

# Summary Report

**2006**

**SBS Transit Ltd**

## **Our Vision**

**Moving people in  
a safe, reliable and  
affordable way.**

## **Our Mission**

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

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**Lim Jit Poh**  
Chairman



**2006 will go down in SBS Transit's history as a watershed year.**

**We rolled out a state-of-the-art fleet management system and tested out a real-time bus arrival information system. We introduced Singapore's first wheelchair-friendly bus and played host to international guests of the International Monetary Fund and World Bank. We also launched Singapore's first-ever monthly bus pass for all adults.**

Our staff did us proud by garnering 985 Excellent Service Awards (EXSA), giving SBS Transit the largest haul, not just in the land transport category, but among all categories in Singapore.

Equally significant was the fact that we continued to grow rail ridership, ending the year with a maiden profit of \$600,000. Our bus ridership also saw an increase of 2.2%, our first increase in more than 10 years.

Industry-wide, there were also many things that were happening. In October 2006, the Minister for Transport delivered a landmark speech outlining his vision for the next 10 to 15 years. In it, he called for a review of the industry with the objective of making public transport the choice mode of commuters. I immediately responded as Chairman of both SBS Transit, and its parent, ComfortDelGro Corporation Limited, by forwarding a copy of the speech to the Directors of the two Boards and requested that meetings be held to put forth our stand, both as a public transport operator and an investor.

We fully support the Minister's call. I note the public calls for more competition. I also note the cry for centralised and integrated services. These are extreme positions. Each has its own merits. We will need to identify the system gaps which have to be rectified and improve our present arrangements.

As an operator, SBS Transit will need to look at how best we can balance our duties as a service provider to our customers as well as a public-listed company with responsibilities to our shareholders. We will have to see how we can keep up with the changes that are taking place around us while ensuring that the needs of commuters are not compromised. Our overall aim is to provide a safe, reliable and affordable service.

## **OUR BUSINESS PRINCIPLES**

As a public transport service provider, we are always mindful of our responsibilities to our commuters. We balance this with our responsibility as a listed company to our shareholders.

The needs of the commuting public, especially the lower income households, the retirees, the handicapped, young children and school students were not forgotten when a fare adjustment was implemented in October 2006.

The decision to implement a fare increase was undertaken after much deliberation by the Company. Due to the significant cost increases, in particular fuel costs which hit new highs last year, we applied to the Public Transport Council (PTC) for bus and rail fare adjustments. The application was in line with the formula recommended by the Fare Review Mechanism Committee. Based on a change in the Consumer Price Index of 0.5% and the Wage Index of 3.5%, the formula allowed for fares to increase by up to 1.7% in 2006. Our application was approved by the PTC.

Under the revised fare structure, bus and train adult ez-link fares increased marginally by between 1 and 3 cents. Children and student fares and concession passes were not affected by the adjustment. Cash fares remained unchanged.

To ensure that the needy families were not severely impacted, we gave them \$500,000 worth of transport vouchers. In addition, we continued to offer our elderly passengers concessionary travel from 9am onwards on weekdays and throughout the weekend. In all, the relief package cost us \$4.4 million.

## **COMMITMENT TO SERVICE**

According to the Public Transport Council's 2006 Passenger Satisfaction Survey, more commuters were contented with the public transport service in Singapore, with the level of



**As a leading public transport service operator in Singapore, we have a duty to our customers and ourselves to deliver the best-in-class service and to create a culture of excellence.**

satisfaction hitting 80 per cent, up from 70 per cent in 2005.

We are glad that commuter satisfaction has grown and we will continue in our relentless efforts to address the three areas which require the greatest improvements – waiting time, travelling time and loading or crowdedness of buses.

As Singapore's largest public bus operator, with an operating fleet of 2,529 buses plying 223 scheduled routes, we continue to find new ways to improve on service. Our \$100 million investment in 200 new air-conditioned low-floor double-deck buses will enable us to replace some of our older buses and expand the fleet to provide more services.

In fact, SBS Transit constantly refers to information gleaned from the PTC surveys, our surveys and customer feedback to improve our bus and train service offerings.

As a leading public transport service operator in Singapore, we have a duty to our customers and ourselves to deliver the best-in-class service and to create a culture of excellence.

At the Board level, we formed a Service Quality Committee in 2006 to demonstrate the Board's commitment towards quality issues. The Committee has put in extra effort to familiarise itself with our operations and held several dialogue sessions with employees to understand their concerns. Visits to the various operational units such as the customer relations centre, bus interchanges and the operations control centres were organised with this purpose in mind. The goal was to improve our overall level of service standards by appreciating operational constraints, staff concerns, and balancing them with customers' expectations.

Many of our staff have taken upon themselves to deliver good customer service each and every day. Their efforts have paid off through the various awards they

received; commendations letters from customers to the Company and inspiring stories in the media.

In 2006, Senior Bus Captain (BC) Ong Sze Err became the only EXSA SuperStar winner in the land transport Industry. Significantly, it was the second consecutive year that SBS Transit has won the EXSA SuperStar award.

Many others have also been commended for excellence in service. In all, SBS Transit chalked up a bumper crop of 985 EXSA winners, almost twice that of the previous year.

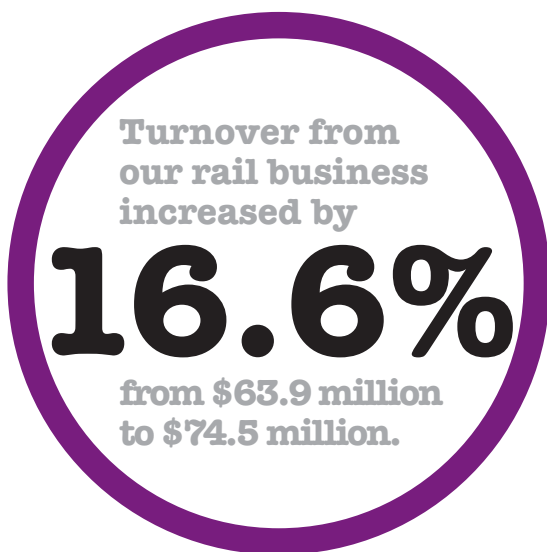
#### **FINANCIAL RESULTS**

SBS Transit's total turnover in 2006 increased by 6.3% from \$576.3 million in 2005 to \$612.6 million.

Turnover from bus operations increased by 4.2% from \$493.2 million to \$513.9 million. The increase was mainly due to the introduction of new bus services and innovative products like *SeasonPass*, which resulted in a 2.2% growth in ridership to 763.2 million rides in 2006. Operating profit decreased by 18.8% from \$50.7 million to \$41.2 million as a result of the high fuel prices.

Turnover from our rail business increased by 16.6% from \$63.9 million to \$74.5 million. The North-East Line (NEL) contributed \$68 million while the Sengkang Light Rail Transit (LRT) contributed \$5.2 million and the Punggol LRT \$1.3 million. Ridership for NEL and the two LRT systems grew by 15.2% and 17.7% respectively as compared to 2005. For the first time, the rail business turned in an operating profit of \$600,000, reversing an operating loss of \$6.3 million in the previous year.

Business generated from advertisements contributed \$24.2 million in revenue, an increase of 25.8%. Our operating profit from advertisements also rose 21.0% to \$15.7 million in 2006.



Our pre-tax profit increased by 6.4% from \$63.3 million to \$67.3 million. Profit after tax was \$56.1 million, an increase of 8.9% from \$51.5 million in 2005.

Capital expenditure of \$83.9 million increased by \$67.3 million over the previous year due mainly to the renewal of the existing bus fleet.

In 2006, earnings per share was 18.52 cents. This was more than the 17.12 cents in 2005. Net assets per share stood at 90 cents, a drop of 1 cent from 2005. As at 31 December 2006, shareholders' funds dropped by 0.9% to \$271.7 million partly due to dividends which were paid out during the year.

The Directors have proposed a final gross dividend of 6.5 cents per ordinary share and a special gross dividend of 17.0 cents per ordinary share for the approval of the shareholders. Together with the interim dividend of 5.0 cents per ordinary share, the total dividend to be paid out for 2006 will be 28.5 cents per share.

#### **THE YEAR AHEAD**

In the coming year, we plan to introduce more bus services and innovations to boost ridership and meet the different needs of our commuters.

New bus services will continue to be rolled out as we look at offering more niche services as well as new premium bus services. Passengers in wheelchairs can also look forward to more Wheelchair Accessible Bus services going forward.

Providing quality service will continue to be a key focus. Service campaigns to contribute to a more pleasant journey for commuters will be undertaken by both our Bus Captains and fleet management team.

We will also look at enhancing service information for our commuters. We have, for example, started offering

real-time bus arrival information on our website as well as on mobile devices since January 2007.

We are also working closely with the PTC on the implementation details in line with the penalty fee legislation which was approved by Parliament in 2005. This will help discourage commuters from underpayment or nonpayment when using our public transport.

In the rail business, developments along the North East corridor are expected to continue to come up, resulting in a continued growth in ridership. Similarly, advertisement revenue and rental revenue should grow in tandem with the buoyant economy.

#### **APPRECIATION**

I wish to thank management for its hard work and commitment. It has been a challenging year but the team has performed admirably.

I would also like to express my deepest appreciation to my fellow Directors for their continued guidance.

To the National Transport Workers' Union, authorities, advisors and grassroots leaders, thank you for your cooperation and assistance.

To our loyal shareholders, thank you for your understanding and trust in our ability to deliver what has been committed.

And finally, to our customers, thank you for your patronage, cooperation and understanding.

**Lim Jit Poh**  
Chairman

**BOARD OF DIRECTORS**

Lim Jit Poh  
*Chairman*

Kua Hong Pak  
*Deputy Chairman*

Ong Boon Leong  
*Executive Director*

Cheong Yip Seng

Chin Harn Tong

John De Payva

Tan Kong Eng

Wee Siew Kim

Wong Chin Huat, David

**AUDIT COMMITTEE**

Wee Siew Kim  
*Chairman*

Chin Harn Tong

Tan Kong Eng

**REMUNERATION COMMITTEE**

Chin Harn Tong  
*Chairman*

John De Payva

Lim Jit Poh

**NOMINATING COMMITTEE**

John De Payva  
*Chairman*

Cheong Yip Seng

Wong Chin Huat, David

**SERVICE QUALITY COMMITTEE**

Wong Chin Huat, David  
*Chairman*

Cheong Yip Seng  
*(Appointed on 11 August 2006)*

John De Payva

Wee Siew Kim

**CORPORATE DIRECTORY**

**Registered Office**

205 Braddell Road  
Singapore 579701

*Mainline* (65) 6284 8866

*Facsimile* (65) 6287 0311

*Email* [crc@sbstransit.com.sg](mailto:crc@sbstransit.com.sg)

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

*Company Registration No.* 199206653M

**Company Secretary**

Cheng Pei Juuan, Rebecca

**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 2  
Singapore 068809

*Partner-in-Charge:*

Kee Cheng Kong, Michael

*Date of appointment:*

8 November 2006

## Board of Directors

**M**r Lim Jit Poh was appointed non-executive Chairman and Director of SBS Transit Ltd in 2003. He is a member of the Remuneration Committee. Mr Lim is also the Chairman of ComfortDelGro Corporation Limited, VICOM Ltd, Ascott Residence Trust Management Limited, China Aviation Oil (Singapore) Corporation Ltd, China Printing & Dyeing Holding Limited and Sky China Petroleum Services Ltd as well as a Director of several listed companies with business interests in stock broking, property trust, hospitality, manufacturing and oil and energy services. Mr Lim is also a director of several unlisted companies under the ownerships of the Singapore Labour Foundation and Temasek Holdings (Private) 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 trustee of the Singapore National Employers' Federation.

Mr Lim was a Council Member of the Singapore Chinese Chambers of Commerce and Industry and the National University of Singapore, and a member of the Singapore British Business Council. He was also very active in community work being Chairman of a community centre management committee. Presently, he serves as Vice President of Orchid Country Club and the Board of Management of Pei Chun Public School.

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

Mr Lim was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 27 April 2006. He is a non-independent Director of the Company.

**Lim Jit Poh**  
Chairman  
(Non-Executive)



**M**r Kua Hong Pak was appointed a Director of SBS Transit Ltd in 2002. In 2003, he was appointed Deputy Chairman of the Company. Mr Kua is presently the Managing Director/Group Chief Executive Officer of ComfortDelGro Corporation Limited. Prior to this, he was the President/Chief Executive Officer of Times Publishing Limited from 1989 to 2001.

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

Mr Kua holds a Bachelor of Accountancy degree from 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 97 of the Company's Articles of Association, Mr Kua will be due for re-election at the forthcoming Annual General Meeting to be held on 26 April 2007. He is a non-independent Director of the Company.

**Kua Hong Pak**  
Deputy Chairman  
(Non-Executive)



## Board of Directors

**M**r Ong Boon Leong was appointed Executive Director of SBS Transit Ltd in 2005.

Mr Ong first joined DelGro Corporation Limited in 1994 as Senior Manager, Corporate Development where he was responsible for business development, corporate planning and corporate communications. From 1998, he was concurrently appointed Group Chief Financial Officer.

On his promotion to Executive Vice President in 2000, Mr Ong assumed the position of Chief Executive Officer (CEO) Europe Business, a position which oversees the DelGro Corporation Limited's operations in United Kingdom and Ireland. Subsequently, in 2001, he was concurrently appointed as Deputy CEO of SBS Transit Ltd. In 2003, Mr Ong assumed the position of Chief Operating Officer. He oversees the day-to-day operations of both the bus and rail businesses.

Prior to joining the ComfortDelGro Group, Mr Ong served in the Administrative Service with stints in the Ministry of Communications and Ministry of Home Affairs.

He also worked as an Investment Analyst at Standard Chartered Securities Pte Ltd.

Mr Ong was a Monbusho scholar and holds a degree in Economics from Hitotsubashi University, Japan.

Mr Ong was last re-elected a Director of the Company pursuant to Article 103 of the Company's Articles of Association at the Annual General Meeting held on 27 April 2006. He is a non-independent Director of the Company.

**Ong Boon Leong**  
Executive Director



**M**r Cheong Yip Seng has been a non-executive Director of SBS Transit Ltd since 1997. He is a member of the Company's Nominating Committee and Service Quality Committee. Mr Cheong was the Editor-in-Chief of the English/Malay Newspapers Division of Singapore Press Holdings Limited from 1987 to 2006. In 2007, he became editorial adviser, SPH.

He is a Member of the National University of Singapore's Board of Trustees. In 1997, Mr Cheong was awarded the ASEAN Award for Information.

Mr Cheong attended the Executive Programme at Stanford Business School and Advanced Management Programme at Harvard Business School.

Pursuant to Article 97 of the Company's Articles of Association, Mr Cheong will be due for re-election at the forthcoming Annual General Meeting to be held on 26 April 2007. He is an independent Director of the Company.

**Cheong Yip Seng**  
Director  
(Non-Executive)



**M**r Chin Harn Tong has been a non-executive Director of SBS Transit Ltd since 1993. He is the Chairman of the Company's Remuneration Committee and a member of the Audit Committee. He is currently also a Director of CityCab Pte Ltd. He had previously been the Secretary, Executive Director and Advisor of NTUC Comfort (1971 - 1986).

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

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

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

Mr Chin was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 28 April 2005. He is an independent Director of the Company.



**Chin Harn Tong**  
Director  
(Non-Executive)

**M**r John De Payva has been a non-executive Director of SBS Transit Ltd since 1999. He is the Chairman of the Company's Nominating Committee and member of the Remuneration Committee and Service Quality Committee.

Mr De Payva is the President of the National Trades Union Congress. He is also a Director and Secretary General of the Singapore Manual and Mercantile Workers' Union since January 1988 and a Director of NTUC Thrift & Loan Cooperative Ltd and VITA Holdings Limited.

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

Mr De Payva was awarded the Public Star Medal in 1998 and Public Service Star in 2004 by the President of the Republic of Singapore.

Mr De Payva was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 27 April 2006. He is an independent Director of the Company.



**John De Payva**  
Director  
(Non-Executive)

## Board of Directors

**M**r Tan Kong Eng has been a non-executive Director of SBS Transit Ltd since 1992. He was the Managing Director of DelGro Corporation Limited between 1973 and 1994. He is a member of the Company's Audit Committee. Mr Tan retired in 1994 and is currently a Director of Glory & Company Private Limited and Changi Bus Company (Private) Limited.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Tan will be due for re-appointment as a Director at the forthcoming Annual General Meeting to be held on 26 April 2007.

He is an independent Director of the Company.

**Tan Kong Eng**  
Director  
(Non-Executive)



**M**r Wee Siew Kim has been a non-executive Director of SBS Transit Ltd since 2003. He is the Chairman of the Company's Audit Committee and member of the Service Quality Committee.

Mr Wee is the Deputy CEO of Singapore Technologies Engineering Ltd. Prior to this, Mr Wee held several positions within Singapore Technologies Engineering and Singapore Technologies Aerospace Ltd, the last being the President of the latter organisation.

Mr Wee is also the Member of Parliament, Ang Mo Kio GRC. He is presently a Director of Singapore British Engineering Pte Ltd, Singapore Technologies Kinetics Ltd, Singapore Technologies Electronics Limited, Singapore Technologies Aerospace Ltd, Singapore Technologies Marine Ltd and Singapore Technologies Dynamics Pte Ltd and Chairman of SAS Components DB.

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

Pursuant to Article 97 of the Company's Articles of Association, Mr Wee will be due for re-election at the forthcoming Annual General Meeting to be held on 26 April 2007. He is an independent Director of the Company.

**Wee Siew Kim**  
Director  
(Non-Executive)



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

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

Mr Wong is also a Director of ComfortDelGro Corporation Limited and several other listed companies. Currently, he also serves as a member of the Public Service Commission and the Singapore Labour Foundation as well as 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. 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. In 1991, he was awarded the Public Service Star and in 2005, the Public Service Star (Bar) by the President of the Republic of Singapore for community and social services rendered.

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

Mr Wong was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 27 April 2006. He is a non-independent Director of the Company.



**Wong Chin Huat, David**  
Director  
(Non-Executive)

## INTRODUCTION

As a land transport provider with a vision of moving people in a safe, reliable and affordable way, SBS Transit has always been committed to maintaining and upholding the highest standards of corporate governance to enhance and safeguard the best interest of all its stakeholders. As a further commitment towards enhancing corporate transparency and promoting good corporate governance practices amongst its employees, we have adopted the Code of Business Conduct of our parent company ComfortDelGro, which sets out the principles and policies upon which its businesses will be regulated, taking into account the applicable laws and regulations. To enhance the effectiveness of the Code of Business Conduct, and to prevent the occurrence of unethical conduct or behaviour, we have adopted the policy on Whistle Blowing of our parent company. Here, the aim is to stop any activity that runs contrary to the interests of the Company and to effect disciplinary actions against those found guilty of inappropriate or illegal behaviour.

This report sets out the corporate governance practices that were in place during the year with specific reference to the Code of Corporate Governance 2005. The full corporate governance report is set out in the Company's Annual Report.

## BOARD OF DIRECTORS

### *Principle 1 – The Board's Conduct of its Affairs*

At the helm in the decision making process of the Group is the Board of Directors. The Board is headed by the non-executive Chairman, Mr Lim Jit Poh.

The Board has delegated the day-to-day management and running of the Company to the management headed by the Executive Director, Mr Ong Boon Leong, while reserving certain key issues and policies for its approval.

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision making, three committees had been formed namely, the Audit Committee (AC), the Nominating Committee (NC), and the Remuneration Committee (RC).

In addition, a new Board Committee known as Service Quality Committee was also formed on 1 January 2006 to assist the Company in enhancing its quality of service to its commuters and to oversee the communication framework and handling of feedback for both the bus and rail services.

To tie in with the requirement for quarterly and full-year reporting, and the approval of the Company's Annual Budget, a total of four scheduled Board meetings are held in each financial year. The quarterly and full-year Board meetings are held within 45 days after the end of each quarter and the financial year (as the case may be). The Company's Annual Budget is approved at the Board meeting for the third quarter's results. Ad-hoc Board meetings are also held from time to time as and when the need arises.

In order to assist Directors in planning their attendance at Board and Committee meetings, meeting dates for each year are scheduled in advance in consultation with the Directors.

The attendance of the Directors at the Board and Committee meetings for financial year 2006 and the frequency of such meetings is set out below:

Name	SBS Transit Board		Audit Committee		Nominating Committee		Remuneration Committee		Service Quality Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held#	No. of Meetings Attended
Lim Jit Poh	6	6	–	–	1	1*	3	3	–	–
Kua Hong Pak	6	6	–	–	1	1*	3	3*	–	–
Ong Boon Leong	6	6	–	–	–	–	–	–	3	3*
Cheong Yip Seng	6	5	–	–	1	–	–	–	3	+*
Chin Harn Tong	6	6	4	4	–	–	3	3	–	–
John De Payva	6	5	–	–	1	1	3	3	3	3
Tan Kong Eng	6	6	4	4	–	–	–	–	–	–
Wee Siew Kim	6	5	4	4	–	–	–	–	3	3
Wong Chin Huat, David	6	6	–	–	1	1	–	–	3	3

\* Attended meetings by invitation of the Committee

# Includes two dialogue sessions with frontline staff

+ Appointed on 11 August 2006

Regular presentations are held to enable Directors to familiarise themselves with the Company's businesses. Directors are also furnished regularly with analyst reports, updates on corporate governance practices, and articles relating to changes in laws relevant to the Company's businesses and operating environments.

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

#### **Principle 2 – Board Composition and Guidance**

The Board presently comprises nine Directors, of whom only one Director is an executive of the Company. Of the eight remaining non-executive Directors, five of them are considered by the NC to be independent.

The NC, having reviewed the composition of the Board, is satisfied that the present size of the Board is effective for decision making. The NC is also satisfied that the Board comprising Directors with a variety of skills, core competencies, expertise and working experience from various industries, is effective and has the competencies to discharge its duties and responsibilities. The voicing of different views is common and management is open in its dealings with the Board.

#### **Principle 3 – Chairman and Executive Director**

The Chairman and the Executive Director have separate and distinct roles. The Chairman is responsible for the effective functioning of the Board while the Executive Director is responsible for the day-to-day operations of the Company. The Executive Director reports to the Deputy Chairman. The Chairman, Deputy Chairman and the Executive Director are not related to one another.

#### **Principle 4 – Board Membership**

The NC comprises three non-executive Directors, of whom two, including the Chairman are independent. The Chairman of the NC is not associated with any substantial shareholder. The Company Secretary is the Secretary to the NC.

In addition, appointments and re-appointments of Directors to the Board of the Company are subject to the approvals of the Land Transport Authority and the Public Transport Council.

The Articles of Association of the Company provide that one third of the Directors, including the Managing Director, are subject to retirement by rotation every year and Directors appointed during the year will be subject to re-election at the Annual General Meeting immediately following his appointment. For the forthcoming Annual General Meeting, Mr Kua Hong Pak, Mr Cheong Yip Seng and Mr Wee Siew Kim are due for re-election pursuant to Article 97 and Mr Tan Kong Eng is due for

re-appointment pursuant to Section 153(6) of the Companies Act, Cap. 50.

#### **Principle 5 – Board Performance**

The effectiveness of the Board is monitored by the NC annually in terms of overall performance and growth of the Company, achieving an adequate return for shareholders, preventing conflicts of interest and balancing the competing demands of the Company. In evaluating the contributions and performance of each individual Director, factors taken into consideration include, inter alia, attendance at Board meetings and activities, contributions in specialist areas and maintenance of independence.

In evaluating the performance of the Board, the NC also considered the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peer. The NC also considered other official indicators, including growth in earnings and net tangible assets per share, return on assets, dividend per ordinary share and dividend yield in its evaluation.

#### **Principle 6 – Access to Information**

In addition to the Annual Budget which is submitted to the Board for approval, comprehensive quarterly and annual financial statements and reports are also submitted to the Board for approval prior to being released to the Singapore Exchange Securities Trading Limited (SGX).

The Board has full access to the senior management team and the Company Secretary. The Company Secretary has defined roles and responsibilities and attends the Board and Committee meetings of the Company.

### **REMUNERATION MATTERS**

#### **Principle 7 – Procedures for Developing Remuneration Policies**

The RC was formed to provide the Board with an independent assessment and review of Directors' remuneration. The RC also reviews from time to time the remuneration framework and strategy for executive compensation.

The RC comprises three non-executive Directors, of whom two including the Chairman, are independent. The members of the RC are also independent of management and free from any business or other relationships, which may materially interfere with the exercise of independent judgment. The Company Secretary is the Secretary to the RC.

#### **Principle 8 – Level and Mix of Remuneration**

The remuneration packages of key executives of the Company comprised both fixed and variable components. The variable component, in the form of year-end performance bonuses and stock options, form a significant

proportion of the remuneration packages and is dependent upon the profitability of the Company and individual performance. Subject to market conditions and the operating environment, the Company is working towards achieving ratios of fixed to variable component of total compensation package of 70:30 for rank and file employees, 60:40 for middle management staff and 50:50 for top management staff. The Company believes that a high proportion of performance related component will ensure greater alignment of interests of the executives with those of shareholders.

The structure for the payment of Directors' fees for non-executive Directors is based on a framework comprising basic fees and additional fees for serving on Board committees and also for undertaking additional services for the Company. The fees are subject to approval of shareholders at the Annual General Meeting.

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

#### **Principle 9 – Disclosure of Remuneration**

The remuneration of the Directors and the key executives of the Company (who are also not Directors) for the financial year 2006 are found on page 28 of this Summary Report.

During the financial year 2006, no key executive was an immediate family member of any Director of the Company.

### **ACCOUNTABILITY AND AUDIT**

#### **Principle 10 – Accountability**

During financial year 2006, the Company released its quarterly and full-year results within 45 days from the end of each quarter or financial year as the case may be.

#### **Principle 11 – Audit Committee**

The Company's AC comprises three non-executive Directors, all of whom are independent. The Board has reviewed and is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities.

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

During the financial year, the AC also met with the external and internal auditors without the presence of management. The AC has reviewed the independence of the external auditors, Deloitte & Touche, including

the scope of non-audit services performed, and has confirmed that the external auditors are independent.

#### **Principle 12 – Internal Controls**

The Company has well-established internal controls and compliance functions. These include:

##### *(i) Financial Authority Limits*

Comprehensive and specific financial authority limits are put in place for capital expenditure, operating expenses, treasury matters, direct investments, revenue tender participation, and disposal and write-off of assets.

##### *(ii) Budgetary Control*

A robust and challenging Annual Budget is prepared and approved by the Board prior to the commencement of each new financial year. Variations between actual and budgeted performance are reviewed and justifications provided, if material. This is done on a quarterly basis. Specific approvals are also required for unbudgeted expenditures exceeding a relevant threshold. In addition, the capital expenditure budget is approved in principle by the Board when the Annual Budget is approved. Each capital expenditure spending is still subject to rigorous justification and review in accordance with the Company's financial authority limits. Also, tight control is implemented on hiring through headcount budgets.

##### *(iii) Investment Proposals and Business Opportunities*

To ensure that the rate of return on any new investment or business opportunity is commensurate with the risk exposure taken, apart from undertaking a detailed feasibility study, the new investment opportunity is evaluated by management in terms of (a) return on investment; (b) pay back period; (c) cash flow generation; (d) potential for internal and external growth; (e) investment climate; and (f) political stability.

##### *(iv) Operational Risk*

The Company has organised its management structure to ensure that operational risks are continuously identified, managed and mitigated.

##### *(v) Business Continuity Planning*

The Company has also embarked on Business Continuity Management (BCM) planning to address its business continuity in the event of major disasters affecting its operations.

##### *(vi) Financial Risk*

The main areas of financial risk faced by the Company are foreign currency exchange rate risk, interest rate

risk, credit risk, liquidity and funding risk and fuel price risk. The Company 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.

#### ***Principle 13 – Internal Audit***

The internal audit function of the Company is performed by the Internal Audit Department of its holding company comprising a team of seven staff and headed by the Group Internal Audit Officer. She reports functionally to the Chairman of the AC. The Company Secretary is the Secretary of the AC.

The Internal Audit Department provides an independent and objective evaluation of the internal control systems and corporate governance processes of the Group in accordance with the audit plan as approved by the AC and recommends improvements, where necessary.

### **COMMUNICATIONS WITH SHAREHOLDERS**

#### ***Principle 14 – Regular, Effective and Fair***

##### **Communications with Shareholders**

The Company has in place a framework that regularly communicates pertinent and relevant information to shareholders, gathers views and addresses shareholders' concerns. Communication with shareholders is conducted through announcements to the SGX and press releases, press and media briefings after the announcement of the full-year's results and the posting of announcements and releases on the Company's website.

As part of a programme of investor relations, the Group's Investor Relations Team together with senior management, meet with major institutional and retail investors on a regular basis.

#### ***Principle 15 – Shareholders Participation at Annual General Meeting***

The Articles of Association of the Company provides for voting in person at Annual General Meetings of the Company. The Chairman of the various Board Committees as well as the external auditors are present to address questions raised by shareholders at the Annual General Meetings.

Issues or matters requiring shareholders' approval are tabled in the form of separate and distinct resolutions.

### **DEALINGS IN SECURITIES**

The Company has adopted an internal code based on the SGX's guideline to provide guidance to the Directors and executives of the Company in relation to dealings in the securities of the Company, ComfortDelGro and VICOM. Directors and executives of the Company have to refrain from dealing in the securities of the Company,

ComfortDelGro and/or VICOM during the period commencing two weeks before the announcement of the Company's, ComfortDelGro's and/or VICOM's first, second and third quarter results, and one month before the announcement of the full-year results, and ending on the date of the announcement of the relevant results.

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# Summary Financial Statement

for the financial year ended 31 December 2006

## IMPORTANT

The summary financial statement as set out on pages 17 to 29 contains only a summary of the information extracted from the report of the directors and financial statements of the Company's full annual report. It does not contain sufficient information to allow for a full understanding of the results and the state of affairs of the Group and of the Company. For further information, the full financial statements, the auditors' report on those financial statements and the report of the directors in the annual report should be consulted. Shareholders may request for a copy of the annual report at no cost. Please use the request form at the end of this summary report.

## REPORT OF THE DIRECTORS

### 1 DIRECTORS

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

Lim Jit Poh (*Chairman*)  
 Kua Hong Pak (*Deputy Chairman*)  
 Ong Boon Leong (*Executive Director*)  
 Cheong Yip Seng  
 Chin Harn Tong  
 John De Payva  
 Tan Kong Eng  
 Wee Siew Kim  
 Wong Chin Huat, David

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

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

### 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and its related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50, except as follows:

Name of Directors and companies in which interests are held	SHAREHOLDINGS REGISTERED IN NAME OF DIRECTOR			SHAREHOLDINGS IN WHICH DIRECTORS ARE DEEMED TO HAVE INTEREST		
	At 1 January 2006	At 31 December 2006	At 21 January 2007	At 1 January 2006	At 31 December 2006	At 21 January 2007
<b>Interest in the Company</b>						
(a) Ordinary shares						
Lim Jit Poh	-	50,000	50,000	-	-	-
Kua Hong Pak	150,000	150,000	150,000	-	-	-
Ong Boon Leong	280,000	64,500	64,500	-	-	-
Cheong Yip Seng	85,000	120,000	120,000	-	-	-
Chin Harn Tong	100,000	130,000	130,000	-	-	-
Tan Kong Eng	134,800	164,800	164,800	691,548	691,548	691,548
Wee Siew Kim	155,000	155,000	155,000	-	-	-
Wong Chin Huat, David	120,000	100,000	100,000	-	-	-

# Report of the Directors

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of Directors and companies in which interests are held	SHAREHOLDINGS REGISTERED IN NAME OF DIRECTOR			SHAREHOLDINGS IN WHICH DIRECTORS ARE DEEMED TO HAVE INTEREST		
	At 1 January 2006	At 31 December 2006	At 21 January 2007	At 1 January 2006	At 31 December 2006	At 21 January 2007
<b>Interest in the Company</b>						
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	200,000	250,000	250,000	-	-	-
Kua Hong Pak	180,000	270,000	270,000	-	-	-
Ong Boon Leong	350,000	315,000	315,000	-	-	-
Cheong Yip Seng	100,000	115,000	115,000	-	-	-
Chin Harn Tong	110,000	145,000	145,000	-	-	-
John De Payva	135,000	200,000	200,000	-	-	-
Tan Kong Eng	80,000	100,000	100,000	-	-	-
Wee Siew Kim	100,000	165,000	165,000	-	-	-
Wong Chin Huat, David	110,000	100,000	100,000	-	-	-
<b>Interest in ultimate holding company, ComfortDelGro Corporation Limited</b>						
(a) Ordinary shares						
Lim Jit Poh	44,425	44,425	44,425	-	-	-
Kua Hong Pak	1,624,530	1,624,530	1,624,530	-	-	-
Ong Boon Leong	401,362	696,870	696,870	-	-	-
Cheong Yip Seng	-	-	-	-	-	30,000
Tan Kong Eng	64,162	64,162	64,162	9,244,095	9,244,095	9,244,095
Wong Chin Huat, David	200,000	100,000	100,000	-	-	-
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	400,000	600,000	600,000	-	-	-
Kua Hong Pak	2,400,000	3,600,000	3,600,000	-	-	-
Ong Boon Leong	820,508	675,000	675,000	-	-	-
Wong Chin Huat, David	200,000	300,000	300,000	-	-	-

### 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of Directors and companies in which interests are held	SHAREHOLDINGS REGISTERED IN NAME OF DIRECTOR			SHAREHOLDINGS IN WHICH DIRECTORS ARE DEEMED TO HAVE INTEREST		
	At 1 January 2006	At 31 December 2006	At 21 January 2007	At 1 January 2006	At 31 December 2006	At 21 January 2007
<b>Interest in related company, VICOM Ltd</b>						
(a) Ordinary shares						
Lim Jit Poh	30,000	190,000	190,000	-	-	-
Cheong Yip Seng	10,000	10,000	10,000	-	-	-
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	160,000	-	-	-	-	-
Kua Hong Pak	54,000	54,000	54,000	-	-	-

### 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, Cap. 50, 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. Certain Directors received remuneration from related corporations in their capacity as Directors and/or executives of those related corporations.

### 5 SHARE OPTIONS

- a) Aggregate number of share options under the SBS Transit Share Option Scheme ("SSOS") of the Company are as follows:

Dates of grants	Outstanding at 1 January 2006	NUMBER OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES			Outstanding at 31 December 2006	Subscription price per share	Expiry dates
		Granted	Exercised	Cancelled/Lapsed			
26 September 2000 to 13 July 2006	6,810,750	2,967,000	933,250	167,000	8,677,500	\$1.22 to \$2.29	19 July 2009 to 13 July 2016

# Report of the Directors

## 5 SHARE OPTIONS (CONT'D)

- b) Details of the SSOS options granted to Directors of the Company during the financial year and since the commencement of the SSOS up to 31 December 2006 were as follows:

Director	NUMBER OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES			
	Granted during the financial year ended 31 December 2006	Aggregate options granted since the commencement of scheme to 31 December 2006	Aggregate options exercised since the commencement of scheme to 31 December 2006	Aggregate options outstanding as at 31 December 2006
Lim Jit Poh	100,000	480,000	230,000	250,000
Kua Hong Pak	90,000	420,000	150,000	270,000
Ong Boon Leong	90,000	720,000	405,000	315,000
Cheong Yip Seng	50,000	305,000	190,000	115,000
Chin Harn Tong	65,000	275,000	130,000	145,000
John De Payva	65,000	300,000	100,000	200,000
Tan Kong Eng	50,000	260,000	160,000	100,000
Wee Siew Kim	65,000	320,000	155,000	165,000
Wong Chin Huat, David	50,000	280,000	180,000	100,000

## 6 AUDIT COMMITTEE

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

Wee Siew Kim (*Chairman*)  
Chin Harn Tong  
Tan Kong Eng

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

In performing its functions, the Audit Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the scope and results of their respective audits. The Audit Committee has reviewed the independence of the auditors, Messrs Deloitte & Touche, including the scope of the non-audit services performed and confirmed that the auditors are independent.

In addition, the Audit Committee reviewed the financial statements of the Group and the Company before their submission to the Board of Directors of the Company.

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

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## **7 AUDITORS**

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

The summary financial statement was approved by the Board of Directors and was signed on its behalf by:

### **LIM JIT POH**

*Chairman*

### **KUA HONG PAK**

*Deputy Chairman*

Singapore

13 February 2007

# Balance Sheets

31 December 2006

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Short-term deposits and bank balances	<b>26,896</b>	19,451	<b>26,896</b>	19,451
Held-for-trading investments	<b>148,082</b>	208,321	<b>148,082</b>	208,321
Available-for-sale investments	<b>13,739</b>	2,996	<b>13,739</b>	2,996
Trade receivables	<b>8,790</b>	3,834	<b>8,790</b>	3,834
Other receivables and prepayments	<b>21,241</b>	19,646	<b>21,241</b>	19,646
Hedging instruments	<b>71</b>	-	<b>71</b>	-
Inventories	<b>14,374</b>	11,567	<b>14,374</b>	11,567
Total current assets	<b>233,193</b>	265,815	<b>233,193</b>	265,815
<b>Non-current assets</b>				
Associate	<b>4,135</b>	2,533	<b>1,286</b>	1,026
Available-for-sale investments	<b>35,586</b>	54,103	<b>35,586</b>	54,103
Hedging instruments	<b>37</b>	70	<b>37</b>	70
Vehicles, premises and equipment	<b>221,718</b>	162,565	<b>221,718</b>	162,565
Total non-current assets	<b>261,476</b>	219,271	<b>258,627</b>	217,764
<b>Total assets</b>	<b>494,669</b>	485,086	<b>491,820</b>	483,579

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	141,811	123,621	141,811	123,621
Hedging instruments	-	12	-	12
Fuel price equalisation account	34,075	34,075	34,075	34,075
Provision for claims	9,263	7,767	9,263	7,767
Income tax payable	10,344	15,384	10,344	15,384
Total current liabilities	195,493	180,859	195,493	180,859
<b>Non-current liabilities</b>				
Deferred tax liabilities	15,766	18,499	15,766	18,499
Provision for service benefits and long service awards	11,668	11,613	11,668	11,613
Total non-current liabilities	27,434	30,112	27,434	30,112
<b>Capital and reserves</b>				
Share capital	83,371	75,611	83,371	75,611
Capital reserves	951	6,593	951	6,593
Accumulated profits	187,420	191,911	184,571	190,404
Total equity	271,742	274,115	268,893	272,608
<b>Total liabilities and equity</b>	<b>494,669</b>	<b>485,086</b>	<b>491,820</b>	<b>483,579</b>

# Consolidated Profit and Loss Statement

year ended 31 December 2006

	2006 \$'000	2005 \$'000
<b>Turnover</b>	<b>612,564</b>	576,284
Other operating income	<b>15,988</b>	14,042
<b>Revenue</b>	<b>628,552</b>	590,326
Staff costs	<b>(273,221)</b>	(261,165)
Repairs and maintenance	<b>(74,806)</b>	(71,158)
Energy and fuel costs	<b>(121,479)</b>	(101,211)
Premises costs	<b>(27,614)</b>	(29,170)
Depreciation expense	<b>(24,754)</b>	(24,657)
Other operating expenses	<b>(49,254)</b>	(45,811)
Total operating expenses	<b>(571,128)</b>	(533,172)
<b>Operating profit</b>	<b>57,424</b>	57,154
Net income from investments	<b>8,515</b>	6,611
Finance costs	-	(687)
Share of profit in associate	<b>1,342</b>	178
<b>Profit before taxation</b>	<b>67,281</b>	63,256
Taxation	<b>(11,148)</b>	(11,720)
<b>Profit attributable to shareholders</b>	<b>56,133</b>	51,536
Earnings per share (in cents):		
Basic	<b>18.52</b>	17.12
Diluted	<b>18.48</b>	17.07
Dividend per share (in cents):		
Interim	<b>5.00</b>	5.00
Final (proposed)	<b>6.50</b>	5.00
Special (proposed)	<b>17.00</b>	15.00
Total	<b>28.50</b>	25.00

# Consolidated Statement of Changes in Equity

year ended 31 December 2006

	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
	Share capital \$'000	Capital reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2005	74,456	2,941	203,813	281,210
Loss on available-for-sale investments recognised directly in equity	-	(1,608)	-	(1,608)
Net profit for the year	-	-	51,536	51,536
Total recognised income and expense for the year	-	(1,608)	51,536	49,928
Recognition of share-based payments	-	51	-	51
Exercise of share options	1,155	5,209	-	6,364
Payment of dividends	-	-	(63,443)	(63,443)
Others	-	-	5	5
Balance at 31 December 2005	75,611	6,593	191,911	274,115
Gain on available-for-sale investments recognised directly in equity	-	252	-	252
Realised loss transferred to profit or loss on disposal of available-for-sale investments	-	113	-	113
Net profit for the year	-	-	56,133	56,133
Total recognised income and expense for the year	-	365	56,133	56,498
Adjustment arising from abolition of par value of shares	6,246	(6,246)	-	-
Recognition of share-based payments	-	258	-	258
Exercise of share options	1,514	(18)	-	1,496
Payment of dividends	-	-	(60,653)	(60,653)
Others	-	(1)	29	28
Balance at 31 December 2006	83,371	951	187,420	271,742

# Consolidated Cash Flow Statement

year ended 31 December 2006

	2006 \$'000	2005 \$'000
<b>Operating activities</b>		
Profit before taxation	<b>67,281</b>	63,256
Adjustments for:		
Depreciation expense	<b>24,754</b>	24,657
Share-based payment expense	<b>258</b>	51
Gain on disposal of held-for-trading investments	<b>(182)</b>	(678)
Net (gain) loss on fair value changes of held-for-trading investments	<b>(88)</b>	1,073
Net gain on fair value changes of energy hedging instruments	<b>(23)</b>	-
Loss on disposal of available-for-sale investments	<b>73</b>	-
(Gain) Loss on disposal of vehicles and equipment	<b>(398)</b>	18
Interest expense	<b>-</b>	687
Interest income	<b>(8,761)</b>	(7,120)
Provision for service benefits and long service awards	<b>683</b>	339
Share of profit in associate	<b>(1,342)</b>	(178)
	<b>82,255</b>	82,105
Payment of service benefits and long service awards	<b>(628)</b>	(1,248)
Operating profit before working capital changes	<b>81,627</b>	80,857
Trade receivables	<b>(4,956)</b>	(304)
Other receivables and prepayments	<b>(1,839)</b>	(8,143)
Inventories	<b>(2,807)</b>	(852)
Held-for-trading investments	<b>60,531</b>	7,153
Trade payables	<b>18,190</b>	9,085
Provision for claims	<b>1,496</b>	377
Cash generated from operations	<b>152,242</b>	88,173
Income tax paid	<b>(18,921)</b>	(11,409)
Net cash from operating activities	<b>133,321</b>	76,764

	2006 \$'000	2005 \$'000
<b>Investing activities</b>		
Interest received	<b>9,095</b>	6,667
Proceeds from disposal of:		
Vehicles and equipment	<b>442</b>	64
Available-for-sale investments	<b>7,927</b>	-
Proceeds from (Payment on) transfer of:		
Equipment to ultimate holding company	<b>1</b>	1
Premises from immediate holding company	-	(1,800)
Equipment from ultimate holding company	<b>(3)</b>	-
Equipment from related companies	-	(1)
Purchase of:		
Vehicles and equipment	<b>(83,949)</b>	(16,626)
Available-for-sale investments	-	(18,000)
Additional interest in associate	<b>(260)</b>	-
Net cash used in investing activities	<b>(66,747)</b>	(29,695)
<b>Financing activities</b>		
Proceeds from share issue	<b>1,496</b>	6,364
Interest paid	-	(1,197)
Dividend paid	<b>(60,653)</b>	(63,443)
Redemption of loan	-	(50,000)
Others	<b>28</b>	5
Net cash used in financing activities	<b>(59,129)</b>	(108,271)
Net increase (decrease) in cash and cash equivalents	<b>7,445</b>	(61,202)
Cash and cash equivalents at beginning of year	<b>19,451</b>	80,653
<b>Cash and cash equivalents at end of year</b>	<b>26,896</b>	19,451

## Additional Information

31 December 2006

### 1 DISCLOSURE OF REMUNERATION

i) Directors' remuneration

The remuneration of Directors is determined by the Remuneration Committee having regard to the performance of individuals and the Group, as follows:

The Group Remuneration Band	Salary %	Bonuses %	Others %	Total compensation %
<b>2006</b> (\$500,000 - \$749,999) Ong Boon Leong	47	45	8	100
<b>2005</b> (\$500,000 - \$749,999) Ong Boon Leong	48	43	9	100

The remuneration of all the other non-executive Directors is below \$250,000 and comprised entirely of Directors' fees.

ii) Key executives' remuneration

The remuneration of key executives is determined by the Remuneration Committee having regard to the performance of individuals and the Group, as follows:

The Group Remuneration Band	Salary %	Bonuses %	Others %	Total compensation %
<b>2006</b> (\$250,000 - \$499,999) No. of executives: 2	63	27	10	100
(Below \$250,000) No. of executives: 1	70	30	-	100
<b>2005</b> (\$250,000 - \$499,999) No. of executives: 3	61	25	14	100

## 2 OTHER RELATED PARTY TRANSACTIONS

During the financial year, the Group and the Company have no significant transactions with its ultimate holding company's group of companies except for the following:

	The Group	
	2006 \$'000	2005 \$'000
Purchase of inventories	<b>28,844</b>	27,392
Rental expense	<b>2,791</b>	3,136
Purchase of goods and services	<b>3,088</b>	3,217
Transfer of vehicles, premises and equipment	<b>60</b>	1,801
Service fee paid	<b>12,370</b>	10,934
Sale of goods and services	<b>(5,328)</b>	(3,666)
Transfer of vehicles and equipment	-	(3)
Rental income	<b>(146)</b>	-

# **Independent Auditors' Statement**

to the members of SBS Transit Ltd

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We have examined the summary financial statement, which has been prepared by the Directors of the Company, set out on pages 17 to 29.

In our opinion, the summary financial statement is consistent, in all material respects, with the full financial statements and report of the Directors of SBS Transit Ltd for the year ended 31 December 2006 and comply with the requirements of Section 203A of the Singapore Companies Act, Cap. 50, and regulations made thereunder.

For a better understanding of the state of affairs of the Group and of the Company as at 31 December 2006 and of the results of the Group for the financial year ended on that date and of the scope of our audit, the summary financial statement should be read in conjunction with the full financial statements and our audit report thereon.

We have issued an unqualified audit report dated 13 February 2007 on the full financial statements of SBS Transit Ltd for the year ended 31 December 2006, which reads as follows:

## **“INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF SBS TRANSIT LTD**

We have audited the accompanying financial statements of SBS Transit Ltd (the Company) and its subsidiary (the Group) which comprise the balance sheets of the Group and the Company as at 31 December 2006, the profit and loss statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages # to #.

### **Directors’ Responsibility**

The Company’s Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act, Cap. 50 (the “Act”). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors’ Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

In our opinion,

- a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of 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 31 December 2006 and of the results, changes in equity and cash flows of the Group for the year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.”

**DELOITTE & TOUCHE**

*Certified Public Accountants*

**KEE CHENG KONG, MICHAEL**

*Partner*

Appointed on 8 November 2006

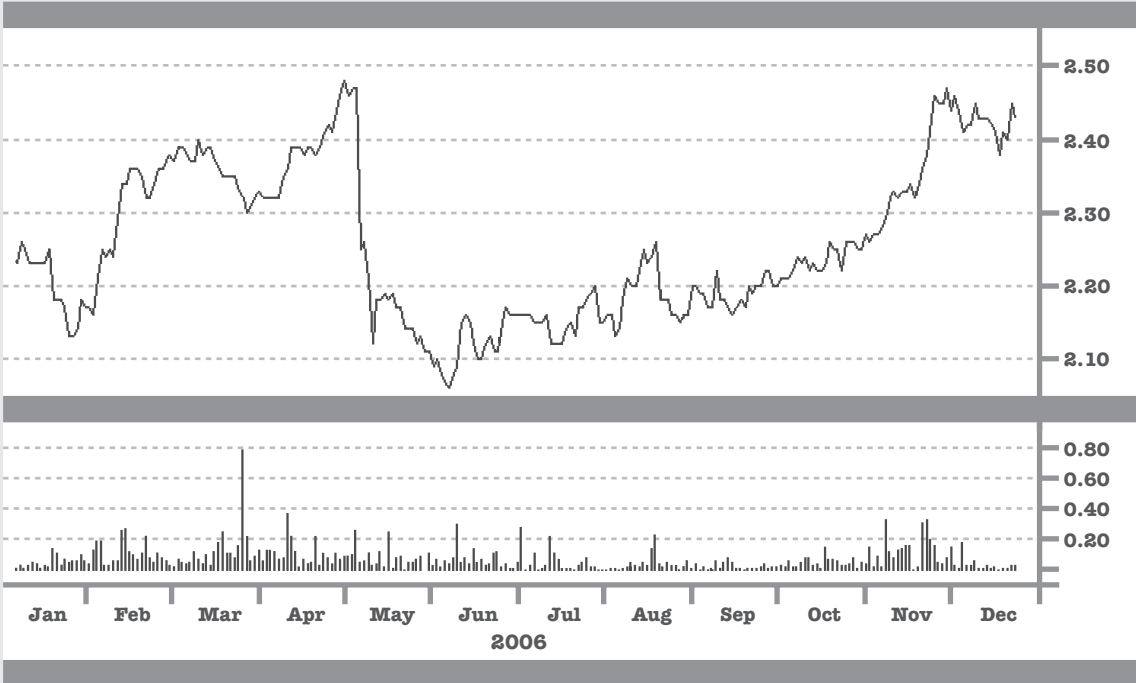
Singapore

13 February 2007

*Note: # The page numbers are as stated in the Annual Report of the Company for the financial year ended 31 December 2006.*

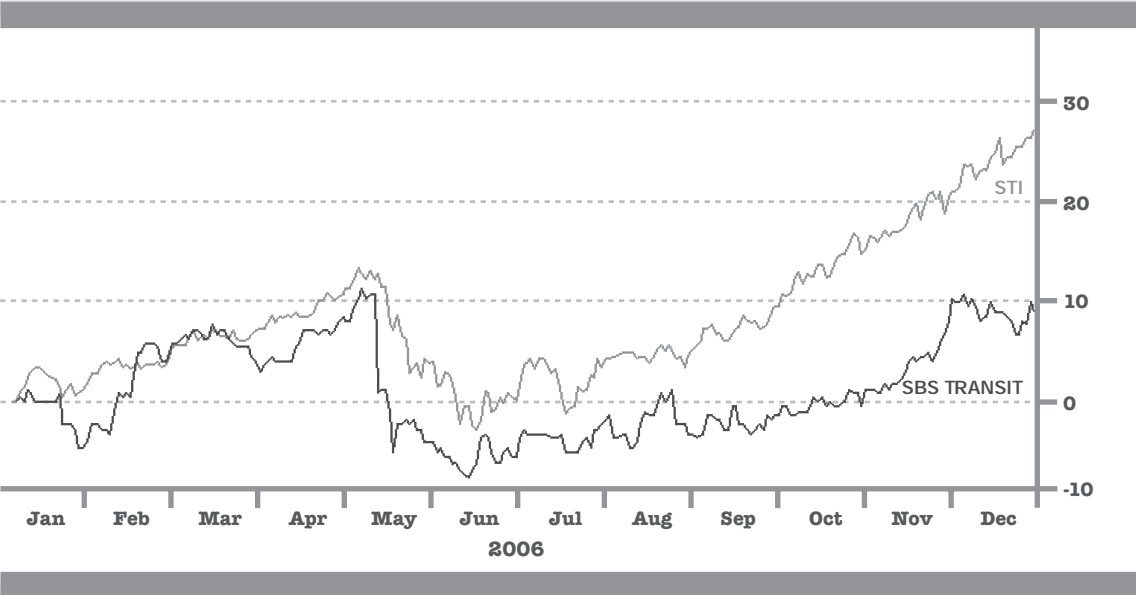
# Share Price Movement Chart

**SBS Transit's Share Price Movement And Volume Turnover**



Source: Bloomberg L.P.

**Comparison of Performance of SBS Transit's Share Price And The Straits Times Index (STI)**



Source: Bloomberg L.P.

## Shareholdings Statistics

as at 1 March 2007

<b>SHARE CAPITAL</b>	:	S\$84,083,360.46
<b>NO. OF SHARES ISSUED</b>	:	303,719,516
<b>CLASS OF SHARES</b>	:	Ordinary shares with equal voting rights
<b>VOTING RIGHTS</b>	:	1 vote per ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	2,040	10.00	672,664	0.22
1,000 - 10,000	18,039	88.40	27,622,427	9.09
10,001 - 1,000,000	318	1.56	13,781,883	4.54
1,000,001 & Above	9	0.04	261,642,542	86.15
<b>TOTAL</b>	<b>20,406</b>	<b>100.00</b>	<b>303,719,516</b>	<b>100.00</b>

Top Twenty Shareholders	No. of Shares	%
DelGro Corporation Limited	228,369,512	75.19
DBS Nominees Pte Ltd	11,171,200	3.68
United Overseas Bank Nominees Pte Ltd	6,895,580	2.27
HSBC (Singapore) Nominees Pte Ltd	5,455,200	1.80
Morgan Stanley Asia (Singapore) Securities Pte Ltd	3,109,000	1.02
Raffles Nominees Pte Ltd	1,933,250	0.64
OCBC Nominees Singapore Private Limited	1,745,300	0.57
Citibank Nominees Singapore Pte Ltd	1,687,000	0.55
The Asia Life Assurance Society Ltd - Par Fund	1,276,500	0.42
Changi Bus Company (Private) Limited	691,548	0.23
NTUC Thrift & Loan Co-operative Limited	600,000	0.20
Tan Kay Yeong	457,000	0.15
The Asia Insurance Company Limited - Fund Account	390,000	0.13
The Asia Life Assurance Society Ltd - Non-Par Fund	377,000	0.12
Lim Gim Hong	360,000	0.12
Ong Boon Leong	289,500	0.10
Tang Wee Loke	211,000	0.07
UOB Kay Hian Pte Ltd	174,500	0.06
Tan Kong Eng	164,800	0.05
Wee Siew Kim	155,000	0.05
<b>TOTAL</b>	<b>265,512,890</b>	<b>87.42</b>

### SUBSTANTIAL SHAREHOLDERS (as shown in the Register of Substantial Shareholders)

	DIRECT INTEREST		DEEMED INTEREST	
	No. of Shares	%	No. of Shares	%
DelGro Corporation Limited	228,369,512	75.19	-	-
ComfortDelGro Corporation Limited	-	-	228,369,512	75.19

As at 1 March 2007, approximately 24.20% of the issued ordinary shares of SBS Transit Ltd is in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

# Notice of Annual General Meeting

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## SBS TRANSIT LTD

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

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at the Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Thursday, 26 April 2007 at 3.00 p.m. for the purpose of transacting the following business:

### ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2006 together with the Auditors' Report thereon. (Resolution 1)
2. To declare a final dividend of 6.5 cents per ordinary share less income tax and a special dividend of 17.0 cents per ordinary share less income tax in respect of the financial year ended 31 December 2006. (Resolution 2)
3. To approve the payment of Directors' fees of S\$301,945 for the financial year ended 31 December 2006. (FY2005: \$280,000) (Resolution 3)
4. To re-elect Mr Kua Hong Pak, a Director retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 4)
5. To re-elect Mr Cheong Yip Seng, a Director retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 5)
6. To re-elect Mr Wee Siew Kim, a Director retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 6)
7. To re-appoint Mr Tan Kong Eng as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 to hold office from the date of this Annual General Meeting until the next Annual General Meeting. (Resolution 7)
8. To re-appoint Messrs Deloitte & Touche as Auditors and authorise the Directors to fix their remuneration. (Resolution 8)

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**SPECIAL BUSINESS:**

9. 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 shares in the 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 shares in the capital of the Company;

(b) for the purpose of determining the aggregate number of shares that may be issued under paragraph (a) above, the percentage of issued shares shall be based on the number of issued shares in the 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 9)

B. "THAT the Directors of the Company be and are hereby authorised 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 SBS Transit Share Option Scheme, provided that the aggregate number of shares to be issued pursuant to the SBS Transit Share Option Scheme shall not exceed 15% of the total issued shares in the capital of the Company from time to time."

(Resolution 10)

# Notice of Annual General Meeting

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## 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 16 May 2007 to 17 May 2007 (both dates inclusive) for the purposes of determining shareholders' entitlements to the proposed final dividend of 6.5 cents per ordinary share less income tax and special dividend of 17.0 cents per ordinary share less income tax for the financial year ended 31 December 2006.

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 15 May 2007 will be registered before shareholders' entitlements to the final and special dividends 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 15 May 2007 will be entitled to the proposed final and special dividends.

The final and special dividends, if approved by the shareholders at the Fourteenth Annual General Meeting of the Company, will be paid on 28 May 2007.

By Order of the Board

## CHENG PEI JUAN, REBECCA

*Company Secretary*  
Singapore  
27 March 2007

## 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 Wee Siew Kim is the Chairman of the Audit Committee and Mr Tan Kong Eng is a member of the Audit Committee. They are considered Independent Directors of the Company. If re-elected, Mr Wee Siew Kim and Mr Tan Kong Eng will continue as the Chairman and member of the Audit Committee respectively.

## EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED

Resolution 9 is to empower the Directors (from the passing of Resolution 9 until the next Annual General Meeting) to issue shares in the capital of the Company up to a number not exceeding in aggregate 50% of the issued shares in the 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 shares in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the number of issued shares in the capital of the Company when Resolution 9 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 9 is passed, and any subsequent consolidation or subdivision of shares.

Resolution 10 is to authorise the Directors to issue shares upon the exercise of options in accordance with the SBS Transit Share Option Scheme. This scheme was approved by shareholders at the Extraordinary General Meeting held on 9 June 2000 and has a maximum duration of 10 years. The aggregate number of shares over which the Committee may grant options under the scheme for its entire duration is limited to 15% of the issued ordinary shares in the capital of the Company from time to time.

# SBS TRANSIT LTD

(Incorporated in the Republic of Singapore)

(Co. Reg. No.: 199206653M)

## PROXY FORM ANNUAL GENERAL MEETING

### IMPORTANT

1. For investors who have used their CPF monies to buy SBS Transit Ltd shares, this Summary Report/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.
3. CPF investors who intend to exercise the voting rights attached to their SBS Transit Ltd shares purchased using their CPF monies are requested to contact their respective CPF Approved Nominees.

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a member/members of SBS Transit Ltd 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, 26 April 2007 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 Audited Financial Statements		
2.	Declaration of Final and Special Dividends		
3.	Approval of Directors' fees		
4.	Re-election of Mr Kua Hong Pak as Director		
5.	Re-election of Mr Cheong Yip Seng as Director		
6.	Re-election of Mr Wee Siew Kim as Director		
7.	Re-appointment of Mr Tan Kong Eng as Director under Section 153(6) of the Companies Act, Cap. 50		
8.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
9.	General authority to issue shares		
10.	Authority to issue 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 \_\_\_\_\_ 2007

**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. A proxy need not be a member of the Company.
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. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
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 the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject the instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 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  
SBS Transit Ltd  
205 Braddell Road  
Singapore 579701**

*Fold along this line*

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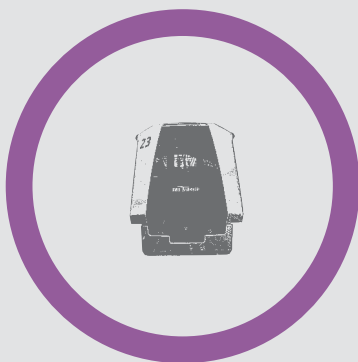
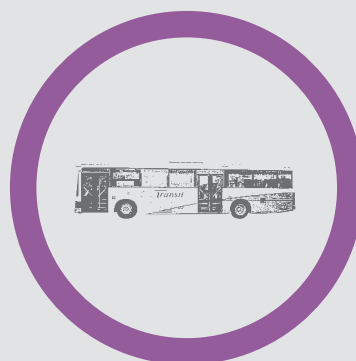


**SBS Transit Ltd**  
c/o B.A.C.S. Pte Ltd  
63 Cantonment Road  
Singapore 089758

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Designed & Produced By  
**Raindance**



**SBS Transit**

A member of COMFORTDELGRO

**SBS Transit Ltd**

205 Braddell Road  
Singapore 579701

**Mainline** (65) 6284 8866

**Facsimile** (65) 6287 0311

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

Company Registration No. 199206653M