the University of Singapore. He is an Independent Director of the Company.

**Ms Teo Geok Har, Nancy** was appointed a non-executive Director of ComfortDelGro in 2003. She is also a member of the Nominating Committee and the Investment Committee. Ms Teo is the Chief Executive Officer of the Singapore Labour Foundation and a Director of VICOM Ltd, Pasir Ris Resort Pte Ltd, SLF Leisure Enterprises Pte Ltd, SLF Management Services Pte Ltd, SLF Properties Pte Ltd and other private companies as well as NTUC co-operatives in the property, leisure and service industries.

Ms Teo is presently an alternate Director of Singapore Suzhou-Township Development Pte Ltd, a joint venture company involved in the development of the Suzhou Industrial Township. She was also a former Director of Chengdu Leisure Planet Company, a company involved in operating of a 20-lane bowling cum entertainment centre in Chengdu, the People's Republic of China.

Ms Teo holds a Bachelor of Social Science (Hons) and a Bachelor of Arts, both from the University of Singapore. She is a non Independent Director of the Company.

*Board of Directors (cont'd)*

**Mr Tow Heng Tan** was appointed a non-executive Director of ComfortDelGro in 2003. He is a member of the Audit Committee and the Investment Committee. Mr Tow is presently the Managing Director of Strategic Development (Asean Investments) of Temasek Holdings (Private) Ltd. His portfolio covers principally the People's Republic of China, India and the ASEAN region. He is also involved in making direct investments in Asia and also other investments in the United States and Europe.

Mr Tow is also a Director of International Enterprise Singapore and Shangri-La Asia Limited.

Mr Tow is a Fellow of the Association of Chartered Certified Accountants (UK), a Fellow of the Chartered Institute of Management Accountants (UK) and is a member of the Institute of Certified Public Accountants of Singapore.

Pursuant to Article 91 of the Company's Articles of Association, Mr Tow will be due for re-election at the forthcoming Annual General Meeting of the Company to be held on 29 April 2004. He is an Independent Director of the Company.

**Dr Wang Kai Yuen** was appointed a non-executive Director of ComfortDelGro in 2003. He is the Chairman of the Nominating Committee and a member of the Investment Committee. Dr Wang is a Member of Parliament for Bukit Timah Single Member Constituency and also the Managing Director of Xerox Singapore Software Centre and Chairman of Xpress Holdings Ltd. Dr Wang also holds directorship in listed companies including SuperBowl Holdings Ltd, Asian Micro Holdings Ltd, Nylect Technology Ltd as well as Chairman of the National Trust Council. As Managing Director of Xerox Singapore Software Centre, Dr Wang manages a software centre with 160 engineers. He also interacts with senior managers of business and product development divisions in the United States, the People's Republic of China and Japan of a global office equipment company. Dr Wang is also familiar with the United States and Asian cultures, international business practices and corporate finance and governance. Dr Wang has also participated in many international meetings of parliamentarians. He has wide business and political contacts in the People's Republic of China having led many grassroots delegations to visit numerous city and state governments.

Dr Wang holds a Bachelor of Engineering (Electrical Engineering) (Hons) from the University of Singapore and a Masters of Science (Industrial Engineering), a Masters of Science (Electrical Engineering) and a PhD (Electrical Engineering) from Stanford University. He is an Independent Director of the Company.

**Mr Wong Chin Huat, David** was appointed a non-executive Director of ComfortDelGro in 2003. He is a member of the Audit Committee and the Remuneration Committee.

Mr Wong is currently the Senior Partner of Ramdas and Wong, a position he has held since June 1974.

Mr Wong is also a Director of SBS Transit Ltd and several other listed companies. He is currently a member of the Public Service Commission, the Singapore Labour Foundation as well as the Chairman of Bedok Citizens' Consultative Committee.

Mr Wong was awarded the Friend of Labour in 1989, the Meritorious Service Award in 1995 and the Distinguished Service Award in 2001 by the National Trades Union Congress. In 1991, he was awarded the Public Service Star by the President of the Republic of Singapore for community and social services rendered. Mr Wong also received a Certificate of Appreciation by the Singapore Labour Foundation for services rendered as a Director of Pasir Ris Resort Services Pte Ltd in 1989.

Mr Wong holds a L.L.B (Hons) from the University of Singapore and a L.L.M from the Centre for Commercial Law, Queen Mary College, University of London.

Pursuant to Article 97 of the Company's Articles of Association, Mr Wong will be due for re-election at the forthcoming Annual General Meeting of the Company to be held on 29 April 2004. He is an Independent Director of the Company.



*Board of Directors (cont'd)***LIST OF DIRECTORSHIPS****Mr Lim Jit Poh**

- Beijing Jin Jian Taxi Services Company Limited
- Braddell plc
- Cabcharge Asia Pte Ltd
- Cheng Meng Holdings Pte Ltd
- CityCab (Shenyang) Ltd
- CityCab Pte Ltd
- CityFleet (UK) Pte Ltd
- Comfort (China) Pte Ltd
- Comfort Bus Pte Ltd
- Comfort Group Ltd
- Comfort Transportation Pte Ltd
- ComfortDelGro (China) Pte. Ltd.
- ComfortDelGro Corporation Limited
- ComfortDelGro Engineering Pte. Ltd.
- ComfortDelGro Insurance Brokers Pte. Ltd.
- Computer Cab plc
- DelGro (Guangzhou) Pte. Ltd.
- DelGro Corporation Limited
- DelGro Investments Pte Ltd
- General Automotive Services Pte Ltd
- Guangzhou Xin Tian Wei Transportation Development Company Ltd
- Inchem Holdings International Limited
- International Factors (Singapore) Ltd
- Jilin Comfort Transportation Co Ltd
- Metroline plc
- Nanning Comfort Transportation Co Ltd
- Pasir Ris Resort Pte Ltd
- SBS Taxi (Pte) Ltd
- SBS Transit Ltd
- Setsco Services Pte Ltd
- Shanghai City Qi Ai Taxi Services Company Limited
- Shanghai Shen Xin Bus Services Ltd
- SHC Capital Limited
- Shenyang ComfortDelGro Taxi Pte Ltd
- SLF Leisure Enterprises (Pte) Ltd
- Tecobest Investment Limited
- The Ascott Group Limited
- VICOM Inspection Centre Pte Ltd
- VICOM Ltd
- VICOM Nominee Investment Pte Ltd
- Vietnam Taxi Company Limited
- Waterbank Properties (S) Pte Ltd
- Yellow-Top Cab Pte Ltd

**Mr Kua Hong Pak**

- Beijing CityLimo Yin Jian Auto Services Company Limited
- Beijing Jin Jian Taxi Services Company Limited
- Braddell plc
- Cabcharge Asia Pte Ltd
- CityCab (Shenyang) Ltd
- CityCab Pte Ltd
- CityFleet (UK) Pte Ltd
- CityLimo Leasing (M) Sdn Bhd
- CityLimo Leasing Pte Ltd
- CityLimo Rent-A-Car Pte Ltd
- Comfort (China) Pte Ltd
- Comfort Ads Pte. Ltd.
- Comfort Bus Pte Ltd
- Comfort Driving Centre Pte Ltd
- Comfort Group Investments Pte Ltd
- Comfort Group Ltd
- Comfort Nominees Pte Ltd
- Comfort Transportation Pte Ltd
- ComfortDelGro (China) Pte. Ltd.
- ComfortDelGro Corporation Limited
- ComfortDelGro Engineering Pte. Ltd.
- ComfortDelGro Insurance Brokers Pte. Ltd.
- Computer Cab plc
- DelGro (Guangzhou) Pte. Ltd.
- DelGro Corporation Limited
- DelGro Investments Pte Ltd
- General Automotive Services Pte Ltd
- Guangzhou Xin Tian Wei Transportation Development Company Ltd
- Jilin Comfort Transportation Co Ltd
- Metroline plc
- Nanning Comfort Transportation Co Ltd
- Overseas Union Enterprise Limited
- Pantas Rent-A-Car Holdings Sdn. Bhd.
- PSA Corporation Limited
- PSA International Pte Ltd
- Ringier Print (HK) Limited
- SBS Taxi (Pte) Ltd
- SBS Transit Ltd
- Setsco Services Pte Ltd
- Shanghai City Qi Ai Taxi Services Company Limited
- Shanghai Shen Xin Bus Services Ltd
- Shenyang ComfortDelGro Taxi Pte Ltd
- Singapore Airport Bus Services Ltd
- StarHub Pte Ltd
- Suzhou Comfort Taxi Co Ltd
- Tecobest Investment Limited
- Temasek Holdings (Private) Limited
- VICOM Assessment Centre Pte Ltd
- VICOM Inspection Centre Pte Ltd
- VICOM Ltd
- VICOM Nominee Investment Pte Ltd
- VICOM-Unichamps Pte. Ltd.
- Vietnam Taxi Company Limited
- Waterbank Properties (S) Pte Ltd
- Xiamen Comfort Taxi Co Ltd
- Yellow-Top Cab Pte Ltd

*Board of Directors (cont'd)***Mr Ong Ah Heng**

- ComfortDelGro Corporation Limited
- PSA International Pte Ltd
- Singapore Post Limited

**Mr Oo Soon Hee**

- ComfortDelGro Corporation Limited
- Eastern Pretech Pte Ltd
- LKN-Primefield Limited
- NatSteel Chemicals Ltd
- NatSteel Ltd
- NatSteel Trade International Pte Ltd
- Siam Industrial Wire Company Ltd
- Southern NatSteel (Xiamen) Ltd
- Southern Steel Berhad (Alternate Director)
- Vertex Venture Holdings Ltd

**Mr Tow Heng Tan**

- Adahlis Holding BV
- Advondale Properties Limited
- Allamanda Investments Pte Ltd
- Asia Financial Holdings Pte. Ltd.
- Century Private Equity Holdings (S) Pte Ltd
- Cherrytree Investments Pte Ltd
- ComfortDelGro Corporation Limited
- Cress Limited
- Crown Pacific Development Limited
- Elmtree Investments Private Limited
- Ferntree Investments Pte Ltd
- Finlayson Investments Pte Ltd
- Germiston Developments Limited
- Havelock Investments Pte Ltd
- HDB Corporation Pte Ltd
- Health Devices Pte Ltd
- Hong Lim Investments Pte Ltd
- International Enterprise Singapore
- Ixora Investments Pte Ltd
- Kingfisher Inc
- Koala Investments Pte Ltd
- MacRitchie Investments Pte. Ltd.
- Matterson Investments Limited
- Maxwell (Mauritius) Pte Ltd
- Seletar Investments Pte Ltd
- Shangri-La Asia Limited
- Sorak Financial Holdings Pte. Ltd.
- Startree Investments Pte. Ltd.
- T.H. eVenture Pte Ltd
- Temasek Capital (Private) Limited
- Totem Holdings Inc
- Tuas Fund Investments Pte Ltd
- Union Charm Development Limited
- V-Sciences Investments Pte Ltd

**Ms Teo Geok Har, Nancy**

- AMK Properties Pte Ltd
- Bishan EC Pte Ltd
- ComfortDelGro Corporation Limited
- Leisurequest Pte Ltd
- Lifestyle & Leisure Investments Pte Ltd
- NCH (Sengkang) Pte Ltd
- NTUC Choice Homes Cooperative Ltd
- NTUC Jurong Lifestyle Centre Pte Ltd
- NTUC Thrift & Loan Co-operative Ltd
- Pasir Ris Resort Pte Ltd
- Riviera Properties Pte Ltd
- Singapore-Suzhou Township Development Pte Ltd
- SLF International Pte Ltd
- SLF Investments (Australia) Pte Ltd
- SLF Leisure Enterprises (Pte) Ltd
- SLF Management Services Pte Ltd
- SLF Properties Pte Ltd
- SLF Spring City Properties Pte Ltd
- VICOM Ltd

**Dr Wang Kai Yuen**

- Accord Customer Care Solutions Ltd
- Asian Micro Holdings Ltd
- ComfortDelGro Corporation Limited
- COSCO Corporation (Singapore) Ltd
- Hiap Hoe Ltd
- Koon Holdings Limited
- Matex International Ltd
- Mayfran International Ltd
- Nylect Technology Ltd
- SoilBuild Group Holdings Pte Ltd
- SuperBowl Holdings Ltd
- Xpress Holdings Ltd

**Mr Wong Chin Huat, David**

- CapitaMall Trust Management Limited
- ComfortDelGro Corporation Limited
- Foodfare Catering Pte Ltd
- Ingenuo Pte Ltd
- Leisure Challenge Pte Ltd
- SBS Transit Ltd
- Singapore Labour Foundation
- Speedy-Tech Electronics Ltd
- Suerio Pte Ltd
- The Ascott Group Limited
- Unit 8 Pte Ltd
- Zandrif Investments International Pte Ltd



# Key Management of ComfortDelGro Group



## CORPORATE OFFICE

- **Choo Chek Siew**

Mr Choo Chek Siew is the Group Financial Officer of ComfortDelGro. He is responsible for the Group's Financial and Statutory Reporting, Budgeting, Financial Control & Policies and Treasury & Debt Management. Mr Choo joined the Group in July 2003. He started his career with PricewaterhouseCoopers and moved on to become Group Internal Audit Manager of United Engineers Ltd. Mr Choo was the Regional Financial Controller at Citibank N.A and Chief of Staff at Union Bank of Switzerland before joining the Development Bank of Singapore Ltd as Head of Integration. Prior to joining the Group, he was with Oversea-Chinese Banking Corporation Ltd as Group Head of Finance. He holds a Bachelor of Economics (Hons) from Australia National University and is an Australian Chartered Accountant.

- **Ng Tong Sing**

Mr Ng Tong Sing is the Group Information Officer of ComfortDelGro. He oversees the Group's IT functions and applications to support strategic and business needs. Mr Ng joined the Group in June 2003. He was an Assistant Director in the Systems & Computer Organisation of the Ministry of Defence in 1975. He moved on to hold senior management positions in IT services companies providing services to Government agencies, airlines, banks, manufacturing and logistic companies in the region. Prior to joining the Group, he was the Executive Vice President, Operations at Singapore Computer Systems Limited. He holds a Bachelor of Science (Engineering & Systems) (1st Class Hons) from the University of Bath in the United Kingdom.

- **Tammy Tan I-Lin**

Ms Tammy Tan I-Lin was appointed Group Corporate Communications Officer in March 2004. She is responsible for the Group's corporate communications function including promoting the Group's image, overseeing the Group's various internal publications, preparing of annual reports, organising the Group's publicity events, co-ordinating requests for sponsorships and donations and liaising with the media, investment community and shareholders. She is also Group Spokesman. 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 was also a Singapore correspondent for Global Wireless and Asia Cable & Satellite World, and wrote extensively for Asian Business and the Marketing Institute of Singapore. Ms Tan holds a Bachelor of Social Sciences (Hons) from the National University of Singapore.

- **Phoon Chee Meng**

Mr Phoon Chee Meng is the Vice President (Corporate Human Resource) of ComfortDelGro. Mr Phoon joined the Group in 1995 as Manager, Special Projects of Corporate Development and was appointed to his present position in 2001. Prior to joining the Group, Mr Phoon was a Branch Manager with United Overseas Bank Ltd. Mr Phoon holds a Bachelor of Science from the National University of Singapore and attended the Program for Management Development at Harvard Business School.

- **Choo Peng Yen**

Mr Choo Peng Yen is the Vice President (Corporate Development), with responsibilities for the Group's business development. Mr Choo joined the Group in 1978 and over the years has served in various planning, business development, operations and corporate communications positions within the Group. He holds a Bachelor of Business Administration from the University of Singapore and attended the International Executive Programme at INSEAD.

- **May Ong Poh Sim**

Ms May Ong Poh Sim is the Vice President (Internal Audit) for the Group. She is responsible for the internal audit functions of the Group. She joined the Group in 1981 as Internal Auditor and was subsequently appointed to head the Internal Audit Department. She holds a Bachelor of Accountancy from Nanyang University.

- **Bobby Tan Cher Chong**

Mr Bobby Tan Cher Chong is the Vice President (Legal)/Company Secretary of ComfortDelGro Corporation. He heads the Legal Department and is the Company Secretary of the ComfortDelGro Group. Mr Tan joined the Group in 1995 and prior to that, he was the Legal Manager at The Hour Glass Ltd. He holds a Bachelor of Law (Hons) from the University of London and is an Associate of the Institute of Chartered Secretaries and Administrators.



*Key Management of ComfortDelGro Group (cont'd)***STRATEGIC BUSINESS UNITS****ASEAN****Singapore**

- **Lim Hung Siang**

Mr Lim Hung Siang is the Chief Executive Officer of the China/UK Taxi Strategic Business Unit of ComfortDelGro. He oversees the Group's taxi business in parts of China and the United Kingdom. Mr Lim joined CityCab Pte Ltd in 1995 as its Chief Executive Officer. In December 1996, Mr Lim was also appointed Chief Executive Officer of then SBS Engineering Pte Ltd which subsequently changed its name to DelGro Engineering Pte Ltd. Prior to joining the Group, Mr Lim was the General Manager of Singapore Automotive Engineering Ltd, and has served as Higher Executive Engineer in the Anti-Pollution Unit of the Prime Minister's Office before starting his career in the private sector. Mr Lim holds a Bachelor of Engineering (Mechanical) (1st Class Hons) and a Masters of Science (Industrial Engineering) both from the University of Singapore.

- **John Lee Kah Wah**

Mr John Lee Kah Wah is the Chief Operating Officer of Comfort Transportation Pte Ltd and Yellow-Top Cab Pte Ltd. He joined CityCab Pte Ltd in 1996 as General Manager and became Chief Operating Officer in 2000. Prior to joining the Group, Mr Lee held various positions within the logistics and food arm of the Singapore Technologies Group. He served 10 years with the Singapore Technologies Group spending over seven years doing two overseas postings. He holds a Bachelor of Business Administration from the University of Singapore. He attended the Stanford – NUS Executive Programme in 1994.

- **Yang Ban Seng**

Mr Yang Ban Seng is the Chief Executive Officer of CityCab Pte Ltd. Mr Yang was previously the Executive Director of Comfort Transportation Pte Ltd and Yellow-Top Cab Pte Ltd. Prior to joining the Group in 1989, Mr Yang served as Assistant Director of the Ministry of Education, Deputy Director of the Ministry of Home Affairs and NTUC's Secretary for Co-operatives. He holds a Bachelor of Science (Operations Research and Statistics) (Hons) from the University of Manchester and a Masters of Business Administration from the National University of Singapore.

- **Ong Boon Leong**

Mr Ong Boon Leong is the Chief Operating Officer of SBS Transit. Mr Ong joined the Group in 1994 as Senior Manager of Corporate Development. Over the years, he held various positions within the Group including Chief Financial Officer and Chief Executive Officer (Europe Business). Prior to joining the Group, he was an Investment Analyst with Standard Chartered Securities. He also served as Deputy Director of the Ministry of Communications and the Ministry of Home Affairs. Mr Ong was a Monbusho Scholar and holds a Bachelor of Economics from Hitotsubashi University in Japan.

- **Richard Teo Boon Leng**

Mr Richard Teo Boon Leng joined the Group in 1996 and is the Chief Executive Officer of the CityLimo Auto Services Group. He has more than 20 years' experience in the auto services industry, and was the Executive Director of Ken-Air Group's Auto Services Division before joining the Group.

- **Simon Soh Guan Bin**

Mr Simon Soh Guan Bin is the Chief Executive Officer of ComfortDelGro Engineering Pte Ltd. Mr Soh joined the Group in 1996 and was the Executive Director of General Automotive Services Pte Ltd and Comfort Automotive Services Pte Ltd. Mr Soh holds a Bachelor of Mechanical Engineering (Hons) from the University of Singapore and is a Fellow of the Institute of Motor Industries, UK.

*Key Management of ComfortDelGro Group (cont'd)*

- **Heng Chye Kiou**

Mr Heng Chye Kiou is the Chief Executive Officer of VICOM Ltd. He joined VICOM in 1981 as a Project Engineer and was promoted to his present position in 2003. Mr Heng is a registered engineer in Singapore and a registered chartered engineer in the United Kingdom. With 26 years of experience in engineering, he is currently a Vice President and Member of the Bureau Permanent of the International Vehicle Inspection Committee (Comite Internationale de l'inspection Technique Automobile) based in Belgium and Chairman of the Singapore Motor Industry Certification Board. For his contributions to education, he was awarded the Public Service Medal (PBM) in 2001. Mr Heng holds a Bachelor in Engineering (Mechanical) from the University of Singapore and a Masters of Science (Industrial Engineering) from the National University of Singapore.

- **Jimmy Chua Teck Leong**

Mr Jimmy Chua Teck Leong is the Chief Executive Officer of ComfortDelGro Insurance Brokers Pte Ltd, the insurance broking arm of the Group. He is responsible for all aspects of the Group's insurance, and claims and risk management activities. Prior to joining the Group, Mr Chua was the Chief Executive Officer of Zuellig Insurance Brokers Pte Ltd. Mr Chua graduated from the University of Singapore with a Bachelor of Arts (Hons) and holds a MBA from University of Hull (UK).

- **Huam Chak Khoon**

Mr Huam Chak Khoon is the Chief Executive Officer of Comfort Driving Centre. He was responsible for the setting-up and operation of the driving centre when he was appointed as its Executive Director in 1996. Mr Huam joined the Group in 1984 as a Trainer and has more than 20 years of experience in the full spectrum of training function, including the establishment of Comfort's training facilities and infrastructure. Mr Huam holds a Bachelor of Commerce from Nanyang University, graduate diploma in Training & Development from Singapore Institute of Management, and a Masters of Science in Education & Training from University of Leicester, UK.

### Malaysia

- **Francis Yap Seng Hock**

Mr Francis Yap Seng Hock is the Deputy Chief Executive Officer of CityLimo Auto Services Group. He is responsible for the Group's car leasing and rental operations in Malaysia. Mr Yap joined the Group in 1996. He holds a Bachelor of Business Administration from Edith Cowan University, Australia.

### Vietnam

- **Chia Chuen Huei**

Mr Chia Chuen Huei is the General Manager of Vietnam Taxi Company Limited. He joined the Group in 2002. Prior to joining the Group, he held various positions within the Marine/Shipyard arm of Keppel Corporation Limited and served more than 10 years there including three-and-a-half years in overseas postings. He was a General Manager of Rotary Integrated Maintenance Centre, a subsidiary of Rotary Engineering Limited for two years. Mr Chia is a Keppel Corporation/Foreign and Commonwealth Office (UK) Scholar and holds a Bachelor of Engineering (Mechanical) (1st Class Hons) from the University of Westminster, UK and a Masters of Business Administration from the Nanyang Technological University.

*Key Management of ComfortDelGro Group (cont'd)***PEOPLE'S REPUBLIC OF CHINA****• Michael Liew Kok Pun**

Mr Michael Liew Kok Pun is the General Manager of the Shanghai Business Unit. He is responsible for the bus and taxi operations in Shanghai and Suzhou. Mr Liew joined the Group in December 2002 as Executive Director of Comfort (China) and Vietnam. Prior to joining the Group, Mr Liew was the Senior Vice President of Times Publishing Group Ltd. Mr Liew holds a Bachelor of Science (Physics) (Hons) from the University of Singapore. He was also awarded a Commonwealth Scholarship to pursue a post-graduate degree in management at the University of Leeds (UK). He was conferred the Public Service Medal by the Singapore Government in 1972 and was a former Member of Parliament in Singapore. He has recently been appointed as adviser to the China Council for Promotion of International Trade, Chengdu.

**• Gerald Ho Shih Kwong**

Mr Gerald Ho Shih Kwong joined the Group in January 2004 and is the General Manager of the Beijing Business Unit. He is responsible for the taxi and car rental joint ventures in Beijing. Prior to joining the Group, Mr Ho was with NZI Merchant Bank (Singapore) Ltd as a Corporate Finance Officer in 1989 and moved on to become Credit Manager in Dow Chemical (Singapore) Pte Ltd. He was an Executive Director at Lum Chang Securities Pte Ltd before joining DBS Vickers Securities Pte Ltd as an Associate Director. Mr Ho holds a Bachelor of Engineering (Mechanical) from the National University of Singapore and a Masters of Business Administration (Finance) from Pepperdine University, USA.

**• Simon Tan Seow Boon**

Mr Simon Tan Seow Boon is the General Manager of the Chengdu Business Unit and responsible for the Group's taxi, car rental, vehicle inspection and motor workshop joint ventures in Chengdu. Mr Tan joined the Group in 1985 and was one of the first executives to be posted to China in 1997. He was the General Manager of Shanghai Shen Xin Bus Service Ltd and Shanghai City Qi Ai Taxi Services Company Limited. Prior to joining the Group, he was an Investigations Officer with the Republic of Singapore Police Force. Mr Tan holds a Bachelor of Science (Hons) from the University of London.

**UNITED KINGDOM****• Michael Sangster Galvin**

Mr Michael Sangster Galvin was appointed Managing Director of Computer Cab plc in 2001. He joined Computer Cab in 1986 and has been principally responsible for the operations of the company. Prior to joining the Group, Mr Galvin was responsible for directing operations with an outdoor events company. In 2000, he completed his Masters in Business Administration (MBA) from Open University.

**• Stephen McAleavy**

Mr Stephen McAleavy was appointed as Managing Director for Metroline plc in 2003. He joined the Group in 2002 as Group Development Director for bus, coach and taxi operations in the UK. Prior to joining the Group, he was a Director of Sales and Customer Service for National Express Coach Division and was previously a Sales and Marketing Director for Airlinks, also within the National Express Group. He is a transport professional of 23 years, a member of the Institute of Travel and Tourism and holds a Higher National Diploma in Tourism, Business Studies and Languages.

**• Neil Wood**

Mr Neil Wood is the Managing Director of Scottish Citylink Coaches Ltd. He is responsible for the financial and operational performance of the company and its sister companies, Cummer Commercials/Irish Citylink, an express coach operation in Ireland and Aerdart, an airport bus service in Dublin. Mr Wood joined the Group in 1998 when Metroline acquired Scottish Citylink after a period of time with National Express. He started his career as a Network Analyst with Scottish Transport Group in the business planning and marketing fields. Mr Wood holds an Honours Degree in Geography from St Andrews University. He completed an MBA from Edinburgh University, holds a Diploma in Marketing and is also a Member of the Chartered Institute of Marketing.



# Group Financial Highlights



## Financial Summary

	2003	Pro forma 2002
Turnover (\$'mil)	1,846.0	1,701.8
Operating expenses (\$'mil)	1,718.7	1,519.8
Net profit for the year (\$'mil)	133.9	149.3
Issued capital (\$'mil)	509.6	505.6
Capital and reserves (\$'mil)	1,264.1	1,178.4
Capital disbursement (\$'mil)	245.4	380.3
Internal funds generated (\$'mil)	554.8	505.7
Earnings per ordinary share (cents)	6.6	7.4
Net asset per ordinary share (cents)	62.0	58.3
Return on shareholders' equity (%)	11.0	13.2
Dividend per ordinary share (cents)	4.2	2.7
Dividend cover (number of times)	2.0	3.5

## Value-Added for the Group

	2003		Pro forma 2002	
	\$'mil	%	\$'mil	%
Suppliers of Capital - Loan Interest & Dividends	89.3	7.0	69.0	5.6
Taxation to the Government	169.9	13.3	158.5	13.0
Retained Earnings	363.5	28.5	401.9	32.9
Employees - Salaries, CPF and other Benefits	654.5	51.2	593.5	48.5
<b>Total Value-Added</b>	<b>1,277.2</b>	<b>100.0</b>	<b>1,222.9</b>	<b>100.0</b>
Value-Added per Employee (in \$'mil)	0.1		0.1	

## Group Financial Highlights (cont'd)

## Turnover

## GROUP TURNOVER BY BUSINESS SEGMENT

	2003		Pro forma 2002	
	\$'mil	%	\$'mil	%
Bus & rail	987.8	53.5	892.8	52.6
Taxi	625.4	33.9	634.5	37.3
Diesel sales	71.9	3.9	45.9	2.7
Automotive engineering	58.9	3.2	52.0	3.1
Vehicle inspection & testing	43.8	2.4	16.6	1.0
Car rental & leasing	40.8	2.2	37.7	2.2
Driving centre	15.2	0.8	13.9	0.7
Others	2.2	0.1	8.4	0.4
<b>Group</b>	<b>1,846.0</b>	<b>100.0</b>	<b>1,701.8</b>	<b>100.0</b>

## GROUP TURNOVER BY GEOGRAPHICAL SEGMENT

	2003		Pro forma 2002	
	\$'mil	%	\$'mil	%
Singapore	1,289.3	69.8	1,248.5	73.4
Malaysia	0.8	-	-	-
United Kingdom	462.6	25.1	367.8	21.6
China	88.8	4.8	85.5	5.0
Vietnam	4.5	0.3	-	-
<b>Group</b>	<b>1,846.0</b>	<b>100.0</b>	<b>1,701.8</b>	<b>100.0</b>

## Group Financial Highlights (cont'd)

## Profit Before Tax

## PROFIT BEFORE TAX BY BUSINESS SEGMENT

	2003		Pro forma 2002	
	\$'mil	%	\$'mil	%
Bus & rail	47.8	23.2	54.3	24.8
Taxi	98.6	47.8	113.8	51.9
Diesel sales	7.1	3.4	6.0	2.7
Automotive engineering	29.9	14.5	22.0	10.0
Vehicle inspection & testing	12.3	6.0	7.4	3.4
Car rental & leasing	5.8	2.8	8.1	3.7
Driving centre	3.3	1.6	2.8	1.3
Others	1.4	0.7	4.8	2.2
<b>Group</b>	<b>206.2</b>	<b>100.0</b>	<b>219.2</b>	<b>100.0</b>

## PROFIT BEFORE TAX BY GEOGRAPHICAL SEGMENT

	2003		Pro forma 2002	
	\$'mil	%	\$'mil	%
Singapore	177.1	85.9	183.8	83.9
Malaysia	0.1	0.0	-	-
United Kingdom	21.0	10.2	13.4	6.1
China	6.8	3.3	22.0	10.0
Vietnam	1.2	0.6	-	-
<b>Group</b>	<b>206.2</b>	<b>100.0</b>	<b>219.2</b>	<b>100.0</b>



## Milestones



- January**
- Acquisition of Vietnam Taxi Company Limited (Vinataxi) that operates a fleet of 400 taxis in Ho Chi Minh City
  - SBS Transit commences passenger service of Sengkang LRT and officially opens the air-conditioned Sengkang Bus Interchange
  - SBS Transit introduces new uniforms for its train station and bus interchange staff
  - VICOM Ltd acquired Setsco Services and broadened their range of services to include testing and inspection
  - Commencement of operations of Jilin Comfort Transportation
- February**
- Frontline staff displaying exceptional service were recognised at the STAR Award Presentation
  - Comfort Bus attains the ISO 9001:2000 certification for the provision of private bus chartering services
  - Comfort Driving Centre attains the ISO 9000:2001 certification for customer service
  - Guangzhou Xin Tian Wei receives a "Progressive Station" Award from the Guangzhou Spring Travel Directorate and Guangzhou State Transportation Commission for its service efficiency during the Spring season
  - ComCab introduces new Call-a-Cab service, London's first "no frills" radio circuit, which accepts cash bookings only
- March**
- The proposed merger schemes of Comfort Group and DelGro Corporation received nearly 100% approval at the court-mandated meetings held in Meritus Mandarin Singapore
  - VICOM wins a contract by the Land Transport Department of Brunei to upgrade, commission and maintain the vehicle inspection system in Brunei
  - Metroline opens a new operating base at King's Cross
- April**
- First day of trading of ComfortDelGro shares on the Singapore Exchange. A total volume of 10,552,000 shares were traded with the share price closing 79 cents
  - Comfort Transportation attains COPC-2000® for its in-house corporate customer contact centre, CabLink
  - Comfort Bus launches a new bus service in Hillview Estate
  - VICOM introduces the Maximum Passenger Capacity Measurement Service to determine the maximum number of workers on the lorry cargo deck
  - Nanning Comfort Transportation commences operations
- May**
- ComfortDelGro unveils its new corporate identity
  - ComfortDelGro included in the Morgan Stanley Capital International (MSCI) Singapore Free Index
  - Comfort Ads launches "Mr Taxi", a mobile entertainment and interactive device, installed in 50 Comfort taxis
  - ComCab introduces a new Low Cost Fares service that offers competitive prices for long distance trips and airport trips
  - Metroline achieves top position in London for the performance of high frequency services
- June**
- SBS Transit commences passenger service of North East MRT Line, the world's first fully automatic underground heavy rail system
  - Prime Minister Goh Chok Tong rides on the North East MRT Line
  - Comfort Bus together with JTC Corporation launch two new express bus services in the Tuas View Industrial Estate
  - ComfortDelGro Engineering opens its 12th diesel sales outlet and 6th workshop at Braddell
  - ComCab launches Quality Action, a new drive to improve core service within the company, which involved staff and drivers
  - Relocation of Metroline's Staff Training and Recruitment Centre to Wembley



↳ Acquisition of Vinataxi



↳ Launch of Sengkang LRT and Sengkang Bus Interchange



↳ New Call-a-Cab fleet



↳ Launch of "Mr Taxi"



↳ Launch of ComfortDelGro new corporate identity

## Milestones (cont'd)



↳ Official Opening of NEL



↳ Driver Online Enquiry System



↳ President's Social Service Award



↳ Signing Ceremony for the formation of Shenyang ComfortDelGro Taxi



↳ Official Opening of Toyota car distribution in Suzhou

## July

- Setsco Services and CityLimo Rent-A-Car receive the Total Defence Awards 2003
- Comfort Driving Centre receives the Singapore Quality Class certification
- Comfort Driving Centre receives the SAF Award for Employers 2003
- ComCab attains the ISO 9001 certification for the provision of quality service
- Opening of the Fleet Service Centre, a new training facility for ComCab, Datacab and Call-a-Cab cabbies

## August

- Official Opening of the North East MRT Line by Deputy Prime Minister Lee Hsien Loong
- Comfort Transportation launches the Driver Online Enquiry System
- CityCab's CityCare Charity Group bags the President's Social Service Award
- Shanghai City Qi Ai Taxi Services receives the Model Company – City Level Award from the municipal government of Shanghai
- Shanghai Shen Xin introduces "Give up seat to needy passenger" initiatives in Route 49 buses

## September

- Comfort Transportation launches SpeedCall, a text-to-speech taxi booking service
- Comfort Transportation launches the PDA taxi booking service
- Comfort Transportation wins two MIS Innovation Awards for the Customer Relationship Management and Storage categories
- SBS Transit and VICOM receive the Singapore Corporate Governance Award (Merit)
- ComfortDelGro and Global East Investment forms a joint venture company, ComfortDelGro Insurance Brokers
- Shanghai City Qi Ai Taxi Services receives the Contract Trustworthiness Company Award from the Shanghai Administrative Bureau for Industry and Commerce
- Scottish Citylink launches STAR, a web based sales and reservation system
- Cummer Commercials/Irish Citylink introduces new electronic ticketing system on all its services in Ireland

## October

- Comfort Transportation presents the Comfort Star Driver Award to 10 drivers for their exceptional work performance
- Expansion of ComfortDelGro Engineering diesel sales outlets to 14

## November

- 131 frontline staff from SBS Transit, Comfort Bus, Comfort Transportation, CityCab & Yellow-Top Cab receive the 2003 Excellent Service Award
- ComfortDelGro Engineering opens the Marymount Specialist Centre to provide maintenance and repair services to continental cars

## December

- 96 frontline staff from SBS Transit, Comfort Bus, Comfort Transportation, CityCab and Yellow-Top Cab receive the National Courtesy Award – Transport Gold 2003
- Comfort Transportation bags the Intelligent20 Award for SpeedCall
- CityCab introduces a graduated late night surcharge
- Comfort Automotive Services changes its name to ComfortDelGro Engineering in alignment with the Group's restructuring exercise
- ComfortDelGro forms a new taxi joint venture, Shenyang ComfortDelGro Taxi, with Shenyang Taxi Co in the People's Republic of China
- Official opening of Toyota car distribution business in Suzhou

## Corporate Governance

ComfortDelGro Corporation Limited ("ComfortDelGro") is committed to and will continue to maintain high standards of corporate governance to enhance and safeguard the best interest of its shareholders.

Following the successful merger between Comfort Group Ltd ("Comfort") and DelGro Corporation Limited ("DelGro") on 29 March 2003, ComfortDelGro has adopted a corporate governance policy framework, which embodies the spirit of the principles and recommendations of the Code of Corporate Governance (the "Code") as well as drawing the best practices from both the Comfort Group and the DelGro Group.

This report sets out the Corporate Governance that was in place during the year with specific reference to the Code.

### BOARD OF DIRECTORS

#### Principle 1 - The Board's Conduct of its Affairs

The Board is responsible for setting the overall strategic direction and objectives of the Group and assuming stewardship of the Group with the primary aim of safeguarding the best interest of the Shareholders. At the same time, the Board is also responsible for ensuring that the Group is managed efficiently and effectively. The Board delegates the day-to-day operations of the Group to the management while reserving certain key issues for its approval. The Board upholds the principle of fairness and transparency in the discharge of its duties and seeks to avoid any form of conflict or potential conflict of interest.

In addition, the Board is also responsible for *inter alia* the following:

- (i) overseeing and monitoring managerial and organisational performance of the Group to achieve the strategic goals and objectives;
- (ii) putting in place appropriate and adequate systems of internal control, risk management processes and policies, and financial authority limits;
- (iii) approving the annual budget, major capital and operating expenditures, and acquisition and disposal of major investments; and
- (iv) assuming responsibilities for good corporate governance.

To assist the Board in the detailed consideration of the various issues in the discharge of its fiduciary duties, four committees were formed namely, the Audit Committee ("AC"), the Nominating Committee (the "NC"), the Remuneration Committee (the "RC") and the Investment Committee (the "IC"). Each of the committees has its own terms of reference setting out (i) the scope of its duties and responsibilities; and (ii) the rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

The composition of the Board and Board Committees including the detailed write-up of each Director is set out on pages 42 to 47 in the annual report.



### Corporate Governance (cont'd)

The attendance of the Directors at Board meetings and Committee meetings as well as the frequency of such meetings are set out below:

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee		Investment 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	NA	NA	1	1	3	3	1	1
Kua Hong Pak	5	5	3	3 <sup>#</sup>	1	1 <sup>#</sup>	3	3	1	1
Ong Ah Heng <sup>@</sup>	5	4	3	2	NA	NA	NA	NA	NA	NA
Oo Soon Hee <sup>@</sup>	5	4	3	3	NA	NA	NA	NA	NA	NA
Teo Geok Har, Nancy <sup>@</sup>	5	4	NA	NA	1	1	NA	NA	1	1
Tow Heng Tan <sup>@</sup>	5	3	3	3	NA	NA	3	3	1	1
Wang Kai Yuen <sup>@</sup>	5	3	NA	NA	1	1	NA	NA	1	1
Wong Chin Huat, David <sup>*</sup>	5	3	NA	NA	NA	NA	3	3	NA	NA

+ Include First Board of Directors' meeting

@ Appointed as Directors on 18 February 2003

\* Appointed as a Director on 11 April 2003, member of the Remuneration Committee on 23 May 2003, and member of the Audit Committee on 19 November 2003

# Attended meetings in his capacity as MD/Group CEO

At least four Board meetings are scheduled in advance each year with additional Board meetings convened as and when the circumstances necessitate. The scheduling of Board meetings in advance assists Directors in planning for their attendance at these meetings. During financial year 2003, the Board met a total of five times.

For expediency, Board meetings are also supplemented by Directors' Circular Resolutions accompanied by Board papers. Board members are free to seek further clarifications and explanations from management on the Board papers circulated.

To facilitate the convening of ad-hoc Board meetings as and when the need arises, the Articles of Association of the Company provides for the convening of Board meetings via teleconferencing or videoconferencing.

Regular presentations and orientation programmes on the Group's existing and new businesses are held to enable Directors to familiarise themselves with the entire operations and processes of the Group. Directors are also furnished, from time to time, with information and updates relating to the Group's corporate governance and regular articles, journals, write-ups relating to changes in law and regulations relevant to the Group's businesses and operating environment.

Directors may request sponsorship from the Company to attend courses to update their knowledge in a rapidly changing business and regulatory environment and to better equip themselves to discharge their duties as Directors.

The Board reviews from time to time the internal guidelines and financial authority limits for management to carry out the day-to-day operations of the Group. The scope of the financial authority limits cover capital expenditures, operating expenses, treasury matters, direct investments, tender participations, disposal and write-off of assets.

## Corporate Governance (cont'd)

In addition, the IC comprising five Directors, of whom four are non-executive has been formed to assist the Board in reviewing capital expenditures and investment decisions, whether involving acquisitions or disposals of investments, exceeding a specified threshold.

The Board, being the ultimate approving authority, will approve all major capital and operating expenditures as well as major investments exceeding the authority limits set forth for management and/or the IC.

### Principle 2 - Board Composition and Balance

The Board presently comprises eight Directors, of whom only the Managing Director/Group Chief Executive Officer ("MD/Group CEO") is an executive Director. Of the seven non-executive Directors, five of them are considered by the NC to be independent.

The NC, having reviewed the number of Directors on the Board, is of the view that the present size is sufficient for effective decision making, taking into account the scope and nature of the operations of the Group.

The NC is also satisfied that the Board comprises Directors with a variety of skills, expertise and working experiences from various industries. These variety of skills and expertise of the Directors complement each other and provide the necessary core competencies in the discharge of their duties and responsibilities.

### Principle 3 - Chairman and Managing Director/Group Chief Executive Officer

Mr Lim Jit Poh is presently the Group's non-executive Chairman while Mr Kua Hong Pak is the MD/Group CEO.

The MD/Group CEO is responsible for the day-to-day operations of the Group and reports to the Board, which is headed by the Group Chairman. The Group Chairman is responsible for the effective functioning of the Board. This separation of roles ensures that there is an effective check and balance on management and independence in the decision making process of the Board.

The Group Chairman and MD/Group CEO are not related to each other.

The proceedings of the Board are conducted by the Group Chairman who ensures that sufficient time is allocated for consideration and deliberation of each item on the agenda, and equal opportunities are given to each Director to express his views and provide inputs, and also to share his concerns. The Chairman also ensures that no individual or a small group of individuals dominate the decision making process of the Board.

## Corporate Governance (cont'd)

### Principle 4 - Board Membership

The NC comprises three non-executive Directors, of whom two, including the Chairman are independent. The Company Secretary is the Secretary to the NC and during financial year 2003, the NC met once.

The NC is responsible for *inter alia* the following:

- develop and maintain a formal and transparent process for the nomination of new Directors to the Board after evaluating the capabilities of each nominated Director and how this new Director will complement the overall competency of Board;
- develop and maintain a formal assessment process to evaluate the effectiveness of the Board as a whole and the contributions of each Director to the effectiveness of the Board;
- identify the skills, expertise and capabilities the Board requires to function competently and efficiently;
- determine a suitable size of the Board which facilitates effective decision-making, after taking into consideration the scope and nature of the operations of the Group;
- be responsible for the re-nomination of existing Directors for re-election/re-appointment at the Annual General Meeting after assessing the Director's contributions and performance; and
- determine annually whether or not a Director is independent.

Presently, the Articles of Association of the Company provides that all Directors (including the Managing Director) are subject to retirement by rotation at least once every three years and Directors appointed during the year will be subjected to re-election at the Annual General Meeting immediately following his appointment. Accordingly, for the forthcoming Annual General Meeting, Mr Lim Jit Poh, Mr Kua Hong Pak and Mr Tow Heng Tan will be due for re-election pursuant to Article 91 of the Company's Articles of Association while Mr David Wong will be due for re-election pursuant to Article 97.

The NC subscribes to the view that whilst it is important for Directors to devote sufficient time and attention to the affairs of the Group, the issue relating to multiple board representations should be left to the judgement and discretion of each Director. To focus on Directors' attendance at Board meetings per se may not be an adequate evaluation of the contributions of the Directors. The Directors' ability to provide strategic networking to enhance the business of the Group, accessibility for guidance and advice outside the scope of a formal Board meeting and contributions in specialised areas are also factors relevant in assessing the contributions of a Director.

While the NC will not stipulate the number of boards each non-executive Director is to be involved, the NC will continue to monitor the contributions and performance of each Director and whether each Director has devoted sufficient time and attention to the affairs of the Group. The Executive Director of the Company has to seek the approval of the Group Chairman before accepting any new directorships of other companies outside the Group. In deciding whether or not to grant the approval, the Group Chairman will consider the time commitment of the Executive Director, and whether the new external directorship will provide a strategic fit and networking to the businesses of the Group. The Group Chairman also ensures that the Executive Director does not accept appointments on the board of competitors.



## Corporate Governance (cont'd)

### Principle 5 - Board Performance

The NC evaluates the effectiveness of the Board annually in terms of monitoring overall performance, achieving an adequate return for shareholders, preventing conflict of interest and balancing the competing demands of the Group.

The performance and contributions of each Director are evaluated to determine the contributions of each Director in enhancing the effectiveness of the Board. Factors taken into consideration include, *inter alia*, attendance at Board meetings and activities, contributions in own specialist relevant areas at Board meetings and maintenance of independence.

As the Company was formed following the merger of Comfort and DelGro, a meaningful evaluation of the performance of the Board as a collective body would be to consider the increase in market capitalisation of the combined proforma Comfort and DelGro prior to the merger, and the market capitalisation of ComfortDelGro as at 31 December 2003. As at the close of business on 24 March 2003, being the last day of trading in the shares of both Comfort and DelGro, the combined proforma market capitalisation of both Comfort and DelGro was approximately \$1.51 billion. As at 31 December 2003, 9 months into the merger, the market capitalisation of ComfortDelGro increased by approximately \$156 million or about 10.3 percent to approximately \$1.66 billion.

In addition, there was also an increase in shareholders' equity, and total assets of the merged entity compared to the proforma of the combined results of Comfort and DelGro prior to the merger. Shareholders' equity increased \$85.7 million to \$1.26 billion as at 31 December 2003 due to profits from operations, and total assets increased \$65.9 million to \$2.67 billion due mainly to increase in cash and cash equivalents. Cash and cash equivalent as at 31 December 2003 stood at \$328.6 million.

### Principle 6 - Access to Information

In addition to the annual budget that is submitted to the Board for approval, comprehensive quarterly financial reports of the Group are also submitted to the Board for approval prior to release to the public via MASNET.

The Board has full access to the Management and Company Secretary. The Company Secretary has defined roles and responsibilities, which are constantly monitored and reviewed to ensure that these are sufficient and adequate to discharge the responsibilities laid down by the Board. The roles and responsibilities of the Company Secretary include, *inter alia*, ensuring compliance by the Group with all applicable laws and regulations, ensuring Board procedures are followed and adhered to, and also maintaining and updating all statutory books and records.

The Company Secretary is in attendance at all Board meetings of the Company. In addition, the Company Secretary attends the committee meetings where he has been appointed the Secretary of the Committee.

Should the need arise to obtain independent professional advice on matters relating to the business of the Group or issues affecting their duties as Directors, whether as a group or individually, the Company will arrange for the appointment of a professional adviser selected by the group or individual. The cost of appointing such a professional adviser will be borne by the Company.

## Corporate Governance (cont'd)

### REMUNERATION MATTERS

#### Principle 7 - Procedures for Developing Remuneration Policies

The RC was formed to provide the Board with an independent assessment over executive remuneration, and proposing an appropriate and meaningful strategy for compensation.

The RC comprises three non-executive Directors and one Executive Director. The Chairman of the RC and the non-executive Directors are independent of management and free from any business or other relationships which may materially interfere with the exercise of their independent judgement. The Vice-President (Corporate Human Resource) is the Secretary to the RC. During the financial year 2003, the RC had three meetings.

The terms of reference of the RC include, *inter alia*, the following:

- adopt a remuneration framework for compensation and to ensure that the level of remuneration offered will be appropriate to the level of contribution, and after taking into account factors such as pay and employment conditions within the industry and in comparable companies, the Group's relative performance and the performance and responsibilities of the executive;
- review from time to time the procedures for fixing remuneration packages and the appropriateness of the remuneration packages to attract, retain and motivate the key executives;
- recommend a formal and transparent process for determining the Directors' fees of the Group's non-executive Directors; and
- approve the participants and determine the quantum of options to be granted to the non-executive Directors and executives under the ComfortDelGro Employees' Share Option Scheme as well as administering the Scheme.

The review of executive remuneration covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options and benefits in kind.

## Corporate Governance (cont'd)

### Principle 8 - Level and Mix of Remuneration

The RC conducts a review of the executive remuneration to ensure that the remuneration packages of the executives of the Group are comparable with the pay packages and employment conditions of companies within the same industry and in comparable companies.

The remuneration packages of the Executive Director and key executives comprise fixed and variable components. The variable component in the form of performance bonuses and stock options forms a significant proportion of the remuneration packages and is dependent on the performance and profitability of the Group and individual performance. A high proportion of performance related component will ensure a greater alignment of the interests of the executives with those of the shareholders.

The Group appointed an International Human Resource Consultancy firm to develop the remuneration package of the MD/Group CEO and certain key executives. This is based on a formula which is tied to the return on Shareholders funds and the level of profits achieved.

The remuneration framework for the executives (including the Executive Director) has also been approved by the RC.

Directors' fees are set in accordance with a framework comprising basic fees and additional fees for serving on Board Committees. The MD/Group CEO, being an executive, does not receive any Directors' fees from the Company or any of its subsidiaries. Instead, fees due to him from the subsidiaries are paid to the Company. These fees are subject to approval by Shareholders at the respective Annual General Meetings.

The non-executive Directors of the Company are appointed pursuant to, and hold office under and in accordance with, the Articles of Association. They are eligible to participate and have been granted options under the ComfortDelGro Employees' Share Option Scheme.

## Corporate Governance (cont'd)

### Principle 9 - Disclosure on Remuneration

The remuneration of the MD/Group CEO and the top five key executives (who are not also Directors) of the Group for financial year 2003 is as follows:

Directors					
Remuneration Band	Salary (%)	Bonuses (%)	Directors' Fee (%)	Others (%)	Total Compensation (%)
(\$1,000,000 - \$1,249,999)					
Kua Hong Pak	54	42	-	4	100

Saved as disclosed above, there is no remuneration paid to the non-executive Directors of the company.

Key Executives
The remuneration of the top five key executives of the Group falls within the band of \$250,000 to \$499,999.

Further information on the ComfortDelGro Employees' Share Option Scheme can be found on pages 74 to 76 of the annual report.

During the financial year 2003, no executive was an immediate family member (as defined in the Listing Manual of the SGX-ST) of any Director of the Company.

## ACCOUNTABILITY AND AUDIT

### Principle 10 - Accountability

For financial year 2003, the Company released its quarterly results no later than 60 days from the end of each quarter. With effect from financial year 2004, the Company will release its quarterly results within 45 days from the end of each quarter.

Quarterly management accounts of the Group are also submitted to the Board. The management accounts enable the Board to assess the Group's performance, position and prospects on a quarterly basis and for the next 12 months.



## Corporate Governance (cont'd)

### Principle 11 - Audit Committee

The Company's present AC comprises four non-executive Directors, of whom three including the Chairman, are independent. The Board is of the view that the present members of the AC are appropriately qualified to discharge their responsibilities. The Board reviews the composition and effectiveness of the AC from time to time.

The primary role of the AC is to ensure that the Group has effective and adequate financial, operational and internal accounting controls and that the Group is operating in accordance with its prescribed procedures, rules and regulations. In addition, the AC serves as an independent and objective committee to the Board in the review of the financial information presented by management for distribution to Shareholders and the investing public.

The terms of reference of the AC include, *inter alia*, the following:

- evaluate the business risks of the Group and assess the appropriateness of the processes and mechanisms in place to identify, prevent and minimise these risks;
- review the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management;
- review significant accounting and reporting issues, including professional and regulatory pronouncements, and their impact on financial statements;
- consider, together with the internal and external auditors, any fraud, illegal acts, deficiency in internal controls or other similar issues;
- review the quarterly and annual financial statements and determine whether they are complete and consistent with the information known to the AC and assess whether the financial statements reflect the appropriate accounting principles;
- provide direction and maintain effective working relationships with the Board, management, and internal and external auditors;
- review the scope and results of the audit undertaken by the external auditors. In ensuring that there is a balance between the maintenance of objectivity and cost effectiveness, the AC also monitors the scope of non-audit services rendered by the external auditors;
- review interested person transactions;
- meet with the external and internal auditors without the presence of management on a regular basis; and
- recommend the re-appointment of the external auditors at the Annual General Meeting and review the fees due to them.

## Corporate Governance (cont'd)

During the financial year 2003, the AC held three meetings and met with management, the internal and external auditors to perform the functions as set out in its terms of reference.

In the performance of its duties, the AC has the explicit authority to investigate into the affairs falling within its terms of reference, full access to and cooperation from management, full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its duties properly. The external and internal auditors are free to request for meetings with the AC without the presence of management on any issues falling within the scope of the duties of the AC.

During the financial year 2003, the AC has reviewed the independence of the external auditors, including the scope of the non-audit services performed, and has formed the view that the external auditors are independent.

### Principle 12 - Internal Controls

The Group has well established internal audit and compliance functions. The Board is satisfied that the Group's system of internal control is functioning satisfactorily. The external auditors had noted no material weaknesses in internal controls during the course of their audit.

In addition, the Group has also put in place appropriate risk management policies and processes to evaluate the operating and financial risks of the Group. These play an important role in the management of risks that are significant to the fulfilment of the Group's business objectives.

In evaluating a new investment proposal or business opportunity, several factors will be considered by management and the IC before a decision is being taken. These factors, which are essentially designed to ensure that the rate of returns commensurate with the risk exposure taken, include evaluating (i) return on investment (ii) the pay back period; (iii) cash flow generated from the operation; (iv) potential for internal and external growth; (v) investment climate; and (vi) political stability.

The main areas of financial risk faced by the Group are foreign currency exchange risk, credit risk, interest rate risk, liquidity risk and commodity risk. The Group recognises that management of financial risk is an important aspect in its drive towards creating Shareholders' value. Management oversees financial risk management and regularly reviews its policy governing risk management practices.

Further details of the financial risks and how the Group manages them are set out on page 132 of the annual report.

## Corporate Governance (cont'd)

### Principle 13 - Internal Audit

The internal audit function of the Group is performed by the Group Internal Audit Department, comprising a team of 11 staff and headed by the Vice President (Internal Audit). The Vice President (Internal Audit) is the Secretary to the AC and reports directly to the Chairman of the AC.

The team is responsible for reviewing the effectiveness of the Group's internal control systems, and carries out its work in accordance with the audit plan approved by the AC.

The activities and organisational structure of the internal audit function are monitored and reviewed by the AC periodically to ensure that the Internal Audit Department has the necessary resources to adequately perform its functions and there are no unjustified restrictions or limitations placed on the performance of its duties.

The Internal Audit Department has adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

## COMMUNICATIONS WITH SHAREHOLDERS

### Principle 14 - Regular, Effective and Fair Communication with Shareholders

The Company has in place a communication framework which regularly conveys pertinent and important information to Shareholders, gathering views and addressing Shareholders' concerns. Regular communications with Shareholders are achieved through:

- announcement of material information through the MASNET, press and media briefings after trading hours to ensure proper dissemination of information;
- quarterly and annual release of financial results through the MASNET and separate press release, and analyst briefings; and
- posting of slides on the presentation of the financial results as well as other news releases and announcements on the company's website;

The Company does not practise selective disclosure in the communication of material information. Communications with the SGX-ST are handled by the Company Secretary, while communications with Shareholders, analysts and fund managers are handled by the Group Corporate Communications Officer. Specific guidelines have been laid down for compliance in respect of public communication. In addition, the Company has also put in place operational procedures to enable it to respond promptly to queries from the SGX-ST on any unusual trading activities in its securities.

## Corporate Governance (cont'd)

### Principle 15 - Shareholders Participation at General Meetings

As part of a programme of investors relations, the Group's Investors' Relations team met major institutional investors on a regular basis.

Presently, the Articles of Association provides for voting in person at Annual General Meetings of the Company, whether by Shareholders themselves or their duly appointed proxies. The Chairmen of the various Board Committees are required to be present and available to address questions at all Annual General Meetings of the Company. The external auditors, represented by the Audit Partner in charge, are also required to be present to address any queries by Shareholders.

### DEALINGS IN SECURITIES

The Company has adopted an internal code based on the SGX-ST's Best Practices Guide to provide guidance to the Directors and officers of the Group in relation to dealings in the securities of the Company and its listed subsidiaries. Directors and officers of the Group are to refrain from dealing in the Company's and its listed subsidiaries' securities during the period commencing two weeks before the announcement of the Company's and/or its listed subsidiaries 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 employees of the Group are also reminded that they should not deal in (i) the securities of the Company and/or its listed subsidiaries on short-term considerations and/ or while in possession of unpublished material price sensitive information relating to the relevant securities; and (ii) in the securities of other listed companies while in possession of unpublished material price sensitive information relating to those securities.

### INTERESTED PERSON TRANSACTION

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 transactions conducted under shareholders' mandate pursuant to Rule 920)
	\$'mil
Singapore Labour Foundation	0.6

There were no interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000).



# Financial Statements

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## Report of the Directors

for the financial year ended 31 december 2003

The directors submit their annual report together with the audited financial statements of the Company and the consolidated financial statements of the Group for the financial year ended December 31, 2003. The financial year of the Company covers the period from incorporation on January 1, 2003 to December 31, 2003.

On November 21, 2002, the Board of Directors of Comfort Group Ltd ("Comfort") and DelGro Corporation Limited ("DelGro") jointly announced that they had agreed in-principle to merge Comfort and DelGro (the "Merger") to form a new listed company by way of separate schemes of arrangement of the respective companies (the "Schemes").

Under the terms of the Merger, the shareholders of Comfort and DelGro, each received 50% of the issued share capital of the Company based on the then issued share capital of each of the companies.

Under the Schemes, the then existing issued ordinary shares in the respective capital of Comfort and DelGro were cancelled in exchange for ordinary shares of \$0.25 each in the capital of the Company, credited as fully paid up and issued by the Company to the holders of the ordinary share capital of Comfort and DelGro, and new ordinary shares in the capital of Comfort and DelGro were issued to the Company.

On completion of the Merger on March 29, 2003, Comfort and DelGro became wholly-owned subsidiaries of the Company. The shares of Comfort and DelGro were delisted on March 31, 2003. The trading in the shares of the Company commenced on April 1, 2003.

### 1 DIRECTORS

The directors of the Company in office at the date of this report are:

Lim Jit Poh	(Group Chairman; appointed on January 1, 2003)
Kua Hong Pak	(Managing Director and Group Chief Executive Officer; appointed on January 1, 2003)
Ong Ah Heng	(Appointed on February 18, 2003)
Oo Soon Hee	(Appointed on February 18, 2003)
Teo Geok Har, Nancy	(Appointed on February 18, 2003)
Tow Heng Tan	(Appointed on February 18, 2003)
Wang Kai Yuen	(Appointed on February 18, 2003)
Wong Chin Huat, David	(Appointed on April 11, 2003)

## Report of the Directors

for the financial year ended 31 december 2003

### 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 interest in the share capital of the Company and share capital and debentures of 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:

Held in the name of director

		At January 1, 2003 (date of incorporation) or date of appointment, if later	At December 31, 2003	At January 21, 2004
<b>Interest in the Company (Note i)</b>				
(a)	Ordinary shares of \$0.25 each			
	Lim Jit Poh	*	270,848	270,848
	Kua Hong Pak	*	124,530	124,530
	Ong Ah Heng	-	28,018	28,018
	Wang Kai Yuen	-	121,412	121,412
(b)	Options to subscribe for ordinary shares of \$0.25 each			
	Lim Jit Poh	-	573,577	773,577
	Kua Hong Pak	-	750,000	1,500,000
	Ong Ah Heng	-	417,540	517,540
	Oo Soon Hee	-	150,000	300,000
	Teo Geok Har, Nancy	-	417,540	517,540
	Tow Heng Tan	-	100,000	200,000
	Wang Kai Yuen	-	473,672	598,672
	Wong Chin Huat, David	-	100,000	200,000

\* 1 ordinary subscriber share of \$1.00 each. During the financial year, the subscriber share was split into 4 ordinary shares of \$0.25 each.

## Report of the Directors

for the financial year ended 31 december 2003

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

Held in the name of director

	At January 1, 2003 (date of incorporation) or date of appointment, if later	At December 31, 2003	At January 21, 2004
<b>Interest in subsidiary, Comfort Group Ltd (Note i)</b>			
(a) Ordinary shares of \$0.25 each			
Lim Jit Poh	217,500	-	-
Kua Hong Pak	100,000	-	-
Ong Ah Heng	22,500	-	-
Wang Kai Yuen	97,500	-	-
(b) Options to subscribe for ordinary shares of \$0.25 each			
Lim Jit Poh	300,000	-	-
Ong Ah Heng	255,000	-	-
Teo Geok Har, Nancy	255,000	-	-
Wang Kai Yuen	280,000	-	-
<b>Interest in subsidiary, SBS Transit Ltd</b>			
Options to subscribe for ordinary shares of \$0.25 each			
Lim Jit Poh	-	180,000	180,000
Kua Hong Pak	-	150,000	150,000
Wong Chin Huat, David	-	120,000	120,000
<b>Interest in subsidiary, VICOM Ltd</b>			
(a) Ordinary shares of \$0.25 each			
Lim Jit Poh	30,000	30,000	30,000
Ong Ah Heng	20,000	20,000	20,000
Wang Kai Yuen	20,000	20,000	20,000



## Report of the Directors

for the financial year ended 31 december 2003

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

Held in the name of director

Interest in subsidiary, VICOM Ltd	At January 1, 2003 (date of incorporation) or date of appointment, if later	At December 31, 2003	At January 21, 2004
	(b) Options to subscribe for ordinary shares of \$0.25 each		
Lim Jit Poh	100,000	140,000	140,000
Kua Hong Pak	-	36,000	36,000
Teo Geok Har, Nancy	50,000	70,000	70,000

Note i: On March 29, 2003, resulting from the Merger as described above, the options and ordinary shares in Comfort and DelGro were exchanged for options and ordinary shares of \$0.25 each in the share capital of the Company.

### 4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements. An executive director has received remuneration from a related corporation in his capacity as director of that corporation.

### 5 SHARE OPTIONS

#### a) Share Options of the Company

- i) The ComfortDelGro Employees' Share Option Scheme (the "Share Option Scheme") was approved by the shareholders of the Company at an Extraordinary General Meeting held on February 18, 2003. The Share Option Scheme is administered by the Remuneration Committee (the "Committee") comprising Messrs Lim Jit Poh, Kua Hong Pak, Tow Heng Tan and David Wong Chin Huat.
- ii) Under the Share Option Scheme, an option entitles the option holder to subscribe for a specific number of new ordinary shares of \$0.25 each in the share capital of the Company comprised in the option at a subscription price with reference to the market price of the shares at the time of grant of the option. The subscription price does not include any discount feature. The consideration for the grant of an option is \$1.00. The option may be exercised after the first anniversary but before the tenth anniversary (fifth anniversary for non-executive directors) of the date of grant of that option or such shorter period as determined by the Committee. The shares under option may be exercised in whole or in part on the payment of the relevant subscription price. The participants to whom the options have been granted shall be eligible to participate in other share option schemes implemented by the Company and/or its subsidiaries. Options granted will lapse when the option holder ceases to be a full-time employee or director of the Company or any company of the Group, subject to certain exceptions at the discretion of the Committee administering the Share Option Scheme.

## Report of the Directors

for the financial year ended 31 december 2003

### 5 SHARE OPTIONS (cont'd)

- iii) Particulars of unissued shares under options granted pursuant to the Share Option Scheme, options exercised and cancelled/lapsed during the financial year and outstanding as at December 31, 2003 were as follows:

Date of grant	Number of shares under options				Outstanding at December 31, 2003 #	Subscription price per share	Expiry date
	Outstanding at March 29, 2003	Granted	Exercised	Cancelled/Lapsed			
July 20, 1999*	919,065	-	467,037	33,622	418,406	\$0.470	July 19, 2004
October 5, 1999*	5,600,869	-	1,402,565	201,503	3,996,801	\$0.774	October 5, 2004
July 7, 2000*	789,492	-	150,676	11,207	627,609	\$0.462	July 6, 2005
September 26, 2000*	4,858,986	-	2,705,949	-	2,153,037	\$0.651	September 26, 2005
November 13, 2000*	941,414	-	114,715	-	826,699	\$0.444	November 12, 2010
November 13, 2000*	249,050	-	49,810	-	199,240	\$0.444	November 12, 2005
March 29, 2001*	881,642	-	134,487	-	747,155	\$0.410	March 28, 2011
March 29, 2001*	249,050	-	49,810	-	199,240	\$0.410	March 28, 2006
September 6, 2001*	3,368,530	-	1,136,206	66,844	2,165,480	\$0.718	September 6, 2006
October 4, 2001*	1,859,165	-	869,224	-	989,941	\$0.464	October 3, 2011
October 4, 2001*	479,424	-	136,978	-	342,446	\$0.464	October 3, 2006
March 25, 2002*	4,326,635	-	2,611,808	156,902	1,557,925	\$0.538	March 24, 2012
March 25, 2002*	479,424	-	74,715	-	404,709	\$0.538	March 24, 2007
September 5, 2002*	3,515,568	-	1,056,001	200,516	2,259,051	\$0.569	September 5, 2007
October 8, 2002*	5,181,506	-	1,970,110	362,368	2,849,028	\$0.561	October 7, 2012
October 8, 2002*	809,417	-	124,526	-	684,891	\$0.561	October 7, 2007
July 31, 2003	-	5,906,000	-	80,000	5,826,000	\$0.793	July 30, 2013
July 31, 2003	-	875,000	-	-	875,000	\$0.793	July 30, 2008
<b>Total</b>	<b>34,509,237</b>	<b>6,781,000</b>	<b>13,054,617</b>	<b>1,112,962</b>	<b>27,122,658</b>		

# Includes 3,941,012 options granted to former directors and employees of the Group who have been granted an extension of time from the date of cessation of directorship or employment (as the case may be), by the Committee to exercise the respective options.

\* Pursuant to the Merger (as described above), the number of shares comprised in the outstanding options under the Comfort Executives' Share Option Scheme, the 2000 Comfort Share Option Scheme and the DelGro Executives' Share Option Scheme (collectively, the "Pre-Merger Option Schemes"), were exchanged for the ComfortDelGro Employees' Share Option Scheme based on the option exchange ratio.

## Report of the Directors

for the financial year ended 31 december 2003

### 5 SHARE OPTIONS (cont'd)

- iv) Details of the options granted to directors during the financial year and since the commencement of the Share Option Scheme or the Pre-Merger Option Schemes up to December 31, 2003 were as follows:

Director	Number of shares under options			
	Granted during the year ended December 31, 2003*	Granted since the commencement of the Share Option Scheme to December 31, 2003*	Exercised since the commencement of the Share Option Scheme to December 31, 2003	Outstanding at December 31, 2003
Lim Jit Poh	200,000	573,577	-	573,577
Kua Hong Pak	750,000	750,000	-	750,000
Ong Ah Heng	100,000	417,540	-	417,540
Oo Soon Hee	150,000	150,000	-	150,000
Teo Geok Har, Nancy	100,000	417,540	-	417,540
Tow Heng Tan	100,000	100,000	-	100,000
Wang Kai Yuen	125,000	473,672	-	473,672
Wong Chin Huat, David	100,000	100,000	-	100,000

\* This includes the adjustments pursuant to the Merger, where applicable.

The terms of the options granted to the directors during the financial year are disclosed in Paragraph 5(a)(ii) above.

- v) No participant received 5% or more of the total number of options available under the Share Option Scheme during the financial year and no shares were issued at a discount to market price at the time of the grant.
- vi) There were:
- no participants to the Share Option Scheme who are controlling shareholders of the Company and their associates; and
  - no participants to the Share Option Scheme, who received options (inclusive of adjustments made under the Share Option Scheme and options exercised) which in aggregate represent 5% or more of the total number of shares available under the Share Option Scheme.

## Report of the Directors

for the financial year ended 31 december 2003

### 5 SHARE OPTIONS (cont'd)

#### b) Share Options of subsidiaries

##### A. SBS Transit Ltd ("Transit")

- i) Transit implemented the SBS Transit Share Option Scheme (the "SSOS") on June 9, 2000. Under the SSOS, an option entitles the option holder to subscribe for a specific number of ordinary shares of \$0.25 each in the capital of Transit comprised in the option 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 the option may be adjusted in certain events under the rules of the SSOS. Additionally, in the case of incentive options, depending on the extent to which set performance targets are met, the subscription price of such options may be adjusted by a discount of up to 20% at the end of an incentive period. Such options may also be cancelled if the targets are not met. A participant has to pay \$1.00 as consideration for the grant of an option. Provided that an option has not lapsed or terminated under the rules of the SSOS, options are exercisable (subject to any vesting conditions that may be imposed on the particular option), in whole or in part, at any time after the first anniversary from the date of grant but before the tenth anniversary (fifth anniversary for options granted to non-executive directors) of the date of grant of option or such shorter period as determined by the Remuneration Committee of Transit by payment of the relevant subscription price. The shares under option may be exercised in whole or in part on payment of the relevant subscription price. Incentive options are not exercisable before the second anniversary of their date of grant.
- ii) Particulars of unissued shares under options granted pursuant to the SSOS, options exercised and lapsed during the financial year, and options outstanding as at December 31, 2003 were as follows:

Date of grant	Number of shares under options				Outstanding at December 31, 2003	Subscription price per share	Expiry date
	Outstanding at January 1, 2003	Granted	Exercised	Cancelled/Lapsed			
September 26, 2000	1,148,000	-	-	53,000	1,095,000	\$1.59	September 26, 2010
September 6, 2001	1,313,000	-	-	63,000	1,250,000	\$1.60	September 6, 2011
August 22, 2003	-	1,600,000	-	-	1,600,000	\$1.29	August 22, 2013
August 22, 2003	-	495,000	-	-	495,000	\$1.29	August 22, 2008
December 10, 2003	-	1,520,000	-	-	1,520,000	\$1.22	December 10, 2013
December 10, 2003	-	495,000	-	-	495,000	\$1.22	December 10, 2008
	2,461,000	4,110,000	-	116,000	6,455,000		



## Report of the Directors

for the financial year ended 31 december 2003

### A. SBS Transit Ltd ("Transit") (cont'd)

The options outstanding as at December 31, 2003 include 319,000 options granted to former employees of the Group, who have been granted an extension of time, from their respective dates of cessation of employment, by the Remuneration Committee of Transit to exercise their outstanding options.

- iii) None of the options granted under the SSOS included a discount feature to the market price of the shares at the time of grant. None of the options granted were incentive options. No participant has received options which in aggregate represent 5% of the total number of shares available under SSOS.
- iv) Details of the options granted to directors of the Company are as follows:

Director	No. of shares under options			
	Granted during the financial year ended December 31, 2003	Granted since the commencement of the SSOS to December 31, 2003	Exercised since the commencement of the SSOS to December 31, 2003	Outstanding at December 31, 2003
Lim Jit Poh	180,000	180,000	-	180,000
Kua Hong Pak	150,000	150,000	-	150,000
Wong Chin Huat, David	120,000	120,000	-	120,000

The terms of the options granted to the directors are disclosed above.

- v) The SSOS is administered by the Remuneration Committee of Transit.
- vi) Participants of the SSOS are not restricted from participating in other share option or share incentive schemes, whether implemented by Transit or its subsidiary or otherwise.

## Report of the Directors

for the financial year ended 31 december 2003

### B. VICOM Ltd ("VICOM")

#### i) VICOM Executives' Share Option Scheme ("VICOM Share Option Scheme")

The VICOM Share Option Scheme in respect of unissued ordinary shares of \$0.25 each in VICOM was approved by the shareholders of VICOM at an Extraordinary General Meeting held on August 20, 1996.

Statutory information regarding options granted pursuant to the VICOM Share Option Scheme are as follows:

- the dates of expiration of options are 5 years after the relevant offer dates for the options, unless such options have ceased by reason of termination of employment, bankruptcy, misconduct or death of the grantee;
- the options may be exercised only after the first anniversary of the relevant offer dates for the options; and
- the persons to whom the options have been granted may also be eligible for participation in any other share option scheme implemented by any subsidiary or associated company (as the case may be) of VICOM.

As at the end of the financial year, details of unissued ordinary shares of \$0.25 each of VICOM under options granted pursuant to the VICOM Share Option Scheme were as follows:

Date of grant	Number of shares under options				Subscription price per share	Expiry date
	Outstanding at January 1, 2003	Exercised	Cancelled/ Lapsed	Outstanding at December 31, 2003		
July 14, 1999	322,000	-	-	322,000	\$0.9950	July 13, 2004
June 9, 2000	23,000	23,000	-	-	\$0.4767	June 8, 2005
	345,000	23,000	-	322,000		

The VICOM Share Option Scheme was terminated on April 27, 2001 with the implementation of "The 2001 VICOM Share Option Scheme" on April 27, 2001.

## Report of the Directors

for the financial year ended 31 december 2003

### B. VICOM Ltd ("VICOM") (cont'd)

#### ii) The 2001 VICOM Share Option Scheme ("The 2001 Scheme")

The 2001 Scheme in respect of unissued shares of \$0.25 each in VICOM was approved by the shareholders of VICOM at an Extraordinary General Meeting held on April 27, 2001.

Statutory information regarding options granted pursuant to The 2001 Scheme are as follows:

- the dates of expiration of options are 10 years after the relevant offer dates for the Executive Options, and 5 years after the relevant offer dates for the Non-Executive Options, unless such option has ceased by reason of termination of employment, bankruptcy, misconduct or death of the grantee;
- the options may be exercised only after the first anniversary of the relevant offer dates of the options; and
- the persons to whom the options have been granted may also be eligible for participation in any other share option scheme implemented by any subsidiary or associated company (as the case may be) of VICOM, at the absolute discretion of the committee administering The 2001 Scheme.

As at the end of the financial year, details of the unissued shares of \$0.25 each of VICOM under options granted pursuant to The 2001 Scheme were as follows:

Date of grant	Number of shares under options				Outstanding at December 31, 2003	Subscription price per share	Expiry date
	Outstanding at January 1, 2003	Granted	Exercised	Cancelled/ Lapsed			
June 1, 2001	144,000	-	24,000	-	120,000	\$0.570	May 30, 2006
June 1, 2001	670,000	-	162,000	-	508,000	\$0.570	May 30, 2011
September 26, 2001	72,000	-	12,000	-	60,000	\$0.423	September 25, 2006
September 26, 2001	402,000	-	248,000	-	154,000	\$0.423	September 25, 2011
April 6, 2002	72,000	-	12,000	-	60,000	\$0.628	April 5, 2007
April 6, 2002	440,000	-	142,000	-	298,000	\$0.628	April 5, 2012
October 7, 2002	81,000	-	-	-	81,000	\$0.600	October 6, 2007
October 7, 2002	470,000	-	102,000	-	368,000	\$0.600	October 6, 2012
June 27, 2003	-	99,000	-	-	99,000	\$0.760	June 26, 2008
June 27, 2003	-	274,000	-	-	274,000	\$0.760	June 26, 2013
December 20, 2003	-	99,000	-	-	99,000	\$0.865	December 19, 2008
December 20, 2003	-	254,000	-	-	254,000	\$0.865	December 19, 2013
	2,351,000	726,000	702,000	-	2,375,000		

## Report of the Directors

for the financial year ended 31 december 2003

### B. VICOM Ltd ("VICOM") (cont'd)

iii) Details of the options granted to directors of the Company are as follows:

	No. of shares under option			
	Granted during the financial year ended December 31, 2003	Granted since the commencement of the Share Option Scheme to December 31, 2003	Exercised since the commencement of the Share Option Scheme to December 31, 2003	Outstanding at December 31, 2003
The 2001 Scheme				
Directors				
Lim Jit Poh	40,000	140,000	-	140,000
Kua Hong Pak	36,000	36,000	-	36,000
Teo Geok Har, Nancy	20,000	70,000	-	70,000

iv) No options have been granted at a discount to the market price of the shares at the time of grant.

c) Except as disclosed in paragraph 5 of this report:

i) during the financial year:

(a) there were no options granted to any person to take up unissued shares in the Company or any corporation in the Group; and

(b) no shares of the Company or any corporation in the Group were issued by virtue of the exercise of an option to take up unissued shares.

ii) at the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.



## Report of the Directors

for the financial year ended 31 december 2003

### 6 AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

### 7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Jit Poh  
Chairman

Kua Hong Pak  
Managing Director/Group Chief Executive Officer

Singapore  
February 27, 2004

## Auditors' Report

to the members of comfortdelgro corporation limited

We have audited the financial statements of ComfortDelGro Corporation Limited set out on pages 84 to 146 for the year ended December 31, 2003. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2003 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all the subsidiaries of which we have not acted as auditors, and also considered the financial statements of those subsidiaries which are not required by the laws of their countries of incorporation to be audited, being financial statements included in the consolidated financial statements. The names of these subsidiaries are stated in Note 45 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of those subsidiaries incorporated in Singapore, did not include any comment made under Section 207 (3) of the Act.

Deloitte & Touche  
Certified Public Accountants

Philip Yuen Ewe Jin  
Partner

Singapore  
February 27, 2004

## Balance Sheets

December 31, 2003

		The Company	The Group	
	Note	2003 (Note 44) \$'mil	2003 (Note 44) \$'mil	2002 (Note 44) \$'mil
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances		3.3	103.4	72.2
Fixed deposits	3	35.2	227.0	157.7
Short-term investments	4	89.1	331.6	357.2
Trade debtors	5	-	132.3	125.5
Other debtors, deposits and prepayments	6	205.6	161.4	111.6
Inventories	7	-	31.3	34.0
Total current assets		333.2	987.0	858.2
<b>Non-current assets:</b>				
Subsidiaries	8	506.3	-	-
Associates	9	0.2	3.0	11.9
Joint ventures	10	-	26.9	34.2
Other investments	11	6.0	30.0	38.7
Long-term receivables	12	-	0.6	5.1
Vehicles, premises and equipment	13	-	1,453.1	1,490.6
Taxi licences	14	-	153.1	161.1
Goodwill	15	-	14.7	4.7
Deferred tax assets	24	-	2.3	0.3
Total non-current assets		512.5	1,683.7	1,746.6
<b>Total assets</b>		<b>845.7</b>	<b>2,670.7</b>	<b>2,604.8</b>

## Balance Sheets

December 31, 2003

		The Company		The Group	
	Note	2003 (Note 44) \$'mil	2003 (Note 44) \$'mil	2002 (Note 44) \$'mil	
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities:</b>					
Bank overdrafts and short-term bank loans	16	-	47.1	113.2	
Long-term loans - current portion	17	-	51.1	44.8	
Hire purchase creditors					
- current portion	18	-	36.3	27.5	
Trade creditors and accrued expenses	19	0.9	290.7	303.0	
Due to an associate - trade		-	1.5	2.8	
Deposits received - current portion	20	-	45.1	48.4	
Fuel price equalisation account	21	-	34.1	34.1	
Provision for claims	22	-	59.3	52.3	
Income tax payable		-	60.7	49.7	
Total current liabilities		0.9	625.9	675.8	
<b>Non-current liabilities:</b>					
Long-term loans	17	-	206.7	183.8	
Hire purchase creditors	18	-	111.0	102.4	
Other payable	23	-	36.9	40.4	
Deposits received	20	-	49.1	54.9	
Deferred tax liabilities	24	-	123.7	122.0	
Provision for service benefits and long service awards	25	-	11.5	12.2	
Total non-current liabilities		-	538.9	515.7	
<b>Capital and reserves:</b>					
Issued capital	26	509.6	509.6	505.6	
Capital reserves	27	4.5	49.7	49.2	
Accumulated profits		282.0	656.1	596.3	
Dividend reserve		48.7	48.7	27.3	
Total equity		844.8	1,264.1	1,178.4	
<b>Minority interests</b>					
		-	241.8	234.9	
		844.8	1,505.9	1,413.3	
<b>Total liabilities and equity</b>					
		845.7	2,670.7	2,604.8	

See accompanying notes to the financial statements.



## Consolidated Profit and Loss Statement

year ended december 31, 2003

	Note	2003 (Note 44) \$'mil	2002 (Note 44) \$'mil
<b>Turnover</b>	28	1,846.0	1,701.8
Other operating income	29	34.2	38.1
Revenue		<u>1,880.2</u>	<u>1,739.9</u>
Staff costs	30	(654.5)	(593.4)
Depreciation and amortisation expenses	13, 14, 15	(289.6)	(289.9)
Repair and maintenance		(147.0)	(141.6)
Road and diesel taxes		(113.8)	(110.9)
Raw materials and consumables		(83.2)	(62.5)
Energy and fuel costs		(76.7)	(56.9)
Insurance and accident compensation		(60.1)	(58.0)
Premise costs		(48.4)	(41.4)
Vehicle leasing charges		(35.1)	(22.7)
Drivers' incentives and benefits		(25.0)	(22.9)
Other operating expenses		(185.3)	(119.6)
Total operating expenses		<u>(1,718.7)</u>	<u>(1,519.8)</u>
Exceptional item	31	47.2	-
<b>Profit from operations</b>	32	208.7	220.1
Net income from other investments	33	14.5	7.8
Interest income		11.2	19.7
Finance cost	34	(22.3)	(26.4)
Share of loss in joint ventures		(6.0)	(6.7)
Share of profit in associates		0.1	4.7
<b>Profit before income tax</b>		206.2	219.2
Income tax expense	35	(50.4)	(43.9)
<b>Profit before minority interests</b>		155.8	175.3
Minority interests		(21.9)	(26.0)
<b>Net profit for the year</b>		<u>133.9</u>	<u>149.3</u>
Earnings per share (in cents):			
Basic	36	6.59	7.40
Diluted	36	6.58	7.36

See accompanying notes to the financial statements.

## Consolidated Statement of Changes in Equity

year ended december 31, 2003

	Issued capital (Note 26) \$'mil	Capital reserves \$'mil	Accumulated profits \$'mil	Dividend reserve \$'mil	Total \$'mil
Balance at January 1, 2002	503.7	53.4	492.9	31.4	1,081.4
Net profit for the year	-	-	149.3	-	149.3
Exercise of share options	1.9	1.8	-	-	3.7
Currency translation differences	-	(9.3)	-	-	(9.3)
Goodwill written back upon disposal of associate	-	2.2	(2.2)	-	-
Other reserves	-	1.1	(0.5)	-	0.6
Transfer to dividend reserve	-	-	(27.8)	27.8	-
Payment of dividends (Note a)	-	-	(15.4)	(31.9)	(47.3)
Balance at December 31, 2002	505.6	49.2	596.3	27.3	1,178.4
Net profit for the year	-	-	133.9	-	133.9
Exercise of share options	3.9	5.3	-	-	9.2
Currency translation differences	-	(11.9)	-	-	(11.9)
Other reserves	0.1	3.5	(3.6)	-	-
Goodwill written back upon disposal of associate	-	3.6	(3.6)	-	-
Interim dividend of 1.15 cents per share less tax	-	-	(18.2)	18.2	-
Proposed final dividend of 3.0625 cents per share less tax	-	-	(48.7)	48.7	-
Payment of dividends (Note b)	-	-	-	(45.5)	(45.5)
Balance at December 31, 2003	509.6	49.7	656.1	48.7	1,264.1

## Consolidated Statement of Changes in Equity

year ended december 31, 2003

Note : This includes payment of dividends relating to the following companies prior to the Merger:

	Comfort		DelGro		Total \$'mil
	Dividend per share <sup>(1)</sup> cents	Amount \$'mil	Dividend per share <sup>(2)</sup> cents	Amount \$'mil	
(a) Final dividend less tax in respect of the financial year 2001	3.00	18.9	5.50	13.0	31.9
Interim dividend less tax in respect of the financial year 2002	1.50	<u>9.5</u> <u>28.4</u>	2.50	<u>5.9</u> <u>18.9</u>	<u>15.4</u> <u>47.3</u>
(b) Final dividend less tax in respect of the financial year 2002	2.25	<u>14.3</u>	5.50	<u>13.0</u>	<u>27.3</u>

(1) Based on Comfort's ordinary share of \$0.25 each

(2) Based on DelGro's ordinary share of \$1.00 each

See accompanying notes to the financial statements.

## Consolidated Cash Flow Statement

year ended december 31, 2003

	2003 (Note 44) \$'mil	2002 (Note 44) \$'mil
<b>Cash flows from operating activities:</b>		
Profit before income tax	206.2	219.2
Adjustments for:		
Depreciation expense	282.0	281.2
Amortisation expense	7.6	8.7
Interest expense	22.3	26.4
Interest income	(11.2)	(19.7)
Provision for (write-back of) diminution in value of other investments	4.1	(0.2)
Gain on disposal of short-term investments	(5.9)	(2.6)
Loss (gain) on disposal of vehicles, premises and equipment	1.3	(1.3)
Development costs written down	49.5	-
Gain on disposal of subsidiaries	(0.9)	-
Gain on disposal of joint ventures	-	(1.4)
Gain on disposal of associates	(4.4)	(4.8)
Dividend income	(2.2)	(1.7)
Provision for (write-back of) service benefits and long service awards, net	0.5	(0.1)
Share of loss in joint ventures	6.0	6.7
Share of profit in associates	(0.1)	(4.7)
	554.8	505.7
Payment of service benefits and long service awards	(1.2)	(3.8)
Operating profit before working capital changes	553.6	501.9
Short-term investments	25.6	79.7
Trade debtors	(3.3)	7.6
Other debtors, deposits and prepayments	(47.6)	(2.3)
Inventories	2.7	5.5
Long-term receivables	4.9	(1.6)
Trade creditors and accrued expenses	(22.9)	33.7
Due to an associate	(1.3)	(23.2)
Deposits received	(9.3)	12.5
Provision for claims	4.9	5.1
Cash generated from operations	507.3	618.9
Interest paid	(22.3)	(26.4)
Income tax paid	(43.1)	(46.6)
Dividend paid	(45.5)	(55.7)
Net cash flow from operating activities	396.4	490.2



## Consolidated Cash Flow Statement

year ended december 31, 2003

	2003 (Note 44) \$'mil	2002 (Note 44) \$'mil
<b>Cash flows from (used in) investing activities:</b>		
Interest received	12.0	21.0
Dividend received	2.2	1.7
Proceeds from disposal of vehicles, premises and equipment	20.1	10.9
Purchase of vehicles, premises and equipment [Note (a)]	(245.4)	(380.3)
Proceeds from disposal of equity shares and bonds in corporations, net of purchase and transfer	10.1	3.0
Purchase of taxi licences	(3.1)	(71.0)
Repayment of shareholders' loan by investee company	0.2	-
Acquisition of subsidiaries, net of cash acquired [Note (b)]	(15.8)	(12.0)
Investment in joint ventures	-	(0.1)
Proceeds from disposal of joint ventures	0.7	6.0
Repayment of loan by joint ventures	-	6.0
Investment in associates	(0.9)	(0.1)
Proceeds from disposal of associates	14.1	13.5
Repayment of shareholders' loan by associated company	-	6.0
Others	0.6	0.7
Net cash used in investing activities	<u>(205.2)</u>	<u>(394.7)</u>
<b>Cash flows from (used in) financing activities:</b>		
Short-term bank loans, net	(52.3)	54.6
Long-term loans, net	24.0	(163.5)
Hire purchase creditors, net	(19.0)	(23.3)
Other payable	(3.7)	-
Minority interests	(17.1)	3.0
Proceeds from share issue	9.2	3.7
Proceeds from bond issue	-	1.2
Proceeds from issue of shares to minority shareholders of subsidiaries	0.4	-
Repayment of loan to minority shareholders of subsidiaries	(0.5)	-
Net cash used in financing activities	<u>(59.0)</u>	<u>(124.3)</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	<u>(17.9)</u>	<u>(2.4)</u>
Net increase (decrease) in cash and cash equivalents	114.3	(31.2)
Cash and cash equivalents at beginning of year	<u>214.3</u>	<u>245.5</u>
<b>Cash and cash equivalents at end of year (Note 37)</b>	<u>328.6</u>	<u>214.3</u>
<b>Note (a):</b>		
Purchase of vehicles, premises and equipment	280.5	453.2
Less: Vehicles, premises and equipment purchased under financing arrangement	-	(42.6)
Vehicles, premises and equipment purchased under hire purchase	<u>(35.1)</u>	<u>(30.3)</u>
Net	<u>245.4</u>	<u>380.3</u>

## Consolidated Cash Flow Statement

year ended december 31, 2003

### Note (b):

#### Summary of the effects of acquisition of subsidiaries:

	2003 \$'mil	2002 \$'mil
Net assets (liabilities) acquired:		
Current assets	9.2	0.4
Non-current assets	18.3	8.6
Current liabilities	(15.5)	(0.5)
Non-current liabilities	(4.9)	(1.1)
	7.1	7.4
Translation reserves	(0.1)	-
Minority interests	(0.6)	-
Net assets acquired	6.4	7.4
Goodwill on acquisition	12.6	5.2
Total purchase consideration	19.0	12.6
Less: Portion discharged by non-cash consideration	-	(0.4)
Portion discharged by cash	19.0	12.2
Less: Cash on acquisition of subsidiaries	(3.2)	(0.2)
Cash flow on acquisition, net of cash acquired	15.8	12.0

See accompanying notes to the financial statements.

# Notes to the Financial Statements

December 31, 2003

## 1 GENERAL

The Company is incorporated on January 1, 2003 in the Republic of Singapore with its registered office and principal place of business at 205 Braddell Road, Singapore 579701.

The merger between Comfort Group Ltd ("Comfort") and DelGro Corporation Limited ("DelGro") by way of separate schemes of arrangement under Section 210 of the Companies Act Cap 50, was effected on March 29, 2003 (the "Merger"), as described in the Report of the Directors.

The principal activities of the Company are those of investment holding and the provision of management services. The principal activities of the subsidiaries are described in Note 45.

The financial statements are expressed in millions of Singapore dollars ("S'mil").

The financial statements of the Company and the consolidated financial statements of the Group for the year ended December 31, 2003 were authorised for issue by the Board of Directors on February 27, 2004.

## 2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

- a) **BASIS OF ACCOUNTING** - The financial statements are prepared in accordance with the historical cost convention and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS").

The Company and the Group have adopted all the applicable new/revised FRS and INT FRS which became effective during the financial year. The adoption of the new/revised FRS and INT FRS does not affect the results of the Company and of the Group for the current or prior periods.

- b) **BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to December 31 of each financial year. Control is achieved when the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The formation of the Group under the merger has been accounted for using the pooling of interest method. Accordingly, the Group's results, including comparatives for prior years, are presented as if these entities have always been part of the Group, and the assets and liabilities are brought into the consolidated financial statements at their existing carrying values.

## Notes to the Financial Statements

December 31, 2003

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

For the acquisition of subsidiaries, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. The results of subsidiaries acquired or disposed during the year are included in the consolidated profit and loss statement from/to the effective date of acquisition or disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group. All significant intercompany transactions and balances between Group enterprises are eliminated on consolidation. Where a Group enterprise transacts with an associate of the Group, unrealised profit and losses are eliminated to the extent of the Group's interest in the relevant associate.

Associates are entities over which the Group exercises significant influence, through participation in the financial and operating policy decisions of the investee. The equity method of accounting is used.

Joint ventures are those entities whose activities the Group has joint control over by contractual agreement. The equity method of accounting is used.

In the Company's financial statements, investment in subsidiaries and associates is carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

- c) FINANCIAL ASSETS - The Company's and Group's principal financial assets are cash and bank balances, fixed deposits, investments, trade and other debtors and long-term receivables. Trade and other debtors and long-term receivables are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts.
- d) FINANCIAL LIABILITIES AND EQUITY - Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial liabilities include bank overdrafts, hire purchase obligations, interest-bearing loans, other payable and overdrafts, trade creditors, deposits received and accrued expenses.

The accounting policy adopted for finance lease/hire-purchase obligations is outlined below.

Interest-bearing loans and overdrafts are recorded at the proceeds received, net of direct costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade creditors, deposits received and accrued expenses and other payable are stated at their nominal value.

Equity instruments are recorded at the fair value of consideration received, net of direct issue costs.



## Notes to the Financial Statements

December 31, 2003

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

- e) INVESTMENTS - Investments are recorded on trade date. Long-term investments, where the Company and the Group are not in a position to exercise control or significant influence, are stated at cost less impairment losses. Losses are recognised when the investment's carrying amount exceeds its estimated recoverable amount.

Quoted investments held on a short-term basis are carried at the lower of cost and market value on an aggregate portfolio basis.

Unquoted investments held on a short-term basis are stated at cost less provision for any impairment in the value of the investments.

- f) GOODWILL - Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight-line basis over its estimated useful life.

Goodwill arising from an acquisition of an associate or a jointly controlled entity is included in the carrying value of the investment. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

Prior to January 1, 2001, goodwill arising from acquisition of subsidiaries, associates or joint ventures was directly adjusted against shareholders' equity. With effect from January 1, 2001, the Group has adopted FRS 22 - Business Combinations and amortises goodwill over periods not exceeding 20 years. Goodwill on acquisition arising prior to January 1, 2001 has been charged in full to the revenue reserve brought forward; such goodwill has not been retrospectively capitalised and amortised, as allowed under FRS 22 - Business Combinations.

- g) VEHICLES, PREMISES AND EQUIPMENT - Vehicles, premises and equipment are carried at cost, less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Capital projects in progress and buses under assembly consist of development and construction costs incurred during the period of construction.

## Notes to the Financial Statements

December 31, 2003

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

Depreciation is charged so as to write off the cost of the assets on a straight-line basis over the estimated useful lives of the assets concerned, as follows:

	Number of years
Buses	3 to 17
Leasehold bus depots	12 to 30
Leasehold land and buildings	8 to 60
Freehold buildings	10 to 50
Taxis and motor vehicles for rental	4 to 10
Computers and automated equipment	1 to 6
Workshop machinery, tools and equipment	2 to 10
Motor vehicles	4 to 10
Furniture, fittings and equipment	2 to 7

Leasehold land, buildings and bus depots are depreciated over the remaining lives of their leases.

Freehold land is not depreciated. No depreciation is provided on buses under assembly and capital projects in progress until such assets are completed and put into operational use.

Transfers of vehicles, premises and equipment within the Group are stated at cost less accumulated depreciation of the vehicles, premises and equipment transferred.

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

Assets held under finance lease/hire-purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

- h) TAXI LICENCES - Taxi licences are stated at cost less amounts amortised on a straight line basis over a period of 20 years.
- i) IMPAIRMENT OF ASSETS - At each balance sheet date, the Company and the Group review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company and Group estimate the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (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. Impairment losses are recognised as an expense immediately.

When an impairment loss 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 impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

## Notes to the Financial Statements

December 31, 2003

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

- j) INVENTORIES - Inventories, consisting mainly of parts, accessories, used cars, Preferential Additional Registration Fees (PARF) benefits and consumable spares required for the operation and maintenance of vehicles and certain plant and equipment, are measured at the lower of cost (weighted average method) and net realisable value.

Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

- k) 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.

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease using the effective interest rate method.

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the item leased. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

- l) FUEL PRICE EQUALISATION ACCOUNT - At the direction of the Public Transport Council ("PTC"), the fuel price equalisation account has been set up to account for diesel price and electricity tariff adjustment charge. In accounting for diesel price and electricity tariff variation, reference is made to the diesel price and electricity tariff (hereafter referred to as "standard diesel price and electricity tariff") as determined by the PTC annually.

In the year when the actual diesel price and electricity tariff is below the standard diesel price and electricity tariff, a fuel price equalisation account is set up as a charge to that year's profit and loss statement to the extent that the outstanding balance in the fuel price equalisation account does not exceed that year's fuel consumption amount calculated at the standard diesel price and electricity tariff.

In the year when the actual diesel price and electricity tariff is above the standard diesel price and electricity tariff, the fuel price equalisation account previously set up is released to that year's profit and loss statement to the extent that the balance outstanding in the fuel price equalisation account after draw down, is at or above that year's fuel consumption using the standard diesel price and electricity tariff.

## Notes to the Financial Statements

December 31, 2003

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

- m) PROVISION FOR CLAIMS - Claims for accident, public liability and others are provided in the financial statements based on the claims outstanding and the estimated amounts payable.
- n) PROVISIONS - A provision is recognised when the Company and the Group have a present obligation as a result of a past event where it is probable that the obligation will result in an outflow of economic benefits that can be reasonably estimated.
- o) SERVICE BENEFITS:

These comprise the following:

- i) Retirement Benefits - Under the Collective Agreement entered into by certain subsidiaries in Singapore with their relevant unions, a retirement benefit of \$3,000 is payable to a retiring employee on or after attaining the age of sixty years 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 the qualifying employees.
- ii) Long Service Awards - Staff in certain Singapore subsidiaries serving more than 15 years are entitled to long service awards of \$250 for 15 years of service; \$350 for 20 years; \$500 for 25 years and \$700 for 30 years.

Provision is made in the financial statements based on the number of years of service rendered by the qualifying employees.

The provision for retirement benefits and long service awards is discounted using the market yield of Singapore Government Bonds at balance sheet date.

Apart from the Retirement Benefits described above, the Company and its Singapore incorporated subsidiaries participate in a defined contribution retirement benefit plan managed by the Singapore Government.

Payments made to the plan are charged as an expense when incurred.

- iii) Defined benefit scheme - The Group operates two defined benefit pension schemes ("Pension Schemes") for employees of two of its foreign subsidiaries. The expected cost of contribution by the subsidiaries to the Pension Schemes is calculated periodically by professionally qualified actuaries. The expected cost is charged to the profit and loss statement in a manner such that it is spread over the service lives of the participating employees.



## Notes to the Financial Statements

December 31, 2003

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

The Group recognises a portion of its actuarial gains or losses as income or expense if the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceeded the greater of:

- 10% of the present value of the defined benefit obligation at that date (before deducting plan assets); and
- 10% of the fair value of any plan assets at the date.

The portion of actuarial gains or losses recognised is the excess determined above, divided by the expected average remaining working lives of the employees participating in the plan.

- p) **MINORITY INTERESTS** - Minority interests are stated at the appropriate proportion of the pre-acquisition carrying amounts of fair values of net assets of the subsidiaries adjusted for the appropriate share of post-acquisition profit and loss.
- q) **SHARE OPTIONS** - Share options are not recorded as an expense. When exercised, the exercise price is allocated between issued capital and share premium accordingly.
- r) **FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** - Transactions in foreign currencies are recorded using the rates ruling on the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit and loss statement, except that exchange differences arising on monetary balances that, in substance, form part of the Group's net investment in foreign entities, are taken to currency translation reserve.

For inclusion in the consolidated financial statements, assets and liabilities of the foreign entities are translated at the rates of exchange approximating those ruling at the balance sheet date. The profit and loss statements are translated at the average rates of exchange for the year, and the opening net investment in the foreign entities is translated at the historical rates. The resulting currency translation differences are taken to the currency translation reserve. On disposal of a foreign entity, the accumulated currency translation differences are recognised in the profit and loss statement as part of the profit or loss on disposal.

## Notes to the Financial Statements

December 31, 2003

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

- s) REVENUE RECOGNITION - Revenue from rendering of services that are of short duration is recognised when the services are completed. Revenue from sales of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

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

Dividend income from investments is recognised when the rights to receive payment have been established.

- t) INCOME TAX - Tax expense is determined on the basis of tax-effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, except that a debit balance or a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of realisation in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the tax asset is realised or the tax liability is settled. Deferred tax is charged or credited to the profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

- u) CASH AND CASH EQUIVALENTS - Cash and cash equivalents for the cash flow statement include cash and bank balances and fixed deposits less bank overdrafts.

### 3 FIXED DEPOSITS

	The Company		The Group	
	2003 \$'mil	2003 \$'mil	2003 \$'mil	2002 \$'mil
Details of fixed deposits are as follows:				
Placed with financial institutions and are unencumbered	35.2	181.4	181.4	113.2
Pledged to a bank as security for the issuance of a bank guarantee	-	45.6	45.6	44.5
Total	35.2	227.0	227.0	157.7

## Notes to the Financial Statements

December 31, 2003

### 4 SHORT-TERM INVESTMENTS

	The Company		The Group	
	2003 \$'mil	2003 \$'mil	2003 \$'mil	2002 \$'mil
i) Quoted investments, at cost:				
Equity shares in corporations	-	11.3	35.6	
Loan stocks and bonds in corporations	3.0	40.0	53.5	
Notes in corporations	5.0	15.1	26.5	
Preference shares in corporations	-	3.1	-	
ii) Unquoted investments, at cost:				
Bonds in corporations	-	23.6	88.7	
Notes in corporations	81.1	238.5	153.3	
Equity funds	-	-	4.3	
Total - at cost	89.1	331.6	361.9	
Impairment loss	-	-	(4.7)	
Net	89.1	331.6	357.2	
Market value of quoted investments:				
Equity shares in corporations	-	12.6	29.5	
Loan stocks and bonds	3.0	41.9	56.6	
Notes in corporations	5.0	15.0	26.5	
Preference shares in corporations	-	3.1	-	

### 5 TRADE DEBTORS

	The Group	
	2003 \$'mil	2002 \$'mil
Outside parties	142.2	134.9
Provision for doubtful trade debts	(9.9)	(9.4)
Net	132.3	125.5

The Group's trade debtors include the following:

Unguaranteed residual values	38.0	34.9
Provision for unguaranteed residual values	(1.5)	(1.1)
Net	36.5	33.8

Realisation of the unguaranteed residual values under the lease agreements is contingent upon the lessees executing the option to purchase the leased assets.

## Notes to the Financial Statements

December 31, 2003

### 6 OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	The Company		The Group	
	2003 \$'mil	2003 \$'mil	2003 \$'mil	2002 \$'mil
Receivables from:				
Subsidiaries	199.9	-	-	-
Joint ventures	-	32.9	31.1	31.1
Associates	0.2	0.4	0.5	0.5
Total	200.1	33.3	31.6	31.6
Provision for doubtful loans receivable	-	(10.0)	(8.7)	(8.7)
Net	200.1	23.3	22.9	22.9
Receivable from the Land Transport Authority of Singapore ("LTA") (Note 31)	-	47.2	-	-
Prepayments	-	60.0	48.6	48.6
Interest receivable	0.3	1.7	2.9	2.9
Staff advances	-	1.1	1.8	1.8
Security deposits	-	2.6	2.3	2.3
Long-term receivables - current portion (Note 12)	-	0.2	0.2	0.2
Others	5.2	25.3	32.9	32.9
Net	205.6	161.4	111.6	111.6

The receivables from joint ventures are unsecured and bear interest at 3.10% (2002: 4.00%) per annum with no fixed repayment terms.

### 7 INVENTORIES

	The Group	
	2003 \$'mil	2002 \$'mil
Goods held for sale	33.1	36.5
Roof-top advertisement panels	0.1	0.8
Work-in-progress	-	0.1
Less: Provision for inventory obsolescence	(1.9)	(3.4)
	31.3	34.0
Inventories:		
- at cost	28.4	33.9
- at net realisable value	2.9	0.1
	31.3	34.0



## Notes to the Financial Statements

December 31, 2003

### 8 SUBSIDIARIES

	The Company
	2003 \$'mil
Unquoted equity shares - at cost	<u>506.3</u>

### 9 ASSOCIATES

	The Company	The Group	
	2003 \$'mil	2003 \$'mil	2002 \$'mil
Quoted equity shares, at cost	-	0.7	9.7
Quoted warrants to subscribe for equity shares, at cost	-	-	0.2
Unquoted equity shares, at cost	0.2	0.5	0.7
Total	0.2	1.2	10.6
Share of post-acquisition reserves	-	1.8	(7.7)
Goodwill written off	-	-	(3.6)
Shareholders' loans	-	-	12.6
Net	<u>0.2</u>	<u>3.0</u>	<u>11.9</u>

The shareholders' loans in 2002 were unsecured and interest-free, with no fixed terms of repayment.

### 10 JOINT VENTURES

	The Group	
	2003 \$'mil	2002 \$'mil
Unquoted equities, at cost	18.3	18.6
Add: Share of currency translation reserve	0.4	0.7
Share of capital reserves	0.2	0.2
Less: Share of post acquisition loss	(51.6)	(61.8)
Goodwill	(1.8)	(1.8)
	<u>(34.5)</u>	<u>(44.1)</u>
Advances to joint venture companies	102.4	114.9
Impairment loss	(5.6)	(5.9)
Provision for doubtful advances	(35.4)	(30.7)
Net	<u>26.9</u>	<u>34.2</u>

## Notes to the Financial Statements

December 31, 2003

### 10 JOINT VENTURES (cont'd)

The Group's proportionate share of the assets, liabilities and operating results of the joint venture companies is as follows:

	2003 \$'mil	2002 \$'mil
<b>Assets and liabilities</b>		
Current assets	52.4	54.6
Non-current assets	19.2	22.9
Less: Current liabilities	(3.8)	(7.8)
Non-current liabilities	(102.3)	(113.8)
Net investment	<u>(34.5)</u>	<u>(44.1)</u>
<b>Net results</b>		
Income	16.2	17.6
Expense	(22.2)	(24.3)
Share of loss before income tax	<u>(6.0)</u>	<u>(6.7)</u>

The amounts due from joint ventures are unsecured, interest-free and not expected to be repaid within the next 12 months.

### 11 OTHER INVESTMENTS

	The Company	The Group	
	2003 \$'mil	2003 \$'mil	2002 \$'mil
i) Quoted equity shares in corporations - at cost	-	4.7	39.1
ii) Quoted loan stocks and bonds in corporations - at cost	5.0	25.0	1.0
iii) Unquoted bonds in corporations - at cost	1.0	1.0	1.8
iv) Unquoted notes in corporations - at cost	-	-	5.0
v) Unquoted preference shares in a corporation - at cost	-	-	0.1

## Notes to the Financial Statements

December 31, 2003

### 11 OTHER INVESTMENTS (cont'd)

	The Company		The Group	
	2003 \$'mil	2003 \$'mil	2003 \$'mil	2002 \$'mil
vi) Unquoted equity shares in corporations				
- at cost	-	2.9		6.8
vii) Other unquoted investments	-	1.6		1.8
Total - at cost	6.0	35.2		55.6
Provision for impairment in value of investments	-	(5.2)		(16.9)
Net	6.0	30.0		38.7
Market value of quoted investment:				
Equity shares in corporations	-	1.4		21.3
Loan stocks and bonds in corporation	5.0	25.0		1.0

### 12 LONG-TERM RECEIVABLES

	The Group	
	2003 \$'mil	2002 \$'mil
Receivables from:		
(a) Minority shareholders of subsidiaries	0.8	1.3
(b) Other corporations	-	4.0
Total	0.8	5.3
Less: Current portion (Note 6)	(0.2)	(0.2)
Net	0.6	5.1

(a) The receivables from minority shareholders of subsidiaries include:

- (i) \$0.3 million (2002: \$0.3 million) secured on the minority shareholders' 20% interest in a subsidiary and bearing interest at 3.65% (2002 : 3.65%) per annum;
- (ii) \$0.2 million in 2002 which were unsecured and bearing interest at 1.98% per annum. The amount was fully settled in 2003; and
- (iii) \$0.5 million (2002 : \$0.8 million) which are unsecured, interest-free and with no fixed terms of repayment.

## Notes to the Financial Statements

December 31, 2003

### 12 LONG-TERM RECEIVABLES (cont'd)

- (b) The receivables from other corporations in 2002 comprised:
- (i) \$2.8 mil in which the Group had an equity interest of 14% secured by way of a debenture over that corporation's assets. The receivables were convertible into preference shares at the option of the Group. The receivables bore interest at rates ranging from 6.50% to 9.30% per annum. These receivables had no fixed terms of repayment.
  - (ii) \$0.3 mil pertaining to subscription money for 647,234 Redeemable Cumulative Preference Shares issued by a corporation in which the Company had an equity interest. In addition, an unsecured advance of \$0.9 mil was extended to that corporation. These receivables were interest-free and had no fixed terms of repayment.



## Notes to the Financial Statements

December 31, 2003

### 13 VEHICLES, PREMISES AND EQUIPMENT

Group	Buses \$'mil	Leasehold bus depots \$'mil	Leasehold land and buildings \$'mil	Freehold land and buildings \$'mil	Taxis and motor vehicles for rental \$'mil
Cost:					
At beginning of year	999.2	52.3	269.5	42.4	1,349.9
Arising on acquisition of subsidiaries	-	-	6.3	-	19.0
Additions	39.8	-	4.0	7.1	171.8
Reclassifications	22.3	-	(3.8)	0.6	(1.5)
Write-down (Note a)	-	-	-	-	-
Disposals	(48.9)	-	(2.9)	-	(119.0)
Translation differences	16.3	-	(0.8)	4.0	(5.0)
At end of year	1,028.7	52.3	272.3	54.1	1,415.2
Accumulated depreciation:					
At beginning of year	710.7	38.9	67.0	3.8	618.7
Arising on acquisition of subsidiaries	-	-	1.3	-	9.4
Charges	55.3	1.7	11.4	1.1	166.0
Reclassifications	(0.2)	-	-	0.7	(1.4)
Disposals	(43.9)	-	(2.1)	-	(111.3)
Translation differences	0.4	-	(0.1)	0.2	(2.4)
At end of year	722.3	40.6	77.5	5.8	679.0
Depreciation for 2002	60.5	3.0	9.8	0.8	165.8
Net book value					
At end of year	306.4	11.7	194.8	48.3	736.2
At beginning of year	288.5	13.4	202.5	38.6	731.2

Note a: Write-down of rail development costs

## Notes to the Financial Statements

December 31, 2003

Computers and automated equipment \$'mil	Workshop machinery, tools and equipment \$'mil	Motor vehicles \$'mil	Furniture, fittings and equipment \$'mil	Buses under assembly \$'mil	Capital projects in progress \$'mil	Total \$'mil
183.4	24.9	12.0	139.0	24.3	54.5	3,151.4
-	0.1	-	13.1	-	-	38.5
9.4	4.1	1.5	9.4	2.3	31.1	280.5
0.5	11.8	-	(3.3)	(22.4)	(4.2)	-
-	-	-	-	-	(49.5)	(49.5)
(14.4)	(1.0)	(2.0)	(6.2)	-	(5.3)	(199.7)
(3.3)	0.9	-	0.4	(0.1)	(0.7)	11.7
175.6	40.8	11.5	152.4	4.1	25.9	3,232.9
119.3	18.2	5.9	78.3	-	-	1,660.8
-	-	-	9.7	-	-	20.4
22.7	3.9	1.5	18.4	-	-	282.0
0.3	6.8	-	(6.2)	-	-	-
(14.0)	(0.8)	(1.4)	(5.0)	-	-	(178.5)
(4.1)	0.6	-	0.5	-	-	(4.9)
124.2	28.7	6.0	95.7	-	-	1,779.8
20.7	2.0	1.6	17.0	-	-	281.2
51.4	12.1	5.5	56.7	4.1	25.9	1,453.1
64.1	6.7	6.1	60.7	24.3	54.5	1,490.6

## Notes to the Financial Statements

December 31, 2003

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

Included under Buses and Buses under assembly are total cost of \$221.3 million (2002 : \$221.3 million) and net book value of \$47.0 million (2002: \$69.1 million) which are the subject of five cross border leasing transactions. The Group's legal obligations under these transactions have been legally defeased (see Note 39).

Buses and Motor vehicles of the Group with a total net book value of \$182.7 million (2002 : \$151.5 million) and \$0.8 million (2002 : \$0.8 million) respectively are under hire purchase and lease contracts.

On December 3, 1993, certain operational properties were transferred from London Buses Limited to a subsidiary, Metroline Travel Limited at an existing used value. If these properties are sold above this value before April 1, 2004, clawback arrangements are in place such that a proportion of any surplus is repayable to London Regional Transport. Similar clawback arrangements are in place, over the operational properties of Metroline London North, by application to a value applied in 1993 which is less than the carrying value of the operational properties in the accounts.

### 14 TAXI LICENCES

	The Group
	2003 \$'mil
Cost:	
At beginning of year	170.9
Additions	3.1
Exchange difference	(4.8)
At end of year	<u>169.2</u>
Accumulated amortisation:	
At beginning of year	(9.8)
Charges	(6.6)
Exchange difference	0.3
At end of year	<u>(16.1)</u>
Charges for 2002	<u>5.5</u>
Net book value:	
At end of year	<u>153.1</u>
At beginning of year	<u>161.1</u>

## Notes to the Financial Statements

December 31, 2003

### 15 GOODWILL

	The Group	
	2003	
	\$'mil	
Cost:		
Balance at beginning of year		8.1
Arising on acquisition of subsidiaries		12.8
Goodwill written off		(1.9)
Balance at end of year		<u>19.0</u>
Accumulated amortisation:		
Balance at beginning of year		3.4
Arising on acquisition of subsidiaries		0.2
Charges		1.0
Goodwill written off		(0.3)
Balance at end of year		<u>4.3</u>
Charges for 2002		<u>3.2</u>
Net book value:		
At end of year		<u>14.7</u>
At beginning of year		<u>4.7</u>

### 16 BANK OVERDRAFTS AND SHORT-TERM BANK LOANS

	The Group	
	2003	2002
	\$'mil	\$'mil
Bank overdraft (secured)	1.3	1.6
Bank overdraft (unsecured)	0.5	14.0
Bank loans (secured)	25.8	22.6
Bank loans (unsecured)	19.5	75.0
	<u>47.1</u>	<u>113.2</u>

- (a) The overdrafts bear interests at rates ranging from 1.00% to 5.04% per annum (2002: 5.00% to 5.38%). The bank overdraft relating to a subsidiary of \$1.3 million (2002: \$1.6 million) is secured by a pledge of its leasehold property with net book value of \$1.3 million (2002 : \$1.5 million).



## Notes to the Financial Statements

December 31, 2003

### 16 BANK OVERDRAFTS AND SHORT-TERM BANK LOANS (cont'd)

- (b) Included in the secured bank loans are:
- (i) \$25.6 million (2002 : \$21.1 million) guaranteed by the Company and a joint venture which bear interest at rates ranging from 4.54% to 5.04% (2002 : 4.54%) per annum;
  - (ii) \$0.2 million secured on vehicles (2002 : \$Nil) bearing interest at 5.00% per annum; and
  - (iii) \$1.5 million in 2002 secured on vehicles which bore interest at rates ranging from 5.04% to 5.31% per annum.
- (c) The unsecured bank loans bear interest at rates ranging from 0.92% to 1.37% (2002 : 1.30% to 4.40%) per annum.

### 17 LONG-TERM LOANS

	The Group	
	2003 \$'mil	2002 \$'mil
Bank loans - secured	46.8	-
Bank loans - unsecured	5.4	1.0
Loan from shareholders of subsidiaries - unsecured	5.2	6.1
Loan notes issued to outside parties	200.4	221.5
Total	<u>257.8</u>	<u>228.6</u>
Less:		
Current portion		
- Bank loans - secured	(0.7)	-
- Bank loans - unsecured	-	(1.0)
- Loans from shareholders of subsidiaries	-	(0.1)
- Loan notes issued to outside parties	(50.4)	(43.7)
Total	<u>(51.1)</u>	<u>(44.8)</u>
Net	<u>206.7</u>	<u>183.8</u>

## Notes to the Financial Statements

December 31, 2003

### 17 LONG-TERM LOANS (cont'd)

- (a) Included in the secured bank loans:
- i) \$43.9 million guaranteed by Company bearing interest at 4.50% per annum payable in three years' time;
  - ii) \$1.4 million guaranteed by Company bearing interest at 4.10% per annum payable in three years' time; and
  - iii) \$1.5 million secured on vehicles bearing interest at 7.80% to 10.80% repayable in 36 to 60 months.
- (b) The unsecured bank loans amounting to \$5.4 million repayable over three years, bear interest at a rate of 1.37% per annum. In 2002, the unsecured bank loans amounting to \$1.0 million bore interest at a rate of 5.35% per annum and were repayable in quarterly instalments of \$500,000.
- (c) Included in the unsecured loans from shareholders of subsidiaries are:
- i) \$2.3 million (2002 : \$2.5 million ) which is interest-free. The loan does not have any fixed terms of repayment;
  - ii) \$0.3 million (2002 : \$0.3 million) which is interest-free and is repayable within the next 5 years;
  - iii) \$0.1 million in 2002 which bore interest at 2.00% per annum above base rate. The loan does not have any fixed repayment terms;
  - iv) \$2.6 million (2002 : \$2.7 million) which is interest-free and is repayable over thirty years; and
  - v) \$0.5 million in 2002 which bore interest at 3.20% per annum with no fixed terms of repayment.

These loans are not expected to be repaid within the next twelve months.

- (d) Included in the loan notes issued to outside parties are:
- i) \$45.4 million (2002 : \$43.7 million) loan notes issued by a subsidiary which are guaranteed by a bank and secured against a fixed deposit. The loan notes are redeemable on demand on April 15 and October 15 each year until April 15, 2007 and bear interest at 2.63% (2002 : 3.00%) per annum;
  - ii) \$100.0 million (2002 : \$100.0 million) of 5-year fixed rate notes due in 2006 issued by a subsidiary. The Notes bear interest at 3.80% per annum payable on a semi-annual basis and are guaranteed by the Company;
  - iii) \$50.0 million (2002 : \$50.0 million) of 3-year fixed rate notes due in 2005 issued by a subsidiary. The Notes are unsecured and bear interest at 2.45% per annum payable on a semi-annual basis; and
  - iv) \$5.0 million (2002 : \$27.8 million) unsecured medium term notes redeemable at par on maturity in 2004 and bear interest at 2.80% (2002 : 0.70% to 2.80%) per annum.

## Notes to the Financial Statements

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### 18 HIRE PURCHASE CREDITORS

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2003 \$'mil	2002 \$'mil	2003 \$'mil	2002 \$'mil
Amounts payable under hire purchase:				
Within one year	42.7	33.5	36.3	27.5
Within the second to fifth year inclusive	104.3	96.3	93.4	84.9
After five years	18.4	17.8	17.6	17.5
	<u>165.4</u>	<u>147.6</u>	<u>147.3</u>	<u>129.9</u>
Less: Future finance charges	<u>(18.1)</u>	<u>(17.7)</u>		
Present value of hire purchase obligations	147.3	129.9		
Amount due for settlement within 12 months (shown under current liabilities)	<u>(36.3)</u>	<u>(27.5)</u>		
Amount due for settlement after 12 months	<u>111.0</u>	<u>102.4</u>		

The average effective borrowing rates vary from 3.50% to 9.95% (2002 : 4.50% to 8.40%) per annum.

### 19 TRADE CREDITORS AND ACCRUED EXPENSES

	The Company	The Group	
	2003 \$'mil	2003 \$'mil	2002 \$'mil
Outside parties	-	119.1	147.2
Accruals	0.9	121.2	130.3
Bills payable to banks	-	-	2.6
Deferred income	-	10.1	6.7
Corporate shareholder of a subsidiary	-	-	0.1
Deposit and advance payments received from customers	-	3.3	1.7
Others	-	37.0	14.4
Total	<u>0.9</u>	<u>290.7</u>	<u>303.0</u>

Included in the balance due to outside parties is an amount of \$2.0 million (2002 : \$2.2 million) pertaining to the current portion of a balance due to LTA as further elaborated in Note 23.

## Notes to the Financial Statements

December 31, 2003

### 20 DEPOSITS RECEIVED

Deposits received from outside hirers of the Group's taxis:

	The Group	
	2003 \$'mil	2002 \$'mil
Total deposits	94.2	103.3
Less: Due within 12 months	(45.1)	(48.4)
Due after 12 months	<u>49.1</u>	<u>54.9</u>

### 21 FUEL PRICE EQUALISATION ACCOUNT

	The Group	
	2003 \$'mil	2002 \$'mil
At beginning and end of year	<u>34.1</u>	<u>34.1</u>

### 22 PROVISION FOR CLAIMS

This represents the estimated amount which the Group's relevant subsidiaries will have to pay to outside parties for accidents involving the Group's vehicles:

	The Group
	2003 \$'mil
Balance at beginning of year	52.3
Charge	41.2
Payments	(36.1)
Write back	(0.2)
Translation difference	<u>2.1</u>
Balance at end of year	<u>59.3</u>

## Notes to the Financial Statements

December 31, 2003

### 23 OTHER PAYABLE

	The Group	
	2003 \$'mil	2002 \$'mil
Amount due to LTA	38.9	42.6
Less: Due within 12 months (Note 19)	(2.0)	(2.2)
Due after 12 months	<u>36.9</u>	<u>40.4</u>

The amount due to LTA pertains to a subsidiary's acquisition of bus equipment relating to the Enhanced Integrated Fare System. The balance is unsecured and bears interest at 5% - 6% (2002 : 5%) per annum.

The repayment amount for the first two years is based on a percentage of net revenue earned from bus operations adjusted for certain variables such as fare leakage savings. The financial arrangement for the ensuing years is currently under negotiation with LTA.

### 24 DEFERRED TAX ASSETS/LIABILITIES

	The Group	
	2003 \$'mil	2002 \$'mil
Deferred tax assets	(2.3)	(0.3)
Deferred tax liabilities	<u>123.7</u>	<u>122.0</u>
Net	<u>121.4</u>	<u>121.7</u>
Balance at beginning of year	121.7	124.2
Arising from acquisition of subsidiaries	0.3	-
Transfer to profit and loss	6.2	11.1
Transfer to income tax payable	-	(6.3)
Overprovision in prior years	(8.6)	(5.5)
Changes in tax rates	-	(2.5)
Translation differences	<u>1.8</u>	<u>0.7</u>
Balance at end of year	<u>121.4</u>	<u>121.7</u>



## Notes to the Financial Statements

December 31, 2003

### 24 DEFERRED TAX ASSETS/LIABILITIES (cont'd)

The balances in the accounts comprise the tax effects of:

	The Group	
	2003 \$'mil	2002 \$'mil
<b>Deferred tax assets</b>		
Provisions	1.5	0.3
Tax losses	0.8	-
	<u>2.3</u>	<u>0.3</u>
<b>Deferred tax liabilities</b>		
Accelerated tax depreciation	149.4	147.8
Provision for fuel equalisation	(7.5)	(7.5)
Other items	(18.2)	(18.3)
	<u>123.7</u>	<u>122.0</u>
Net	<u>121.4</u>	<u>121.7</u>

### 25 PROVISION FOR SERVICE BENEFITS AND LONG SERVICE AWARDS

	The Group
	2003 \$'mil
Balance at beginning of year	12.2
Charge to profit and loss	0.6
Payments	(1.2)
Write back	(0.1)
Balance at end of year	<u>11.5</u>

## Notes to the Financial Statements

December 31, 2003

### 26 ISSUED CAPITAL

	2003	2003
	Number of ordinary shares of \$0.25 each (million)	\$'mil
Authorised	4,000.0	1,000.0
Issued and fully paid:		
On incorporation	*	*
Issued pursuant to the Merger	2,025.4	506.3
Issued pursuant to the ComfortDelGro Employees' Share Option Scheme	13.0	3.3
	<u>2,038.4</u>	<u>509.6</u>

\* 2 ordinary subscriber shares of \$1.00 each. During the financial year, the subscriber shares were split into 8 ordinary shares of \$0.25 each.

If the Merger between Comfort and DelGro had taken place with effect from December 31, 2002, the nominal value of the issued share capital at that date would have been \$505.6 million comprising 2,022.2 million shares of \$0.25 each.

Details of the outstanding share options of the Company as at the end of the financial year are set out in paragraph 5 of the Report of the Directors.

### 27 CAPITAL RESERVES

	The Company	The Group	
	2003 \$'mil	2003 \$'mil	2002 \$'mil
Share premium:			
Balance at beginning of year	-	31.4	29.6
Arising during the year	4.5	5.3	1.8
Balance at end of year	<u>4.5</u>	<u>36.7</u>	<u>31.4</u>
Currency translation reserve:			
Balance at beginning of year	-	6.3	15.6
Arising during the year	-	(11.9)	(9.3)
Balance at end of year	<u>-</u>	<u>(5.6)</u>	<u>6.3</u>

## Notes to the Financial Statements

December 31, 2003

### 27 CAPITAL RESERVES (Cont'd)

	The Company		The Group	
	2003 \$'mil		2003 \$'mil	2002 \$'mil
Other reserve:				
Balance at beginning of year	-		11.5	8.2
Arising from Merger	-		(0.1)	-
Arising during the year	-		3.6	0.6
Transfer from accumulated profits	-		3.6	2.7
Balance at end of year	-		18.6	11.5
Net	4.5		49.7	49.2

### 28 TURNOVER

Turnover comprises the following amounts:

	The Group	
	2003 \$'mil	2002 \$'mil
Rendering of services:		
Bus and rail	987.8	892.8
Taxi	625.4	634.5
Automotive engineering	58.9	52.0
Diesel sales	71.9	45.9
Vehicle inspection and testing	43.8	16.6
Car leasing and rental	40.8	37.7
Driving centre	15.2	13.9
Sales of goods	2.2	8.4
Total	1,846.0	1,701.8

## Notes to the Financial Statements

December 31, 2003

### 29 OTHER OPERATING INCOME

	The Group	
	2003 \$'mil	2002 \$'mil
Rental income	6.5	5.7
Accident claims received	5.5	10.0
Other operating income	22.2	22.4
Total	34.2	38.1

### 30 STAFF COSTS

	The Group			
	2003	2002		
(i) Number of employees at end of year	14,590	14,423		
(ii) Included in staff costs are:				
a) Directors' remuneration				
	Salary %	Bonus %	Others %	Total compensation %
Band				
2003				
\$1,000,000 - \$1,249,999				
Kua Hong Pak	54	42	4	100
	The Group			
	2003 \$'mil	2002 \$'mil		
b) Cost of defined contribution plan	58.0	52.0		

The employees of the Company and some of the subsidiaries are members of a retirement defined contribution scheme. The Company and these subsidiaries are required to contribute a specified percentage of their payroll costs to the retirement scheme to fund the benefits. The only obligation of the Company and these subsidiaries with respect to the scheme is to make the specified contributions.

## Notes to the Financial Statements

December 31, 2003

### 30 STAFF COSTS (cont'd)

		The Group	
		2003	2002
		\$'mil	\$'mil
c)	Cost of defined benefit plans	7.1	3.7

The Group operates two defined benefit pension schemes that provide pensions linked to final salaries and are funded in advance. The schemes are called the Metroline Pension Scheme and the Metroline London Northern Pension Scheme. Both schemes are closed to new entrants.

#### A) Metroline Pension Scheme

##### Reconciliation of the assets and liabilities recognised in the balance sheet

	2003	2002
	\$'mil	\$'mi
Present value of defined benefit obligations that are wholly or partly funded	49.8	33.8
Fair value of plan assets at end of year	29.8	19.7
Funded status	(20.0)	(14.1)
Less:		
Unrecognised transition amount	0.1	0.2
Unrecognised net loss	18.8	14.1
Net (liability) asset recognised in balance sheet at end of year	(1.1)	0.2

##### Fair value of plan assets

The fair value of plan assets does not include any amount relating to:

- any of the subsidiary's own financial instruments; or
- any property occupied by, or other assets used by, the subsidiary.

##### Movements in net liability (asset) recognised in the balance sheet

	2003	2002
	\$'mil	\$'mil
Net asset at beginning of year	(0.2)	(0.4)
Net expense recognised in the income statement	4.2	2.4
Employer contributions	(3.0)	(2.2)
Translation differences	0.1	-
Net liability (asset) recognised in balance sheet at end of year	1.1	(0.2)



## Notes to the Financial Statements

December 31, 2003

### 30 STAFF COSTS (cont'd)

#### Expense recognised in profit and loss statement

	2003 \$'mil	2002 \$'mil
Current service cost	2.6	2.1
Interest cost on obligation	1.9	1.6
Expected return on plan assets	(1.4)	(1.6)
Amortisation of actuarial loss	1.1	0.3
Expense recognised in income statement	4.2	2.4

#### Actual return on plan assets

	2003 \$'mil	2002 \$'mil
Expected return on plan assets	1.4	1.6
Actuarial gain (loss) on plan assets	3.6	(7.1)
Actual return on plan assets	5.0	(5.5)

#### Principal actuarial assumptions at the balance sheet date

	2003	2002
Discount rate	5.4%	5.6%
Expected return on plan assets	6.5%	6.5%
Future salary increases	3.6%*	3.3%
Future pension increases	2.6%	2.3%

\* Allowance has been made for salary growth of 7% per annum for 3 years from April 2003.

## Notes to the Financial Statements

December 31, 2003

### 30 STAFF COSTS (cont'd)

#### B) Metroline London Northern Pension Scheme

##### Reconciliation of the assets and liabilities recognised in the balance sheet

	2003 \$'mil	2002 \$'mil
Present value of defined benefit obligations		
that are wholly or partly funded	55.3	37.5
Fair value of plan assets at end of year	33.5	24.1
Funded status	(21.8)	(13.4)
Less:		
Unrecognised transition amount	(1.4)	(1.9)
Unrecognised net loss	24.9	16.9
Net asset recognised in balance sheet at end of year	1.7	1.6

##### Fair value of plan assets

The fair value of plan assets does not include any amount relating to:

- any of the subsidiary's own financial instruments; or
- any property occupied by, or other assets used by, the subsidiary.

##### Movements in net asset recognised in the balance sheet

	2003 \$'mil	2002 \$'mil
Net asset at beginning of year	(1.6)	(1.0)
Net expense recognised in the income statement	2.9	1.3
Employer contributions	(2.9)	(1.8)
Translation differences	(0.1)	(0.1)
Net asset recognised in balance sheet at end of year	(1.7)	(1.6)

## Notes to the Financial Statements

December 31, 2003

### 30 STAFF COSTS (cont'd)

#### Expense recognised in profit and loss statement

	2003 \$'mil	2002 \$'mil
Current service cost	2.1	1.9
Interest cost on obligation	2.1	1.7
Expected return on plan assets	(1.7)	(1.9)
Amortisations:		
Transition amount	(0.7)	(0.6)
Actuarial loss	1.1	0.2
Expense recognised in income statement	<u>2.9</u>	<u>1.3</u>

#### Actual return on plan assets

	2003 \$'mil	2002 \$'mil
Expected return on plan assets	1.7	1.9
Actuarial gain (loss) on plan assets	2.1	(6.9)
Actual return on plan assets	<u>3.8</u>	<u>(5.0)</u>

#### Principal actuarial assumptions at the balance sheet date

	2003	2002
Discount rate	5.4%	5.6%
Expected return on plan assets	6.5%	6.5%
Future salary increases	3.6%*	3.3%
Future pension increases	2.6%	2.3%

\* Allowance has been made for salary growth of 7% per annum for 3 years from April 2003.

### 31 EXCEPTIONAL ITEM

This relates to a payment for assisting LTA in commissioning the North-East MRT System and the Sengkang LRT System.

## Notes to the Financial Statements

December 31, 2003

### 32 PROFIT FROM OPERATIONS

In addition to the charges and credits disclosed elsewhere in the notes to the profit and loss statement, this item includes the following charges (credit):

	The Group	
	2003 \$'mil	2002 \$'mil
Amortisation of goodwill	1.0	3.2
Amortisation of taxi licences	6.6	5.5
Depreciation expense	282.0	281.2
Development costs written down	49.5	-
Directors' fees	0.6	0.8
Foreign currency exchange adjustment loss	0.6	0.3
Impairment loss arising from (write-back of) other investments	4.1	(0.2)
Non-audit fees paid to auditors of the Company	0.5	0.7
Restructuring expenses	18.5	2.0

### 33 NET INCOME FROM OTHER INVESTMENTS

	The Group	
	2003 \$'mil	2002 \$'mil
Gross dividend income	2.2	1.7
Other investment income	11.1	5.7
Foreign exchange gain	1.2	0.4
Total	14.5	7.8

### 34 FINANCE COST

	The Group	
	2003 \$'mil	2002 \$'mil
Interest expense to non-related companies:		
Borrowings	15.5	19.6
Hire purchase creditors	6.8	6.8
Total	22.3	26.4

## Notes to the Financial Statements

December 31, 2003

### 35 INCOME TAX EXPENSE

	The Group	
	2003 \$'mil	2002 \$'mil
Taxation charge in respect of profit for the financial year:		
Current taxation	44.3	43.3
Deferred tax (Note 24)	6.2	11.1
Joint ventures	0.1	0.2
Associates	0.1	(0.3)
Changes in tax rates (Note 24)	-	(2.5)
	<u>50.7</u>	<u>51.8</u>
Adjustment in respect of under (over) provision in prior years:		
Current taxation	8.3	(2.4)
Deferred tax (Note 24)	(8.6)	(5.5)
	<u>50.4</u>	<u>43.9</u>

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 22% to profit before income tax as a result of the following differences:

	The Group	
	2003 \$'mil	2002 \$'mil
Profit before share of profits in joint ventures and associates and income tax	<u>212.1</u>	<u>221.2</u>
Income tax expense at statutory rate	46.7	48.7
Non allowable items	5.5	2.9
Overprovision in prior years	(0.3)	(7.9)
Utilisation of deferred tax benefits previously not recognised	(2.3)	(0.5)
Share of joint venture's income tax	0.1	0.2
Share of associate's income tax	0.1	(0.3)
Tax effect of different tax rates of overseas subsidiaries	1.5	2.3
Effect of changes in tax rates	-	(2.5)
Tax rebates	(0.8)	(0.2)
Other items	(0.1)	1.2
	<u>50.4</u>	<u>43.9</u>



## Notes to the Financial Statements

December 31, 2003

### 35 INCOME TAX EXPENSE (cont'd)

Income tax for overseas subsidiaries are calculated at the rates prevailing for the respective jurisdictions.

Subject to agreement with the Comptroller of Income Tax, certain subsidiaries have unutilised tax loss carryforwards and resultant deferred tax benefits unrecognised amounting to \$96.6 million (2002 : \$96.5 million) and \$21.3 million (2002 : \$21.2 million) respectively. These future income tax benefits in respect of unutilised tax losses are available for an unlimited future period only if the respective subsidiaries derive future assessable income of a nature and of sufficient amounts to enable the benefits to be realised and the conditions for deductibility imposed by law, including the retention of majority shareholders, as defined, are complied with.

### 36 EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group's net profit for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	2003	2002
Net profit for the year (\$'mil)	<u>133.9</u>	<u>149.3</u>
Weighted average number of ordinary shares in issue (million)	<u>2,030.4</u>	<u>2,018.5</u>
Basic earnings per share (in cents)	<u>6.59</u>	<u>7.40</u>

For the diluted earning 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. 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. For the share options calculation, no adjustment is made to net profit.

## Notes to the Financial Statements

December 31, 2003

### 36 EARNINGS PER SHARE (cont'd)

	2003	2002
Net profit for the year (\$'mil)	133.9	149.3
Weighted average number of ordinary shares in issue (million)	2,030.4	2,018.5
Adjustments for share options (million)	4.8	8.9
Weighted average number of ordinary shares for diluted earnings per share (million)	2,035.2	2,027.4
Diluted earnings per share (in cents)	6.58	7.36

### 37 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprises the following amounts:

	The Group	
	2003 \$'mil	2002 \$'mil
Cash and bank balances	103.4	72.2
Fixed deposits	227.0	157.7
Bank overdrafts	(1.8)	(15.6)
Net	328.6	214.3





## Notes to the Financial Statements

December 31, 2003

### 38 BUSINESS SEGMENT INFORMATION (cont'd)

Geographical Location	Turnover		Carrying amount of total assets		Additions to vehicles, premises and equipment, tax licences and goodwill	
	2003	2002	2003	2002	2003	2002
	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil
Singapore	1,289.3	1,248.5	1,913.0	1,909.8	207.2	356.7
United Kingdom	462.6	367.8	401.0	358.4	54.9	47.3
China	88.8	85.5	341.0	336.6	30.8	125.4
Vietnam	4.5	-	6.4	-	2.8	-
Malaysia	0.8	-	9.3	-	0.5	-
Total	1,846.0	1,701.8	2,670.7	2,604.8	296.2	529.4

For management purposes, the Group is organised on a world-wide basis into 7 major operating divisions:

- a) Bus and rail: Income is generated through bus and rail fare collections, contracted revenue for operation of scheduled services, provision of coach rental services and ancillary advertisement income.
- b) Taxi: Income is generated through renting out taxis, operating taxi bureau services and ancillary advertisement income.
- c) Automotive engineering: Income is generated through provision of vehicular maintenance and repair services, construction of specialist vehicles, crash repair services and engineering services.
- d) Diesel sales: Income is generated through sales of diesel to the Group's taxi hirers.
- e) Vehicle inspection and testing: Income is generated through the provision of mandatory car inspection services, motor vehicle assessment, evaluation and other related services.
- f) Car rental and leasing: Income is generated through renting out cars, leasing and financing of cars.
- g) Driving centre: Income is generated through operating a driving school.

The divisions are the basis on which the Group reports its primary segment information.

Identifiable assets by business segment are those assets that are used in the operations of each segment.



## Notes to the Financial Statements

December 31, 2003

### 39 CONTINGENT LIABILITIES

#### Company

As at December 31, 2003, the Company has contingent liabilities in respect of letters of financial support provided to certain subsidiaries with capital deficiencies amounting to \$224.5 million to enable these subsidiaries to continue operating as going concerns.

#### Group

- (i) As at December 31, 2003, two subsidiaries have contingent liabilities totalling \$14.7 million (2002 : \$13.4 million) in respect of five cross border leasing transactions, under which they have legally defeased all their liabilities under the leases except for the risk of having to pay off this amount to counterparties should they cause the collapse of these leasing arrangements. The management is not aware of any conditions that will cause the subsidiaries to initiate the collapse of these leasing arrangements.
- (ii) During the financial year, the subsidiaries have contingent liabilities in respect of:
- a) a letter of financial support to a joint venture company with capital deficiency amounting to \$41.8 million (2002 : \$41.7 million). The letter stipulates that the subsidiary will continue to provide financial support to enable the joint venture to meet its financial obligations as and when they fall due; and
  - b) a letter of indemnity to a joint venture partner to indemnify them for 15% of a guarantee amounting to \$4.04 million (2002 : \$4.04 million) which the joint venture partner had given to a bank for a loan extended to the joint venture's associated company.

### 40 COMMITMENTS

As at December 31, 2003, the Group has the following commitments:

- (i) Capital commitments contracted for but not provided for in the financial statements:

	The Group	
	2003 \$'mil	2002 \$'mil
Purchase of equipment	0.1	25.7
Purchase of motor vehicles	23.4	37.9
Construction of driveways and bus washing bay	-	0.5
Buses under assembly	30.5	1.2
Purchase of computer systems	34.8	18.5
Development of bus depots and properties	7.3	0.2
Investment commitments	0.7	9.1

## Notes to the Financial Statements

December 31, 2003

### 40 COMMITMENTS (cont'd)

#### (ii) Operating lease commitments

	The Group	
	2003 \$'mil	2002 \$'mil
Minimum lease payments under operating leases	22.7	22.4

At balance sheet date, commitments in respect of operating leases for the rental of office premises with a term of more than one year were as follows:

	The Group	
	2003 \$'mil	2002 \$'mil
Within one year	32.1	26.6
In the second to fifth year inclusive	107.0	88.5
After five years	161.0	127.6

#### (iii) Derivative financial instruments

	The Group					
	Notional amount 'mil	2003 Fair value asset (liability) \$'mil	Term to maturity	Notional amount 'mil	2002 Fair value asset (liability) \$'mil	Term to maturity
Forward foreign exchange contracts	US\$16.8	*	Jan 04 – Oct 05	US\$20.2	(0.3)	Jan – Dec 03
Foreign exchange option contracts	US\$2.5	*	Jan – Mar 04	US\$2.8	*	Feb – Dec 03
Cross currency swap	£39.1	(16.2)	Jul 06	£39.1	(7.4)	Jul 06
Commodity swaps	US\$14.3	2.2	Jan – Dec 04	-	-	-

\* Items below \$100,000

The fair values of derivative financial instruments represent the unrealised gains or losses of open contracts of which a net loss of approximately \$14.0 million (2002 : \$7.7 million) arising from the hedged assets and liabilities in the balance sheet has not been recognised in the profit and loss statement.

The forward foreign exchange contracts and foreign exchange option contracts were entered into by subsidiaries to hedge currency risks arising from operations and/or treasury transactions.

The cross currency swap was entered into by the subsidiary, Braddell plc, to hedge the currency risk in relation to the issuance of the S\$100 million 5-year fixed rate Medium Term Note.

The commodity swaps were entered into by subsidiaries, SBS Transit Ltd, ComfortDelGro Engineering Pte Ltd and Metroline plc to hedge commodity risk arising from fuel usage or diesel sales.

## Notes to the Financial Statements

December 31, 2003

### 41 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

#### A. FINANCIAL RISK MANAGEMENT

##### Merger

Comfort and DelGro merged on March 29, 2003 as described in the Report of Directors. Until that date, Comfort and DelGro operated as separate businesses under the management of the respective Boards. The financial risk management policies noted below are those previously operated by both Comfort and DelGro.

The main areas of financial risk faced by the Group are foreign currency exchange rate risk, interest rate risk, credit risk, liquidity risk and commodity risk. The Group recognises that management of financial risk is an important aspect in its drive towards creating shareholders' value. Management oversees financial risk management and regularly reviews its policy governing risk management practices.

##### Foreign currency exchange rate risk

The Group manages its foreign exchange exposure by matching revenue and costs in the relevant currencies to create a natural hedge and also through active currency management using derivatives such as forwards and currency swaps where necessary. The Group's revenue is mainly denominated in SGD with the remaining in GBP, RMB, MYR and VND. On the cost side, its foreign currency exposures include USD, GBP, RMB, SEK, Euro, MYR and VND. The Group has investments in the United Kingdom, China, Malaysia and Vietnam. Net translation risks are regularly monitored and the Group currently does not seek to hedge this exposure as it does not impact cashflows.

##### Interest rate risk

The Group's primary interest rate risk relates to its borrowings, investments in fixed income securities and deposits. The Group uses derivative financial 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.

##### Credit risk

The Group has minimal credit risk arising from its commuter bus transport operations as the majority of revenue is collected in cash upfront or from the transport regulator in the case of United Kingdom. For the other operations, credit risk is also minimised via upfront deposits, strict credit terms and regular monitoring of debtors' financial standing. The Group enters into treasury transactions only with creditworthy institutions. It seeks to invest in quality investee companies and almost all of its fixed income investments are above investment grade of at least BBB-rated. In its management of credit risk, the Group practises stringent credit review and sets counterparty credit limits.

There is no significant concentration of credit risk.

##### Liquidity risk

The Group funds its operations through a mix of internal funds, bank borrowings and capital market borrowings. It regularly reviews its liquidity position comprising free cashflows from its operations, credit lines from banks and its Medium Term Note ("MTN") programmes to ensure its ability to access funding at any time with the best possible rates.

## Notes to the Financial Statements

December 31, 2003

### 41 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES (cont'd)

#### A. FINANCIAL RISK MANAGEMENT (cont'd)

##### Commodity risk

Fuel, comprising diesel and electricity, is a significant operating cost of the Group. Other than its bus and rail operations, the Group is also exposed to fluctuations in fuel price in its diesel sales business. The Group seeks to hedge its fuel needs and uses derivative instruments, where necessary, to achieve the desired hedge outcome.

##### Fair values of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities reported in the balance sheet approximate the fair values of those assets and liabilities. The aggregate fair value of derivative financial instruments outstanding at end of the financial year is disclosed in Note 40(iii) and the contracts generally expire within a year.

It is not practicable within the constraint of cost to reliably determine the fair value of unquoted investments. These investments are shown at cost, less any impairment in value.

- B. The table below summarises the Group's assets, liabilities and interest rate sensitive financial instruments, categorised by the earlier of contractual repricing or maturity dates and depicts the Group's exposure to interest rate risk at year end.

	Within 1 year \$'mil	Within 2 to 5 years \$'mil	Beyond 5 years \$'mil	Total \$'mil	Effective interest rate at year end
<b>2003</b>					
<b>Financial Assets</b>					
Fixed deposits:					
SGD deposits	165.3	-	-	165.3	0.40% - 0.75%
Foreign deposits	61.7	-	-	61.7	0.50% - 4.00%
Total	<u>227.0</u>	<u>-</u>	<u>-</u>	<u>227.0</u>	
Investments:					
Bonds	22.2	39.3	28.1	89.6	1.69% - 9.28%
Notes	253.6	-	-	253.6	0.89% - 2.61%
Total	<u>275.8</u>	<u>39.3</u>	<u>28.1</u>	<u>343.2</u>	

## Notes to the Financial Statements

December 31, 2003

### 41 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES (cont'd)

	Within 1 year \$'mil	Within 2 to 5 years \$'mil	Beyond 5 years \$'mil	Total \$'mil	Effective interest rate at year end
<b>Financial Liabilities</b>					
Bank overdrafts in foreign currencies	1.8	-	-	1.8	1.00% - 5.04%
Bank loans in SGD	19.5	5.4	-	24.9	0.92% - 1.37%
Bank loans in foreign currencies	26.5	46.1	-	72.6	4.10% - 10.80%
Debt instruments	50.4	150.0	-	200.4	2.45% - 3.80%
Hire purchase creditors	36.3	93.4	17.6	147.3	3.50% - 9.95%
Other payable	2.0	36.9	-	38.9	5.00% - 6.00%
<b>Total</b>	<b>136.5</b>	<b>331.8</b>	<b>17.6</b>	<b>485.9</b>	

### 2002

#### Financial Assets

<b>Fixed deposits:</b>					
SGD deposits	89.4	-	-	89.4	0.56% - 1.19%
Foreign deposits	68.3	-	-	68.3	0.08% - 3.77%
<b>Total</b>	<b>157.7</b>	<b>-</b>	<b>-</b>	<b>157.7</b>	
<b>Investments:</b>					
Bonds	80.2	46.7	10.7	137.6	1.17% - 7.58%
Notes	149.8	35.0	-	184.8	0.82% - 4.76%
<b>Total</b>	<b>230.0</b>	<b>81.7</b>	<b>10.7</b>	<b>322.4</b>	

#### Financial Liabilities

Bank overdrafts in SGD	1.6	-	-	1.6	5.38%
Bank overdrafts in foreign currencies	14.0	-	-	14.0	5.00% - 5.04%
Bank loans in SGD	44.1	-	-	44.1	1.30% - 5.35%
Bank loans in foreign currencies	54.5	-	-	54.5	4.39% - 5.31%
Debt instruments	43.8	178.3	-	222.1	0.70% - 3.80%
Hire purchase creditors	27.5	84.9	17.5	129.9	4.50% - 8.40%
Other payable	2.2	40.4	-	42.6	5.00%
<b>Total</b>	<b>187.7</b>	<b>303.6</b>	<b>17.5</b>	<b>508.8</b>	



## Notes to the Financial Statements

December 31, 2003

### 42 DIVIDENDS

During the financial year, the Company declared and paid an interim dividend of 1.15 cents per ordinary share less tax totalling \$18.2 million in respect of the financial year just ended.

Subsequent to the balance sheet date, the directors of the Company recommended that a final dividend be paid at 3.0625 cents per ordinary share less tax totalling \$48.7 million for the financial year just ended. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 – Events After the Balance Sheet Date.

### 43 LICENCE CONDITION FOR RAIL SERVICES

A licence condition ("LC") dated January 15, 2003 was issued by LTA to a subsidiary, SBS Transit Ltd ("Transit") under which Transit is licensed to operate the North-East MRT System, Punggol LRT System and the 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 January 15, 2003. Transit 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) An annual licence fee computed based on 0.5% of the total annual fare and non-fare revenue, net of goods and services tax, is payable to LTA for the first 10 years. LTA may retain or modify the basis for the purpose of calculating the licence fee thereafter.
- (c) Transit and LTA shall jointly review the viability on the 5th anniversary of the date of the LC or such other period as may be agreed in writing between Transit and LTA. In such review, LTA shall determine the dates and time of Transit's purchase of the operating assets of the licensed system and the amount is based on the net book value as recorded in the latest audited accounts of LTA.
- (d) Transit 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

December 31, 2003

### 44 COMPARATIVE FIGURES

- (i) The financial statements of the Company cover the financial year since incorporation on January 1, 2003 to December 31, 2003. This being the first set of financial statements of the Company, there are no comparative figures.
- (ii) Under the terms of the Merger, the shareholders of Comfort and of DelGro, each received 50% of the issued share capital of the Company based on the then issued share capital of each of the companies. Shareholders of Comfort received 1.245260513 ordinary shares of the Company for each Comfort ordinary share previously owned by them, while shareholders of DelGro received 3.341812670 ordinary shares of the Company for every ordinary share of DelGro previously owned by them. As a result, the Company issued 2,025,355,360 ordinary shares of \$0.25 each at par to acquire 814,346,576 ordinary shares of \$0.25 each of Comfort and 302,622,016 ordinary shares of \$1.00 each of DelGro.

The consolidated financial statements of the Group for the year ended December 31, 2003 have been prepared by applying the pooling of interest method. Accordingly, comparatives for the Group in the consolidated financial statements have been prepared as if both Comfort and DelGro had been combined from the beginning of the earliest period presented. The comparatives of the Group are compiled using the following and after adjusting for the alignment of accounting policies and reclassifications as discussed below:

- (a) Unaudited financial statements of Comfort for the twelve months ended December 31, 2002; and
- (b) Audited consolidated financial statements of DelGro for the twelve months ended December 31, 2002.
- (iii) Certain adjustments have been made, and reflected in the consolidated financial statements of the Group to align the accounting policies and classifications to those of the Group from those previously adopted by Comfort and DelGro, as follows:
- (a) Entities where the Group owns more than 50% of their share capital and where the directors are of the opinion that the Group governs the financial and operating policies are accounted for as subsidiaries with minority interests recognised accordingly. These entities were previously accounted for as joint ventures using the equity method.

The adjustment has been made to the comparative figures and does not affect the net assets or net profit of the Group, as follows:

	Financial year ended December 31, 2002			
	Comfort \$'mil	DelGro \$'mil	Total \$'mil	As adjusted \$'mil
Turnover	484.6	1,141.2	1,625.8	1,701.8
Net profit for year	92.3	57.0	149.3	149.3
Total assets	792.3	1,625.2	2,417.5	2,604.8
Total liabilities	(248.1)	(839.3)	(1,087.4)	(1,191.5)
Minority interests	(14.5)	(137.2)	(151.7)	(234.9)
Net assets	529.7	648.7	1,178.4	1,178.4

## Notes to the Financial Statements

December 31, 2003

### 44 COMPARATIVE FIGURES (cont'd)

(b) Reclassifications have been made to the prior year's financial statements to reflect more accurately the nature of taxi hirers' deposits. Based on historic trends, a significant portion of taxi hirers' deposits are not expected to be due and payable within the next twelve months. Accordingly, this balance is classified as a long-term liability.

Comparative figures for deposits received have been adjusted to conform with current year's presentation.

(c) Other than the above, adjustments made in the compilation process were not significant.

### 45 CORPORATE INFORMATION

Details of the significant subsidiaries, associates and joint ventures are as follows:

#### A. Subsidiaries

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2003 %	2002 %
<b>Unquoted equity shares</b>				
Comfort Group Ltd	Provision of management services and investment holding	Singapore	100	100
DelGro Corporation Limited	Provision of management services and investment holding	Singapore	100	100
<b>Subsidiaries of Comfort Group Ltd:</b>				
<b>Quoted equity shares</b>				
VICOM Ltd <sup>(1)</sup>	Investment holding and provision of motor vehicle evaluation and other related services	Singapore	72.55	73.19
<b>Unquoted equity shares</b>				
ComfortDelGro Engineering Pte Ltd (formerly known as Comfort Automotive Services Pte Ltd)	Operation of workshops for repairing, servicing and general maintenance of motor vehicles and dealer in diesel for motor vehicles	Singapore	100	100

## Notes to the Financial Statements

December 31, 2003

### 45 CORPORATE INFORMATION (cont'd)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2003 %	2002 %
Comfort Ads Pte Ltd	Provision of advertising services	Singapore	100	100
Comfort Bus Pte Ltd	Provision of charter bus services, rental of buses to hirers and other related services	Singapore	100	100
Comfort (China) Pte Ltd	Investment holding	Singapore	100	100
Comfort Driving Centre Pte Ltd	Operation of a driving school	Singapore	90	90
Comfort Transportation Pte Ltd	Provision of public taxi services through the rental of taxis to hirers	Singapore	100	100
General Automotive Services Pte Ltd	Operation of workshops for repairing, servicing and general maintenance of motor vehicles	Singapore	100	100
Tecobest Investment Ltd <sup>(2)(3)</sup>	Investment holding	Hong Kong	100	-
Yellow-Top Cab Pte Ltd	Provision of public taxi services through the rental of taxis to hirers	Singapore	100	100
<b>Subsidiaries of VICOM Ltd:</b>				
Setsco Services Pte Ltd <sup>(2)</sup>	Provision of testing, inspection and consultancy services	Singapore	72.55	-
VICOM Assessment Centre Pte Ltd	Provision of vehicle assessment services	Singapore	37.00	37.33
VICOM Inspection Centre Pte Ltd	Provision of vehicle inspection services	Singapore	72.55	73.19

## Notes to the Financial Statements

December 31, 2003

### 45 CORPORATE INFORMATION (cont'd)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2003 %	2002 %
<b>Subsidiary of Setsco Services Pte Ltd:</b>				
Setsco Services (M) Sdn Bhd <sup>(2)(4)</sup>	Provision of testing, inspection and consultancy services	Malaysia	72.55	-
<b>Subsidiaries of Comfort (China) Pte Ltd:</b>				
Jilin Comfort Transportation Co., Ltd <sup>(5)</sup>	Provision of taxi and land transport-related services in the Jilin municipality	People's Republic of China	95	95
Nanning Comfort Transportation Co., Ltd <sup>(6)</sup>	Provision of taxi and land transport-related services in the Nanning municipality	People's Republic of China	80	80
Suzhou Comfort Taxi Co., Ltd <sup>(7)</sup>	Provision of taxi and land transport-related services in the Suzhou municipality, operation of workshops for repairing, servicing and general maintenance of motor vehicles and dealer in diesel for motor vehicles	People's Republic of China	70	70
Xiamen Comfort Taxi Co., Ltd <sup>(8)</sup>	Provision of taxi and land transport-related services in the Xiamen municipality	People's Republic of China	70	70
Zhengzhou Comfort Tour Bus Service Co., Ltd <sup>(9)</sup>	Provision of tour bus and related services in the Zhengzhou municipality	People's Republic of China	80	80
<b>Subsidiaries of Suzhou Comfort Taxi Co., Ltd:</b>				
Suzhou Industrial Park Comfort Trading Co., Ltd <sup>(7)(10)</sup>	Distribution of motor vehicles and trading of automotive parts in the Suzhou municipality	People's Republic of China	17.5	17.5
Suzhou Industrial Park Zhong Xing Comfort Petrol Service Station Co., Ltd <sup>(7)</sup>	Operation of a petrol station in the Suzhou municipality	People's Republic of China	63	63



## Notes to the Financial Statements

December 31, 2003

### 45 CORPORATE INFORMATION (cont'd)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2003 %	2002 %
<b>Subsidiary of Tecobest Investment Ltd:</b>				
Vietnam Taxi Company Ltd <sup>(2)(11)</sup>	Provision of taxi services	Vietnam	70	-
<b>Subsidiaries of DelGro Corporation Ltd:</b>				
<b>Quoted equity shares</b>				
SBS Transit Ltd <sup>(1)</sup>	Provision of public bus and rail services	Singapore	75	75
<b>Unquoted equity shares</b>				
Braddell plc <sup>(11)</sup>	Investment holding	United Kingdom	100	100
CityFleet (UK) Pte Ltd	Investment holding	Singapore	85	85
CityCab Pte Ltd	Provision of public taxi services through the rental of taxis to hirers	Singapore	53.29	53.21
ComfortDelGro (China) Pte Ltd (formerly known as DelGro (China) Pte Ltd)	Investment holding	Singapore	100	100
DelGro Engineering Pte Ltd	Provision of engineering services	Singapore	100	100
DelGro (Guangzhou) Pte Ltd	Investment holding	Singapore	100	95
SBS Taxi (Pte) Ltd	Investment holding	Singapore	100	100
Waterbank Properties (S) Pte Ltd	Property development	Singapore	100	100

## Notes to the Financial Statements

December 31, 2003

### 45 CORPORATE INFORMATION (cont'd)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2003 %	2002 %
<b>Subsidiary of Braddell plc:</b>				
Metroline plc <sup>(11)</sup>	Investment holding	United Kingdom	100	100
<b>Subsidiaries of Metroline plc:</b>				
Aerdart Limited <sup>(12)(13)</sup>	Provision of bus services	Ireland	100	100
Citylink Holdings Limited <sup>(11)</sup>	Investment holding	United Kingdom	100	100
Metroline London Northern Limited <sup>(11)</sup>	Provision of public bus services	United Kingdom	100	100
Metroline Travel Limited <sup>(11)</sup>	Provision of public bus services	United Kingdom	100	100
<b>Subsidiaries of Citylink Holdings Limited:</b>				
Cummer Commercials Limited <sup>(13)</sup>	Provision of coach services	Ireland	100	100
Scottish Citylink Coaches Limited <sup>(11)</sup>	Provision of long distance coach services	United Kingdom	100	100
<b>Subsidiaries of CityCab Pte Ltd:</b>				
Cabcharge Asia Pte Ltd	Provision of charge card facilities	Singapore	45.30	45.23
CityCab (Shenyang) Ltd <sup>(14)</sup>	Provision of public taxi services through the rental of taxis to hirers and vehicle repair	People's Republic of China	31.97	31.93
Yantai CityCab Services Co., Ltd <sup>(15)</sup>	Rental of taxis, vehicle inspection and repair	People's Republic of China	31.97	31.93

## Notes to the Financial Statements

December 31, 2003

### 45 CORPORATE INFORMATION (cont'd)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2003 %	2002 %
<b>Subsidiaries of CityFleet (UK) Pte Ltd:</b>				
CityFleet Networks Limited <sup>(11)</sup>	Provision and management of taxi booking services	United Kingdom	85	85
Computer Cab plc <sup>(11)</sup>	Provision of taxi services	United Kingdom	68	68
Computer Cab (Edinburgh) Limited <sup>(11)</sup>	Provision of taxi services	United Kingdom	63.75	63.75
GEM Hire Enterprises Limited <sup>(11)</sup>	Provision of taxi services	United Kingdom	63.75	63.75
<b>Subsidiaries of Computer Cab plc:</b>				
Cabcharge Limited <sup>(11)</sup>	Provision and management of taxi booking card facilities	United Kingdom	68	68
Datacab Limited <sup>(11)</sup>	Provision of taxi services	United Kingdom	68	68
<b>Subsidiaries of ComfortDelGro (China) Pte Ltd:</b>				
Beijing CityLimo Yin Jian Auto Services Co. Ltd <sup>(11)</sup>	Provision of car rental services	People's Republic of China	55	55
Beijing Jin Jian Taxi Services Co., Ltd <sup>(16)</sup>	Provision of public taxi services through the rental of taxis to hirers	People's Republic of China	55	55
<b>Subsidiary of DelGro (Guangzhou) Pte Ltd:</b>				
Guangzhou Xin Tian Wei Transportation Development Co., Ltd <sup>(19)</sup>	Provision of bus station services	People's Republic of China	60	57

## Notes to the Financial Statements

December 31, 2003

### 45 CORPORATE INFORMATION (cont'd)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2003 %	2002 %
<b>Subsidiaries of SBS Taxi (Pte) Ltd:</b>				
CityDrive Rent-A-Car Pte Ltd	Provision of cars for hire	Singapore	100	100
CityLimo Auto Credit Pte Ltd	Dealer in new and used cars	Singapore	100	100
CityLimo Car Care Pte Ltd	Provision of car care services	Singapore	100	100
CityLimo Leasing Pte Ltd	Provision of leasing and financing services	Singapore	100	100
CityLimo Rent-A-Car Pte Ltd	Provision of cars for hire	Singapore	100	100
CityLimo Leasing (M) Sdn Bhd <sup>(11)(17)</sup>	Car leasing	Malaysia	100	-
DynaDrive Rent-A-Car Sdn Bhd <sup>(11)(18)</sup>	Provision of cars for hire	Malaysia	100	-
Pantas Rent-A-Car Sdn Bhd <sup>(11)(18)</sup>	Provision of cars for hire	Malaysia	100	-
Pantas Rent-A-Car Holdings Sdn Bhd <sup>(11)(18)</sup>	Investment holding	Malaysia	100	-
Shanghai City Qi Ai Taxi Services Company Ltd <sup>(20)</sup>	Provision of public taxi services through the rental of taxis to hirers	People's Republic of China	51	51

## Notes to the Financial Statements

December 31, 2003

### 45 CORPORATE INFORMATION (cont'd)

All companies are audited by Deloitte & Touche, Singapore except for certain subsidiaries as indicated below:

- (1) Listed on the Singapore Exchange Securities Trading Limited.
- (2) Acquired in January 2003.
- (3) Audited by Ernst and Young, Hong Kong.
- (4) Audited by WT & Ng Co, Kuala Lumpur.
- (5) Audited by Guangxi Xingrui United Certified Public Accountants, People's Republic of China.
- (6) Audited by Xiang Da Certified Public Accountants, People's Republic of China.
- (7) Audited by Jiangsu Gong Zheng Certified Public Accountants, People's Republic of China.
- (8) Audited by Xiamen Yong He Certified Public Accountants Co., Ltd, People's Republic of China.
- (9) Audited by Tian Yi Certified Public Accountants Co., Ltd, People's Republic of China.
- (10) The company is deemed to be a subsidiary of the Group as the Group holds a majority control over the composition of the board of directors and has control over the operations of the company.
- (11) Audited by overseas practices of Deloitte Touche Tohmatsu.
- (12) There is a deferred consideration payable in 2005, contingent on the profitability of the subsidiary in 2003 and 2004 and the deregulation of the Irish bus market, which has been deferred until 2004. This has not been accounted for in the acquisition as the directors believe that no consideration will be paid.
- (13) Audited by OSK Accountants and Registered Auditors, Ireland.
- (14) Audited by Shenyang Shengda Certified Public Accountants, People's Republic of China.
- (15) Audited by Shandong Guoxin Certified Public Accountants, People's Republic of China.
- (16) Audited by Beijing Zhong Run Ze Certified Public Accountants, People's Republic of China.
- (17) Additional interests were acquired in September 2003, for \$6,495 consideration during the financial year thereby increasing the Group's effective interest from 14% to 100%. Accordingly, the other investment was reclassified to a subsidiary during the financial year.
- (18) Acquired in September 2003.
- (19) Audited by Guangzhou Orient Certified Public Accountants Co., Ltd, People's Republic of China.
- (20) Audited by Shanghai Gong Xin Zhong Nan Certified Public Accountants, People's Republic of China.



## Notes to the Financial Statements

December 31, 2003

### 45 CORPORATE INFORMATION (cont'd)

#### B. Associates

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2003 %	2002 %
Unquoted equity shares				
ComfortDelGro Insurance Brokers Pte Ltd <sup>(1)</sup>	Insurance broking, risk management, claims management and related activities	Singapore	49.00	-
TransitLink Pte Ltd <sup>(2)(3)</sup>	Provision of support services to transport operators	Singapore	25.00	25.00
Shanghai Jing Hong Lan Xian Environment Technology Pte Ltd <sup>(4)</sup>	Vehicle inspection, emission and other vehicle and environmental related activities	People's Republic of China	17.41	-

(1) Audited by Deloitte & Touche, Singapore.

(2) Audited by PricewaterhouseCoopers, Singapore.

(3) During the financial year, TransitLink Pte Ltd earned a service fee of \$13,260,000 (2002 : \$8,847,000) from a subsidiary.

(4) The associate obtained its operational licence on November 13, 2003.

## Notes to the Financial Statements

December 31, 2003

### 45 CORPORATE INFORMATION (cont'd)

#### C. Joint Ventures

Name of entity	Principal activity	Country of incorporation/ operations	Group's	
			effective 2003 %	interest 2002 %
JIC Inspection Services Pte Ltd <sup>(1)</sup>	Inspection of vehicles	Singapore	36.5	36.5
Mansfield Developments Pte Ltd <sup>(2)(3)</sup>	Property development	Singapore	48	48
Shanghai Shen Xin Bus Service Ltd <sup>(4)</sup>	Provision of bus services	People's Republic of China	49	49

(1) Audited by Chio Lim & Associates, Singapore.

(2) The financial year end of the joint venture company differs from the Group's year end.

(3) The Group made an advance representing its proportionate share of consideration for the purchase of a property. The advance is unsecured and bears interest at 3.10% (2002 : 4.00%) per annum. The Group's intention is to participate in the financial and operational activities of the property development by subscribing for 48% of a class of preference shares to be issued.

(4) Audited by Shanghai Dong-Hua Certified Public Accountants Co., Ltd, People's Republic of China.

## Statement of Directors

In the opinion of the directors, the financial statements of the Company and consolidated financial statements of the Group set out on pages 84 to 146 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at December 31, 2003, and of the results, changes in equity and the cash flows of the Group 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 as and when they fall due.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh  
Chairman

Kua Hong Pak  
Managing Director/Group Chief Executive Officer

Singapore  
February 27, 2004

## Group Properties

Details of the Group's major leasehold land, buildings and bus depots and freehold land and buildings are as follows:

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
<b>Singapore</b>					
DelGro Corporation Limited	100	Braddell Road	67,148 sq m	30 years (15 years unexpired)	Head office, central warehouses
	100	Hougang	74,236 sq m	30 years (9 years unexpired)	Bus depot
	100	Ang Mo Kio	63,953 sq m	15 years (5 years unexpired)	Bus depot
	100	Bedok North	62,220 sq m	Under Temporary Occupation Licence issued by Singapore Land Authority	Bus depot
	100	Bukit Batok	52,187 sq m	30 years (9 years unexpired)	Bus depot
	100	Ayer Rajah	17,939 sq m	Under Temporary Occupation Licence issued by Singapore Land Authority	Bus park
	100	Kim Chuan	10,784 sq m	15 years (4 years unexpired)	Vehicle workshop
SBS Transit Ltd	75	Soon Lee Road	26,670 sq m	30 years (26 years unexpired)	Bus depot
VICOM Ltd	72.55	Sin Ming Drive	10,853 sq m	30 years from January 1981 with option to renew another 30 years	Inspection, assessment services

## Group Properties

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
VICOM Ltd	72.55	Kaki Bukit Avenue 4	9,797 sq m	30 years from January 1997 with option to renew another 30 years	Inspection, assessment services
	72.55	Bukit Batok Street 23	9,625 sq m	30 years from October 1995 with option to renew another 30 years	Inspection, assessment services
	72.55	Changi North Crescent	6,015 sq m	30 years from May 1995	Inspection, assessment services
	72.55	Yishun Industrial Park A	5,190 sq m	60 years from July 1983	Inspection, assessment services
	72.55	Yishun Industrial Park A	1,105 sq m	30 years from July 1983 with option to renew another 30 years	Inspection, assessment services
Setsco Services Pte Ltd	72.55	Teban Gardens Crescent	9,819 sq m	30 years from February 1979 with option to renew another 30 years	Testing, inspection and consultancy services
Comfort Transportation Pte Ltd	100	Sin Ming Drive	11,129 sq m	60 years (28 years unexpired)	Office, workshop
CityCab Pte Ltd	53.29	Sin Ming Avenue	25,087 sq m	30 years (19 years unexpired)	Office, workshop
ComfortDelGro Engineering Pte Ltd	100	Ubi Road 3	7,500 sq m	23 years (22 years unexpired)	Workshop, diesel kiosk

## Group Properties

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
ComfortDelGro Engineering Pte Ltd	100	Senoko Loop	2,829 sq m	11 years (8 years unexpired)	Workshop, diesel kiosk
General Automotive Services Pte Ltd	100	Loyang Drive	12,021 sq m	58 years (48 years unexpired)	Office, workshop
	100	Pandan Road	6,522 sq m	51 years (45 years unexpired)	Workshop
Comfort Driving Centre Pte Ltd	90	Ubi Ave 4	28,466 sq m	3 years (6 months unexpired)	Office, training circuit
<b>People's Republic of China</b>					
Guangzhou Xin Tien Wei Transportation Development Co., Ltd	60	Quangzhou City Tianhe District	40,116 sq m	30 years (24 years unexpired)	Office, bus station
Shanghai City Qi Ai Taxi Services Company Ltd	51	Shanghai Lujiabang Road	689 sq m	Freehold	Office
Suzhou Comfort Taxi Co, Ltd	70	Jin Ji Hu Road Suzhou Industrial Park	12,541 sq m	50 years (43 years unexpired)	Office, workshop, petrol station
Comfort (China) Pte Ltd	100	Suzhou Garden Villa Jin Hua Tower	149 sq m	30 years (15 years unexpired)	Housing for expatriates
CityCab Pte Ltd	53.29	Shenyang Shen He Qu Qing Nian Da Jie	115 sq m	50 years (39 years unexpired)	Housing for expatriates



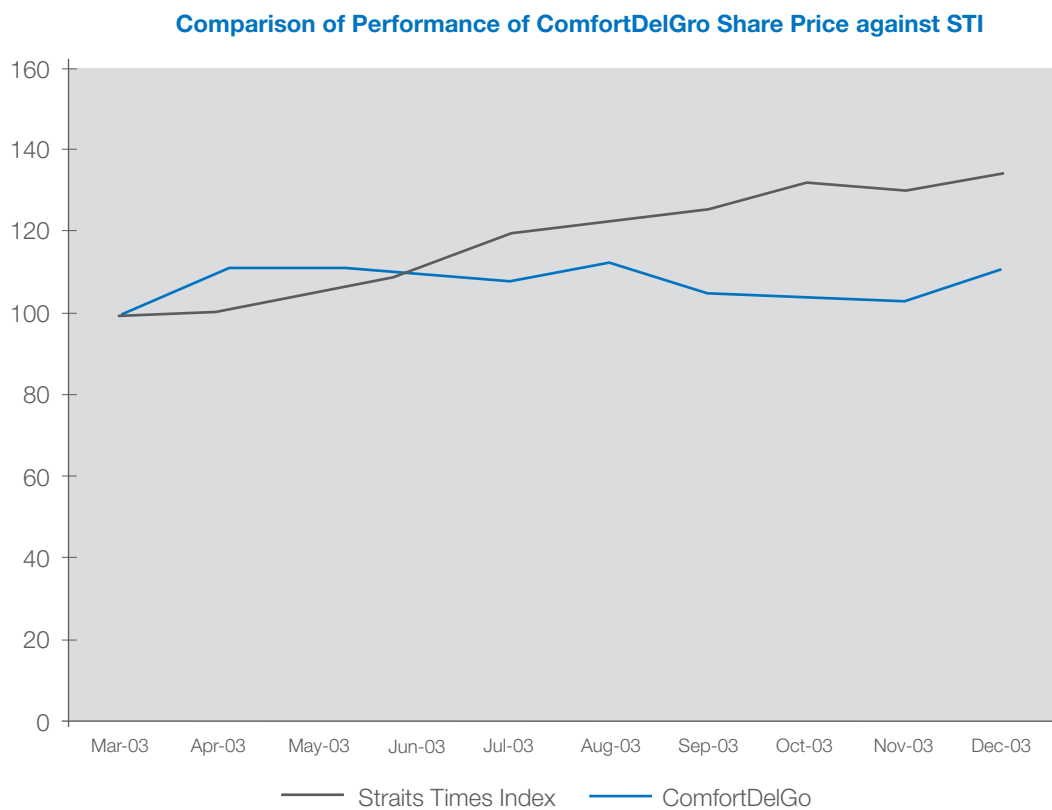
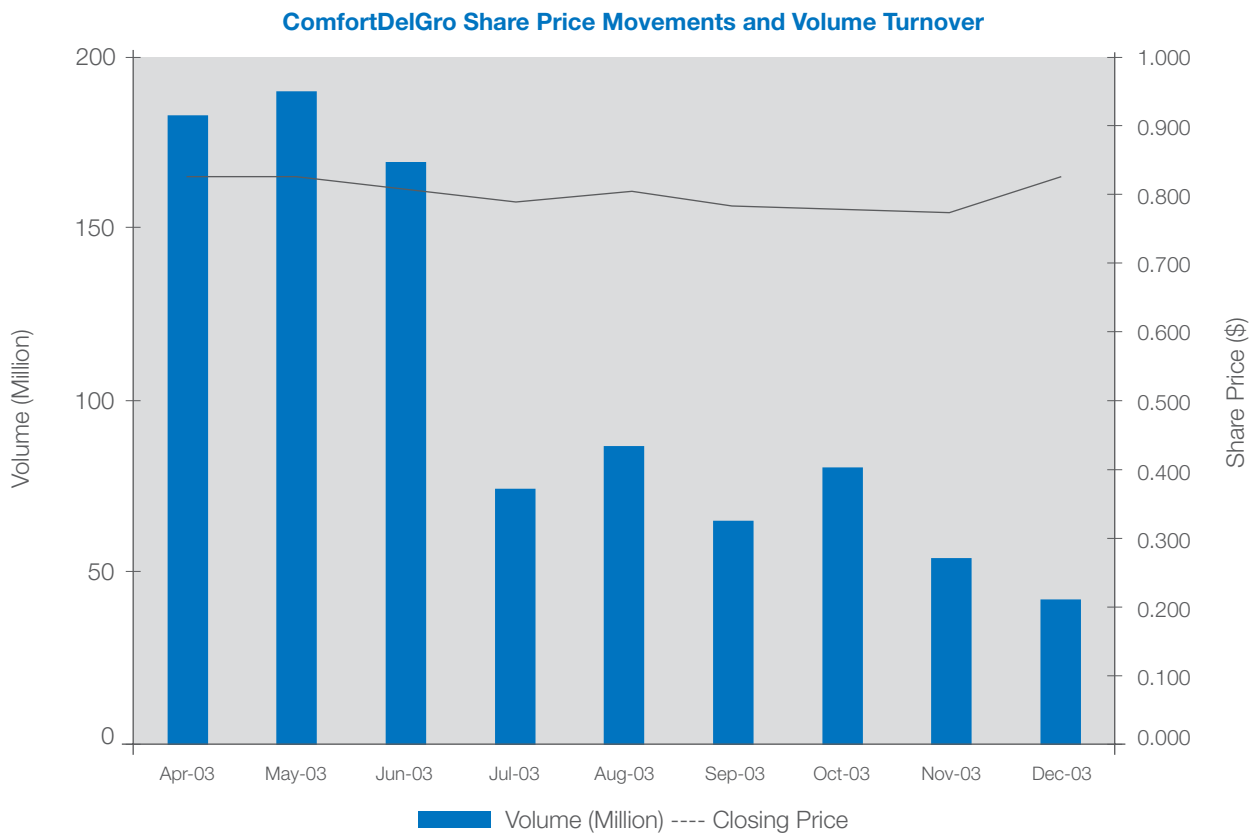
## Group Properties

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
<b>United Kingdom</b>					
Computer Cab plc	68	Silver Road Hammersmith London W12 7SG	6,000 sq m	5 years (4 years unexpired)	Office
	68	Woodfield Road London W9 2BA	537 sq m	Freehold	Office
	68	Norbiton Kingston upon Thames London KT2 7AZ	93 sq m	24 years (10 years unexpired)	Office
GEM Hire Enterprises Limited	63.75	Farburn House Burnside Drive Dyce Aberdeen AB21 OHW	1,000 sq m	12 years (9 years unexpired)	Office
Metroline plc	100	Pemberton Gardens London N19 5RR	17,968 sq m	Freehold	Bus depot
	100	Edgware Road London NW2 6PJ	13,800 sq m	Freehold	Bus depot
	100	Atlas Road Harlesden North Acton London NW10 6DD	12,141 sq m	10 years (7 years unexpired)	Bus depot
	100	Station Road Edgware Middlesex HA8 7AU	12,141 sq m	10 years (7 years unexpired)	Bus depot
	100	High Street Potters Bar Herts EN6 5BE	11,614 sq m	Freehold	Bus depot
	100	High Road Willesden London NW10 2JY	9,874 sq m	Freehold	Bus depot

## Group Properties

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
Metroline plc	100	Alperton Lane Western Avenue Greenford UB6 8AA	5,868 sq m	15 years (15 years unexpired)	Bus depot
	100	High Road Harrow Weald HA3 6EJ	5,706 sq m	Freehold	Bus depot
	100	York Way King's Cross London N1 0AU	2,023 sq m	5 years (4 years unexpired)	Bus depot
	100	College Road Harrow Middlesex HA1 1BE	1,617 sq m	10 years (9 years unexpired)	Office
	100	STAR Centre Fulton Road Wembley Middlesex HA9 0ND	930 sq m	5 years (4 years unexpired)	Training centre
	100	Archway Station Junction Road London N19 5RQ	66 sq m	5 years (4 years unexpired)	Cafe
<b>Vietnam</b>					
Vietnam Taxi Company Ltd	70	Duong So 4 KCN Tan Binh-TP Ho Chi Minh	6,438 sq m	20 years (18 years unexpired)	Office, workshop

## Share Price Movement Chart



## Shareholding Statistics

as at 15 march 2004

AUTHORISED SHARE CAPITAL	:S\$1,000,000,000
ISSUED AND FULLY PAID-UP CAPITAL	:S\$510,805,778
CLASS OF SHARES	:Ordinary shares of S\$0.25 each equal voting rights
VOTING RIGHTS	:1 vote per ordinary share

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	980	2.83	453,883	0.02
1,000 - 10,000	15,402	44.43	67,760,802	3.32
10,001 - 1,000,000	18,253	52.65	389,336,039	19.05
1,000,001 & ABOVE	31	0.09	1,585,672,388	77.61
<b>TOTAL</b>	<b>34,666</b>	<b>100.00</b>	<b>2,043,223,112</b>	<b>100.00</b>

### TOP TWENTY SHAREHOLDERS

	NO. OF SHARES	%
SINGAPORE LABOUR FOUNDATION	376,616,594	18.43
RAFFLES NOMINEES PTE LTD	362,020,846	17.72
DBS NOMINEES PTE LTD	315,379,508	15.44
UNITED OVERSEAS BANK NOMINEES PTE LTD	156,553,811	7.66
CITIBANK NOMINEES S'PORE PTE LTD	113,824,221	5.57
MORGAN STANLEY ASIA (S'PORE) PTE LTD	78,258,731	3.83
HSBC (SINGAPORE) NOMINEES PTE LTD	52,261,556	2.56
OVERSEA CHINESE BANK NOMINEES PTE LTD	49,452,462	2.42
THE ASIA LIFE ASSURANCE SOCIETY LTD - S'PORE LIFE FUND	19,693,852	0.96
CHANGI BUS COMPANY (PRIVATE) LIMITED	9,244,095	0.45
DB NOMINEES (S) PTE LTD	7,247,529	0.35
YIM CHEE CHONG	6,400,000	0.31
SOCIETE GENERALE S'PORE BRANCH	4,431,000	0.22
NATIONAL UNIVERSITY OF SINGAPORE	4,235,373	0.21
UOB KAY HIAN PTE LTD	3,661,693	0.18
NATIONAL UNIVERSITY OF SINGAPORE (A/C) ASPF	3,500,000	0.17
OVERSEAS UNION ENTERPRISE LIMITED	3,341,812	0.16
DBS VICKERS SECURITIES (S) PTE LTD	2,722,263	0.13
CABCHARGE AUSTRALIA LIMITED	2,005,087	0.10
PSA CORPORATION LIMITED	1,709,120	0.08
<b>TOTAL</b>	<b>1,572,559,553</b>	<b>76.95</b>

### SUBSTANTIAL SHAREHOLDER

Shareholding in which the substantial shareholder has a direct interest

	No. of Shares	%
SINGAPORE LABOUR FOUNDATION	376,616,594	18.43

As at 15 March 2004, approximately 81.5% of the issued ordinary shares of ComfortDelGro Corporation Limited 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

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of the Company will be held at the Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Thursday, 29 April 2004 at 2.30 p.m. for the purpose of transacting the following business:

### Ordinary Business:

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2003 together with the Auditors' Report thereon. (Resolution 1)
2. To declare a final dividend of 12.25% (3.0625 cents) per share less income tax in respect of the financial year ended 31 December 2003. (Resolution 2)
3. To approve the payment of Directors' fees of S\$377,891 for the financial year ended 31 December 2003. (Resolution 3)
4. To re-elect Mr Lim Jit Poh, a Director retiring pursuant to Article 91 of the Company's Articles of Association. (Resolution 4)
5. To re-elect Mr Kua Hong Pak, a Director retiring pursuant to Article 91 of the Company's Articles of Association. (Resolution 5)
6. To re-elect Mr Tow Heng Tan, a Director retiring pursuant to Article 91 of the Company's Articles of Association. (Resolution 6)
7. To re-elect Mr David Wong Chin Huat, a Director retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 7)
8. To re-appoint Messrs Deloitte & Touche as Auditors and authorise the Directors to fix their remuneration. (Resolution 8)
9. To transact any other ordinary business that may properly be transacted at an Annual General Meeting. (Resolution 9)

### Special Business:

10. To consider and, if thought fit, to pass the following resolutions with or without modifications as Ordinary Resolutions:
  - A. "THAT pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, provided that:
    - (a) the aggregate number of shares to be issued pursuant to this resolution does not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company;

## Notice of Annual General Meeting

- (b) for the purpose of determining the aggregate number of shares that may be issued under paragraph (a) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding at the time this Resolution is passed, and (ii) any subsequent consolidation or subdivision of shares; and
- (c) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or when it is required by law to be held, whichever is the earlier."

(Resolution 10)

- B. "THAT the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the rules and terms of the ComfortDelGro Employees' Share Option Scheme and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the ComfortDelGro Employees' Share Option Scheme, provided that the aggregate number of shares to be issued pursuant to the ComfortDelGro Employees' Share Option Scheme shall not exceed 15% of the total issued share capital of the Company from time to time."

(Resolution 11)

### 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 from 14 May 2004 to 16 May 2004 (both dates inclusive) for the purposes of determining shareholders' entitlements to the proposed final dividend of 12.25% (3.0625 cents) per ordinary share less income tax for the financial year ended 31 December 2003.

Duly completed and stamped transfers received by the Company's Share Registrars, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 13 May 2004 will be registered before shareholders' entitlements to the final dividend are determined. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 13 May 2004 will be entitled to the proposed final dividend.

The final dividend, if approved by the shareholders at the First Annual General Meeting of the Company, will be paid on 27 May 2004.

By Order of the Board

Bobby Tan Cher Chong  
Company Secretary  
Singapore, 12 April 2004



## Notice of Annual General Meeting

### Notes:

1. A member entitled to attend and vote at the Annual General Meeting may appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be lodged at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 48 hours before the time appointed for the Annual General Meeting.

### ADDITIONAL INFORMATION ON ORDINARY BUSINESS

Mr Tow Heng Tan and Mr David Wong Chin Huat are members of the Audit Committee and are considered to be Independent Directors of the Company.

### EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED

Resolution 10 is to empower the Directors (from the passing of Resolution 10 until the next Annual General Meeting) to issue shares in the capital of the Company up to an amount not exceeding in aggregate 50% of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders does not exceed 20% of the issued share capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the Company's issued share capital when Resolution 10 is passed, after adjusting for the conversion or exercise of any convertible securities and share options that have been issued or granted and which are outstanding when Resolution 10 is passed, and any subsequent consolidation or subdivision of shares.

Resolution 11 is to authorise the Directors to grant options and to allot and issue shares upon the exercise of such options in accordance with the ComfortDelGro Employees' Share Option Scheme approved by shareholders at the Extraordinary General Meeting held on 18 February 2003.

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# ComfortDelGro Corporation Limited

(incorporated in the Republic of Singapore)

## Proxy Form Annual General Meeting

### IMPORTANT

- 1 For investors who have used their CPF monies to buy ComfortDelGro Corporation Limited's shares, this annual report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- 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.

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a member/members of ComfortDelGro Corporation Limited hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

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as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on Thursday, 29 April 2004 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the meeting.

No.	Resolutions	For*	Against*
1.	Adoption of Directors' Report and Accounts		
2.	Declaration of Final Dividend		
3.	Approval of Directors' fees		
4.	Re-election of Mr Lim Jit Poh as Director		
5.	Re-election of Mr Kua Hong Pak as Director		
6.	Re-election of Mr Tow Heng Tan as Director		
7.	Re-election of Mr David Wong Chin Huat as Director		
8.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
9.	Any other ordinary business		
10.	General authority to issue shares		
11.	Grant of options and issuance of shares pursuant to exercise of options		

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2004

**Total Number of Shares Held**

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

#### Notes

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), 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.
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 an 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 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Affix  
postage  
stamp

**The Company Secretary**  
**ComfortDelGro Corporation Limited**  
**205 Braddell Road**  
**Singapore 579701**

Fold along this line

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