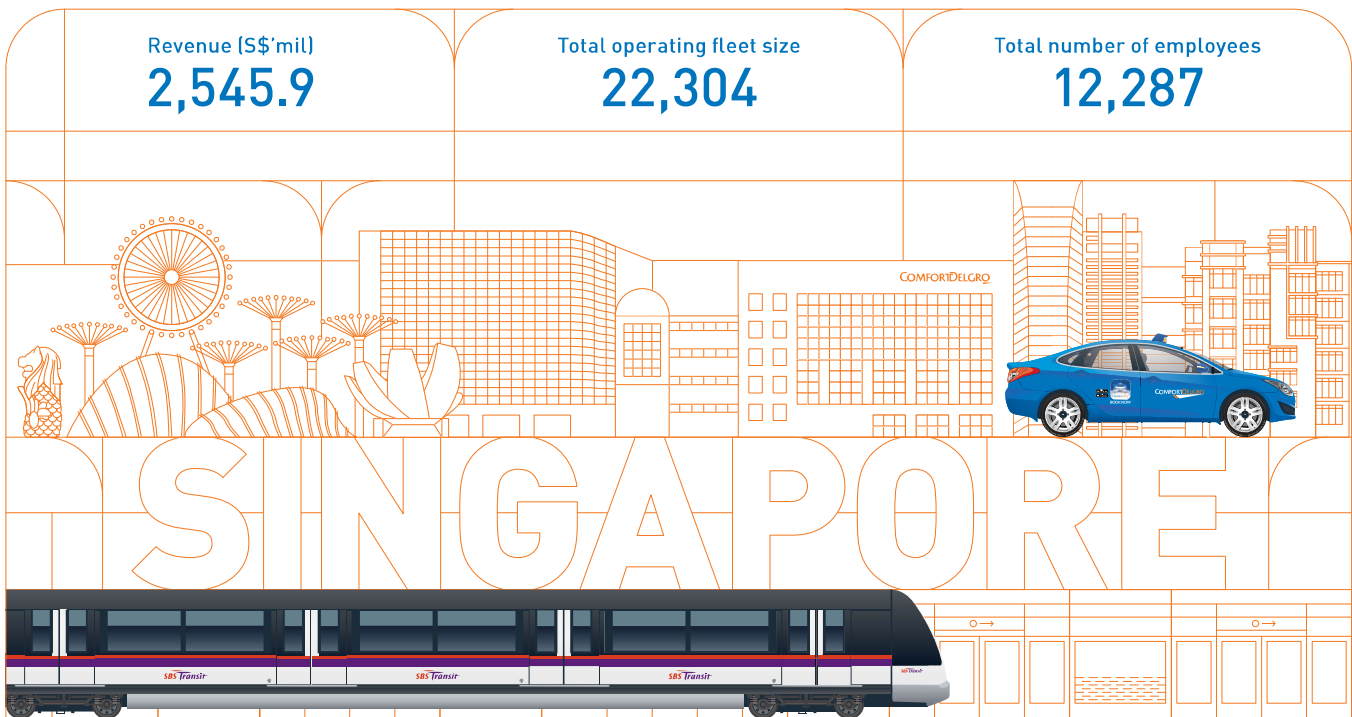


OPERATIONS REVIEW



Public Transport Services (Bus and Rail) • Taxi • Automotive Engineering Services
 Inspection & Testing Services • Driving Centre • Car Rental & Leasing • Insurance Broking Services • Outdoor Advertising

Public Transport Services

ComfortDelGro Corporation Limited is a leading provider of public transport services (bus and rail) in Singapore.

Scheduled Bus

For the year in review, our public-listed scheduled bus subsidiary, SBS Transit Ltd, took delivery of 248 new buses, of which 159 were double decks. In all, it operates about 3,000 buses and 202 bus routes, including one premium bus service.

In addition to adding more new routes during the year, it also converted 46 existing routes into wheelchair-accessible ones, as more ground infrastructure became barrier-free. This means that about 96% or 193 bus routes that SBS Transit operates are wheelchair-accessible; making it more convenient for passengers-in-wheelchairs (PIWs) to get around.

To cater to the increase in passenger volume and bus routes, a second interchange – the Tampines Concourse Interchange, which is just 250m away from the existing one – was opened. The new interchange can accommodate six services and is also the first interchange to offer a handphone charging station for the convenience of commuters. Other facilities

include a water cooler, a nursing room and an Automated External Defibrillator. The interchange also features dedicated boarding points for PIWs and priority queues with seats for the disabled and seniors. SBS Transit took over the operation of this bus interchange in December 2016 and is operating three bus services there.

In September 2016, SBS Transit transitioned to the new Bus Contracting Model (BCM) after the expiry of its Bus Service Operating Licence on 31 August 2016. Under the new Negotiated Contract (NC) with the Land Transport Authority (LTA), SBS Transit is paid a fee to operate bus services while fare revenue is taken by the LTA. SBS Transit will operate 196 bus routes under eight bus contracts. The duration of these contracts ranges from two to 10 years, with seven years being the average.

Under the terms of the NC, SBS Transit's fleet of buses is leased to the LTA while it continued to operate from its existing bus interchanges, terminals and depots. Its Soon Lee Depot was also recently re-evaluated and leased to the LTA as part of the BCM. SBS Transit's bus services under the BCM will come under the Bus Service Reliability Framework, which is an incentive-penalty scheme aimed at improving en-route

bus regularity and reducing bunching and waiting times.

SBS Transit also played a caretaker role during the year by running 13 of its existing bus services, which come under the Seletar Bus Package. SBS Transit was paid a fee and will continue to run these services until 2018. The LTA is currently evaluating the nine bids, including SBS Transit's, that were submitted in October 2016.

In September 2016, SBS Transit also assisted Go-Ahead Singapore, which had been awarded the tender to operate the Loyang Bus Package, by providing 36 of its Bus Captains and staff to operate two of their bus routes – Services 358 and 359 in Pasir Ris. This was for a period of between two and three months while it addressed its staffing issues.

As at end of 2016, SBS Transit operated about 60% of the bus services in Singapore.

Unscheduled Bus

The Group's wholly-owned subsidiary, ComfortDelGro Bus Pte Ltd, is Singapore's largest private bus chartering company with a total fleet of 348 buses¹. It offers employee and school bus charters as well as overland bus services to West Malaysia. It also operates premium bus services, as well as shuttle bus services for industrial parks, shopping malls, educational institutions and condominiums.

During the year, ComfortDelGro Bus provided bus services for events such as the Republic of Singapore Air Force Open House, Chingay Parade, Istana Garden Party, National Day Rally, Standard Chartered Marathon, OCBC Cycle, Singapore Airlines F1 Shuttle as well as the ASEAN University Games 2016.

In September 2016, ComfortDelGro Bus put its fleet of 39 National University

of Singapore (NUS) shuttle buses on a wireless mesh technology trial launched by Veniam and Starhub Ltd. With this trial, students and staff of NUS were able to surf on board the shuttle buses – for free.

Demand for its five premium bus services remained strong in 2016.

Rail

For the year in review, demand for SBS Transit's rail services continued to grow with over 329 million passenger trips made. This is a 27% increase over the previous year. The spike came from the Downtown Line (DTL), which added on 12 more stations in December 2015. Ridership hit 80.7 million during the year, which almost tripled that of 2015.

Average daily ridership on the North East Line (NEL) grew by 5.2% to 564,701, while that of the Sengkang and Punggol Light Rail Transit systems (SPLRT) saw a double-digit growth of 15.3% to 114,094.

During the year, two stations – Sam Kee and Punggol Point – on the Punggol West LRT system opened for revenue service. SBS Transit also rolled out a two-car train system during peak hours on the Sengkang East and West Loops as well as the Punggol East Loop to provide commuters with increased capacity and a more comfortable ride.

To cater to growing demand for rail services, SBS Transit took delivery of 12 new trains for NEL, bringing its total train fleet to 43. As for SPLRT, SBS Transit took delivery of 16 new Light Rail Vehicles (LRVs) during the year. To date, SPLRT fleet comprises 57 LRVs.

In tandem with passenger demand, SBS Transit added more trips to the schedules of both its NEL and SPLRT to better cater to travel needs. On NEL, 200 more weekly trips were introduced, while 1,836 weekly trips were added to SPLRT.

To improve service reliability, SBS Transit adopted the ISO 55001 Asset Management Framework. The structured framework provides the requirements for good asset management that would enable the Company to balance risk, performance and costs. SBS Transit also carried out risk analysis of its failure trends and implemented intervention and action plans to improve service reliability.

By improving operation and maintenance efficiency as well as replacing ageing equipment, SBS Transit minimised disruptions or delays lasting more than five minutes. As a result, the Mean Kilometre Between Failure (MKBF) – a reliability measure used globally in the rail industry – for NEL in the fourth quarter of 2016 improved to 328,000 train-KM compared to 174,000 train-KM for the whole of 2016. The MKBF for DTL was 260,000 train-KM and 72,000 train-KM for SPLRT in 2016.

Taxi

ComfortDelGro Taxi remained Singapore's largest taxi operator with a combined fleet of 16,822 Comfort and CityCab taxis.

Despite strong competition, ComfortDelGro Taxi's volume of booking jobs remained strong during the year. It clocked 10 million booking jobs on 15 April 2016 as its taxi booking app gained in popularity, accounting for half of total booking jobs. An upgraded despatch algorithm and active marketing promotions also helped boost demand. New records were also set for the highest number of successful booking jobs achieved in a single day.

In November 2016, ComfortDelGro Taxi clocked 30 million booking jobs for the second consecutive year. Not only was the 30 millionth passenger rewarded with a promo code worth S\$300, the lucky cabby, who had picked the passenger up, also received S\$300 worth of vouchers. To mark the

¹ Includes sub-contractors' buses

OPERATIONS REVIEW

milestone, ComfortDelGro Taxi waived S\$8 off the metered taxi fare for the first 1,000 passengers, between 3pm and 3am for seven days, and waived the call levy fee of all bookings that its taxi drivers accepted over two days.

Since the ComfortDelGro taxi booking app was launched in 2010, it has been downloaded 3.66 million times. Through it, passengers are able to rate the service levels of taxi drivers the moment trips are completed. In 2016, many of the taxi drivers were encouraged by the five-star ratings that they had received.

ComfortDelGro Taxi, which was the first taxi operator to accept MasterPass™, a cardless payment in 2015, became the first taxi operator in 2016 to accept mobile phone payments such as Apple Pay, Samsung Pay and Android Pay. These new payment modes, coupled with the return of VISA cards, resulted in a 10% growth in cashless payments.

As part of its marketing efforts, ComfortDelGro Taxi went on social media in 2016 – Twitter (@CDGtaxi_sg) in January; Instagram (@cdgtaxi) three months later in April; and Facebook (@ComfortDelGroTaxi) in October 2016. More than 80 promotions, offering discounts off taxi fares, were pushed out across these platforms. To-date, over 36,000 followers have liked these accounts.

Always conscious of its carbon footprint, ComfortDelGro Taxi upped its Green quotient by trialling two Toyota Prius petrol-electric hybrid taxis in January 2016, and rolled out 200 more by the end of the year. Another 1,000 Prius taxis are expected to replace the Hyundai Sonata taxis over the next two years. The Company also started to trial the Hyundai Ioniq petrol-electric hybrid taxi, which is similar to the Prius.

ComfortDelGro Taxi continued to look after the welfare of its taxi drivers. One of the ways in which it did so was to move away from the traditional fixed-rental business model to one in which

the Company co-shares revenue risk with its hirers. This was a welcome move by taxi drivers and as at end-February 2017, over 2,200 of them have made the switch to this new rental scheme.

A third round of health screening and coaching sessions under the “Check Car, Check Body” health screening and intervention programme, which was launched more than two years ago, was conducted in July 2016. About 3,900 taxi drivers participated. Since its launch, some 11,000 taxi drivers have benefited from the programme.

In addition, the free access that taxi drivers have to ActiveSG facilities such as gymnasiums and swimming pools every Wednesday was extended for another two years until the end of 2017. The Company also partnered ComfortDelGro Insurance Brokers Pte Ltd and AXA Insurance Singapore to offer taxi drivers free eye checks.

The Company continued with the tradition of extending financial aid to its taxi drivers by helping them defray the educational fees of their children. In 2016, 1,531 Primary and Secondary level students received over S\$220,000 worth of study achievement awards, more than double the number of students who qualified in 2015.

In December 2016, ComfortDelGro Taxi launched its first-ever Cabby Hardship Fund to assist its taxi drivers and their immediate families who require financial aid arising from death, total and permanent incapacity, as well as serious chronic medical conditions. Managed by a committee made up of Management staff and the Company's taxi representatives, it assesses all aid requests and disburses the funds based on the merits of each case. ComfortDelGro Taxi kick-started the Fund by donating 50 cents for every booking job completed by taxi drivers on Christmas Day and collecting donations from staff. Over S\$50,000 was raised as a result.

For all its efforts, ComfortDelGro Taxi was named the Favourite Taxi Agency at the Travellers' Choice Awards by TripAdvisor for the third year running.

Automotive Engineering Services

Our automotive engineering services subsidiary, ComfortDelGro Engineering Pte Ltd, maintains the Group's taxi fleet in Singapore.

During the year, ComfortDelGro Engineering took over the repair of all Hyundai i-40 taxi crash repairs from a competitor, thus raising its revenue from this segment.

A year after adopting the predictive maintenance approach, taxi breakdown rates have dropped. This system essentially uses computers to prompt technicians to replace parts before they reach the end of their lifespan.

ComfortDelGro Engineering's bus assembly unit assembled a total of 366 Volvo double deck buses for the LTA.

As for its external car care business, ComfortDelGro Engineering successfully secured 14 new accounts.

During the year, ComfortDelGro Engineering partnered ExxonMobil to offer a fuel discount card to its corporate fleet customers. Four companies have since signed up.

To focus on improving service levels, ComfortDelGro Engineering developed and conducted three in-house customer service training modules for its staff. About 200 staff attended the basic customer service training, while 63 others attended the intermediate module, “Project a Positive & Professional Image”. Frontliners completed the final and most advanced module, “Handling Difficult Customers” in November 2016.

As a result of its positive contributions to the Labour Movement, and for providing in-house training to raise

its workers' skills and employability, ComfortDelGro Engineering was presented the Plaque of Commendation at the May Day Award 2016 by the National Trades Union Congress.

Inspection & Testing Services

A record number of cars were de-registered in 2016, resulting in a smaller pool of vehicles due for inspection. As such, VICOM Ltd conducted a total of 488,186 vehicle inspections, a drop of 6.5% compared to the previous year.

To mitigate the drop in demand, several innovative marketing campaigns were launched during the year, including introducing the Esso Fleet Card as a companion card to the Diners/VICOM Card which was launched in 2015. The new Esso Fleet Card offers cardholders up to 21.27% in fuel discounts – further cementing its status as a unique motoring card in Singapore. Other benefits include discounted inspection services, road tax payments by instalment, 25% discount off car rentals at ComfortDelGro Rent-A-Car Pte Ltd and complimentary 24-hour road side assistance provided by ComfortDelGro Engineering.

In August 2016, VICOM marked another significant milestone in its 34-year history when it reached its 10 millionth inspection. A total of 13 e-kiosks were set up across its vehicle inspection centres for customers to participate in the "Spin the VICOM wheel" lucky draw. In all, over 15,000 participants took part. Over 920 weekly prizes were given out over five months and in February 2017, VICOM handed out 10 grand prizes, including the top cash prize of S\$2,888, a year's worth of motor insurance with NTUC Income and a lifetime of free vehicle inspections.

As more vehicles de-registered, more Certificates of Entitlement (COEs) were issued. As a result, the VICOM Emission Test Laboratory (VETL), which provides emission testing for new vehicles, experienced strong growth. Demand

was further boosted by an increase in parallel imported vehicles. Besides doing more tests for the conventional diesel and petrol vehicles, VETL also tested full electric and plug-in hybrid vehicles during the year. To improve efficiency, VETL developed V-BRIS, an e-Booking, Reporting and Invoicing System that simplifies and streamlines the entire inspection process, from booking to invoicing. Since the introduction of V-BRIS, the waiting and processing times of all VETL jobs have been halved from four weeks to just two.

The number of VICOM Assessment Centre (VAC) vehicle survey jobs increased by 15.7% during the year. VAC also assisted 995 motorists with the repair of their vehicles at approved workshops and helped file a total of 13,443 accidents at its centres in Sin Ming, Bukit Batok and Kaki Bukit.

During the year, VICOM's wholly-owned subsidiary, Setsco Services Pte Ltd (SETSCO), completed several notable projects including the Proof-of-Concept (POC) phase of the sand aquifer project with the Jurong Town Corporation, and a major shutdown maintenance testing and inspection job at one of the chemical plants in Jurong Island.

It successfully secured a contract involving the sampling and testing of coastal waters around Singapore; a two-year contract with PSA Corporation Ltd to perform load tests on over-height gears, lifting gears and lifting appliances; and another two-year contract to carry out infra-red thermographic scanning of facilities at Changi Airport.

As a result of its aggressive clinical services promotions, SETSCO conducted several health screening packages for corporations and individuals including the analysis of arsenic, lead, manganese, cadmium, trichloroacetic acid (TCA), mercury, s-phenylmercapturic acid (SPMA) in blood and urine. An occupational health

screening exercise was also conducted for staff of a toxic waste collector.

To further broaden its reach, SETSCO introduced new services during the year. These included the development of test rigs for wind driven rain tests; fatigue/cyclic tests as well as air erosion tests. Other initiatives included the testing of innovative construction products/materials such as Prefabricated Bathroom Units (PBU) and Cross-Laminated Timber (CLT)/Glulam Laminated Timber (GLT).

On the back of the successful completion of the glass inspection project for the 'Flame Towers' in Azerbaijan and the 'Four Seasons Hotel' in Abu Dhabi in 2015, SETSCO was contracted by the Dubai Multi Commodities Centre (DMCC), a government entity of Dubai, to conduct a trial test and investigation on the building facade of the Gold and Silver Towers after some glass shattered.

Driving Centre

ComfortDelGro Driving Centre Pte Ltd, which provides learner driver training services in Singapore, celebrated 20 years of operation in 2016.

During the year, it introduced several new initiatives to improve its services as well as to increase market share. It also adopted more aggressive marketing strategies to promote its Class 3 course. To help reduce counter service turnaround time at the Centre, ComfortDelGro Driving Centre provided online enrolment services – thereby providing learners with the convenience of enrolling anytime, anywhere.

Apart from licensing courses, ComfortDelGro Driving Centre successfully diversified into non-licensing training. There was an increase of over 40% in new corporate accounts during the year. These accounts encompassed a wider scope of commercial vehicle training including ambulance, fire engine and prime mover training.

OPERATIONS REVIEW

Car Rental & Leasing

Our car rental & leasing subsidiary, ComfortDelGro Rent-A-Car operated a fleet of 1,105 cars, of which 147 were brand new.

To cope with competition, ComfortDelGro Rent-A-Car stepped up marketing efforts and organised seven road shows targeted at potential individual and corporate clients. As part of its customer retention programme, it continued to organise fun-filled activities for its clients and their families every quarter.

It also focussed on promoting long-term contracts at competitive rental rates for existing used vehicles as well as improving its level of service. For example, it implemented a new phone logging system during the last quarter of 2016. This system enabled promotional sales campaign messages to be announced, routed and tagged. Callers were informed in advance that their conversation would be recorded for training purposes. At the end of each call, a satisfaction survey was also conducted to gauge how they felt about the service.

ComfortDelGro Rent-A-Car also centralised its accident module, which enabled users across departments to input, update and view incident cases anytime. This helped improve the response turnaround time.

A system in which customers are reminded via SMSes when their rental vehicles are due for maintenance was trialled during the year. These SMSes contained a link to the Company's corporate website, where customers could make appointments online, making it more convenient for them. More importantly, such automation freed up manpower resources that were then deployed elsewhere.

Following this trial, ComfortDelGro Rent-A-Car will be exploring a compatible online system for its after-

sales appointment process so that its staff are able to provide after-sales services even while they are out in the field.

Insurance Broking Services

ComfortDelGro Insurance Brokers, our in-house insurance broking arm, continued to perform well in 2016.

In Singapore, ComfortDelGro Insurance Brokers grew its third-party business by leveraging on its technical expertise and market knowledge to stay ahead of its competitors. In view of Singapore's ageing population and high medical costs, ComfortDelGro Insurance Brokers focussed on providing employee benefits consultation and cost-effective medical insurance solutions to its external clients and to the Group.

ComfortDelGro Insurance Brokers continued to aid the Group's Business Units in Singapore and overseas in achieving cost reductions and implementing effective claims processes and risk management strategies.

Outdoor Advertising

Our outdoor advertising subsidiary, Moove Media Pte Ltd, saw higher demand for rail advertising with the opening of DTL 2.

It continued to push the envelope where technology is concerned. For example, Moove Media leveraged on augmented reality (AR) technology to make advertising campaigns of clients such as Jetstar Airways Pty Ltd and the Health Promotion Board (HPB) interactive for consumers. In the case of Jetstar, which was offering flights to Australia's Northern Territory, the AR technology was used to engage commuters to feed "jumping crocodiles". As for HPB, three-dimensional germs and bacteria were projected onto a pathway to engage commuters to stop the spread of flu by "kicking" them.

Moove Media also lit up Singapore's streets with its latest offering – the Moove Bling Bus, a trademark design approved exclusively for SBS Transit buses. Each bling bus has LED lights lined up on its sides, which lit up when the bus headlights were switched on.

For the first time in Singapore, Moove Media had 100 ComfortDelGro taxis installed with a palm-size Wi-Fi dongle to provide passengers with unlimited Wi-Fi access as part of NETS' marketing campaign.

For train advertising, Moove Media launched a concept train on DTL to strengthen Himalaya Herbals' brand positioning and to engage commuters on social media. For over a month, 22 works were also on display at six DTL stations as part of the Singapore International Photography Festival's Open Call Showcase. It was the first time that art pieces were displayed at train stations.

Moove Media continued to partner and work closely with the Authorities to roll out festive-themed trains and buses, which were well-received by commuters. These included the Chinese New Year- and Christmas-themed trains on NEL, Deepavali-themed train on NEL as well as DTL and the Hari Raya-themed bus.

In September 2016, Moove Media was appointed the advertising and commercial partner by Go-Ahead Singapore for a period of five years, making it responsible for about 400 buses as well as the management of commercial properties and advertising spaces at Pasir Ris and Punggol Bus Interchanges.

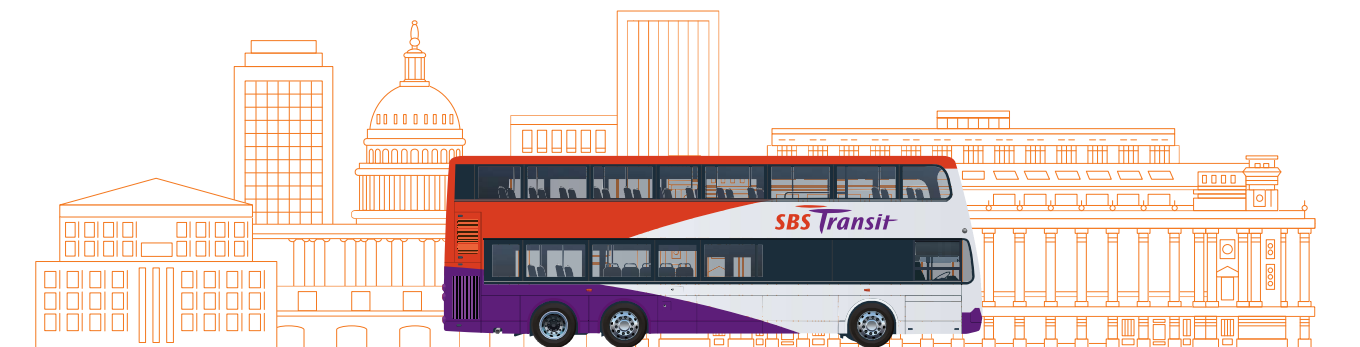
It was not all work for Moove Media as it also reached out to the community through the social enterprise of its associate, Gobbler Pte Ltd. Gobbler5 partnered South West Community Development Council to launch the "TOWKAY @ South West" pilot

programme, which gave the needy a chance at being their own boss. The six-month programme trained participants in the areas of financial management and customer service. After passing a written assessment, they were given a start-up inventory of 1,200 packets of tissue paper to sell at bus interchanges operated by SBS Transit – at no cost. To-date, three participants, who are

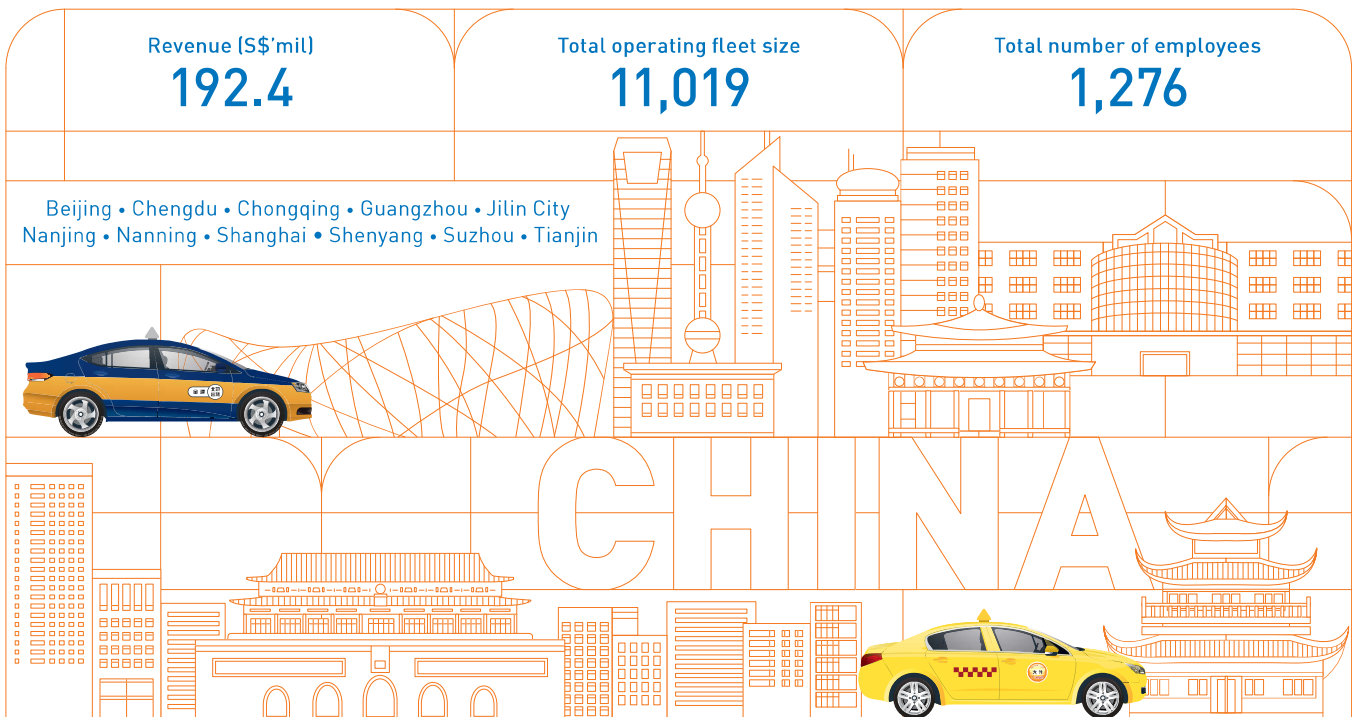
on this pilot programme, have seen an increase in their income.

Moove Media ended the year on a high when it won the “Team of the Year: Advertising” Award at the Singapore Business Review Management Excellence Awards 2016 for the efforts it had put into making HPB’s National Steps Challenge campaign a success.

The same campaign also won Gold for the “Best Media Solution – Out of Home” category at the Spark Awards. Moove Media was also crowned winner for the “Most Innovative Contribution to a Campaign by a Media Owner” for the AXA Insurance Singapore concept taxi campaign.



OPERATIONS REVIEW



Bus Station • Taxi • Car Rental & Leasing • Vehicle Testing Services • Driving Centre

NORTH CHINA

Beijing Taxi

With a fleet of 5,501 taxis, translating into a market share of 8.3%, Beijing Jin Jian Taxi Services Co., Ltd, is the Capital City's third largest taxi operator.

To promote a younger and therefore more environmentally friendly fleet, all taxis that are replaced before they reach seven years old are entitled to Government subsidies. During the year, Beijing Jin Jian replaced 282 taxis, aged seven years or less with Hyundai Elantras.

To attract more taxi drivers to join its ranks, the Company reached out to retirees and retrenched workers.

In the second half of the year, the Beijing Municipal Government introduced new rules aimed at regulating third-party booking apps. For instance, ride-sharing companies must now only hire drivers who hold Beijing residency permits or "Hukou". They must also sign labour contracts with the drivers and provide them with motor accident insurance. Drivers must also have at least three years worth of driving experience with no prior criminal records. All vehicles must only be registered with Beijing car licence plates.

Vehicle Testing Services

Beijing Tian Long Da Tian Vehicle Inspection Co., Ltd, our 80%-owned subsidiary, provides vehicle safety and emission testing services in the Capital City. There was an increase in demand for its services during the year as more new vehicles were registered. A WeChat payment function was also added to make it more convenient for customers.

Jilin City, Jilin Province Taxi

Our 97%-owned subsidiary, Jilin ComfortDelGro Taxi Co., Ltd, is the City's largest taxi operator with a 14.2% share of the market. In 2016, its fleet of 729 taxis was fully hired out.

The Company replaced 152 taxis and renewed 142 licences during the year.

To counteract the competition from ride-sharing companies, the Company had sought the local Government's permission to offer similar ride-sharing services. Upon approval, it plans to launch its own taxi booking app, which is based on the ComfortDelGro taxi booking app in Singapore and localised for the Chinese market. The user interface of the app will not only be in Chinese, but it will also include cashless payment options like WeChat and Alipay.

Shenyang, Liaoning Province Taxi

Our two taxi companies – Shenyang ComfortDelGro Taxi Co., Ltd and CityCab (Shenyang) Co., Ltd – operate a total fleet of 1,293 taxis. Demand for services by both companies remained strong with their fleets of taxis fully hired out.

Training on safety and service was provided to taxi drivers to improve their service levels, while Management underwent courses to keep abreast of the latest developments in the industry. Road safety processes were further tightened to better manage the accident rate. As a result of its efforts, a total of 533 taxi drivers were commended by the Shenyang Transportation Bureau.

In the fourth quarter, the Shenyang Municipal Government had issued draft policies on third-party apps. Policies mandate that these ride-sharing companies should not charge fares lower than taxis nor should the vehicles used cost below RMB130,000. The Government also retained the right to control the number of vehicles the ride-sharing companies operated via their apps.

WEST CHINA

Chengdu, Sichuan Province Taxi

Our wholly-owned subsidiary, Chengdu ComfortDelGro Taxi Co., Ltd, faced a challenging year in 2016 due to the proliferation of third-party apps. However, that is set to change when a new National Order that regulates and creates a level playing field for taxi drivers and third-party apps is implemented by mid-2017. To retain and attract taxi drivers, the Company, had in 2015, set up a Drivers' Affairs Division to look into the welfare of taxi drivers, and provided aid to over 600 taxi drivers in the last two years.

Car Rental & Leasing

ComfortDelGro Rent-A-Car (Chengdu) Co., Ltd, the Group's motor vehicle rental & leasing joint venture, operates a fleet of 64 rental vehicles. The Company continued to offer rental packages at competitive rates while maintaining a

high level of service. It also stepped up marketing efforts to attract new customers.

Vehicle Testing Services

Demand for vehicle testing services by Chengdu Jitong Integrated Vehicle Inspection Co., Ltd, dipped in 2016 after a new policy, which stipulates that inspection is no longer mandatory after the secondary maintenance, was implemented. To bolster demand, the Company refocused its attention on the inspection of passenger buses.

Driving Centre

Our 95%-owned driving subsidiary, Chengdu ComfortDelGro Qing Yang Driving School Co., Ltd, saw a dip in demand as a result of policy changes – which mandated that students must own a local residency permit to enrol for driving lessons. As a result, several students, who did not have such permits, were unable to take their driving lessons with the School. Fortunately, this policy was later adjusted to allow those without the residential permits to enrol for Stage 1 and 2 tests.

With effect from March 2017, the existing test circuit, which used to only conduct tests for the new Volkswagen Jetta model had one of its test lanes converted to cater to the old Volkswagen Jetta model, thereby increasing the scope of the circuit.

Chongqing Driving Centre

Our 90%-owned subsidiary, Chongqing ComfortDelGro Driver Training Co., Ltd faced stiff competition as smaller driving schools entered the market. As part of the cost-structure review, it re-designed its course to cap training hours to 25 hours, thereby enabling it to price its packages at more competitive rates.

EAST CHINA

Shanghai Taxi

Shanghai City Qi Ai Taxi Services Co., Ltd is one of the premium operators in Shanghai with a fleet of 484 taxis.

In 2016, the Company introduced a new taxi model – the Volkswagen Touran. This model, like the Volkswagen Santana Livida taxi that was introduced in 2015, is popular with both taxi drivers and passengers alike.

A total of 115 five-year-old taxis are due for replacement in 2017. To ensure these taxis are rented out, Shanghai City Qi Ai started engaging 'maiduan' drivers and was successful in renting its taxis to 31 of them.

On 9 October 2016, the Shanghai Authorities released policies on third-party apps. The new policies, which commenced on 1 November 2016, required third-party drivers to be locals with Shanghai residency permits. They also required vehicles to have registered Shanghai licence plates.

Suzhou, Jiangsu Province Taxi

Our 70%-owned subsidiary, Suzhou Comfort Taxi Co., Ltd started the year with some unhired taxis in its fleet of 168 vehicles but managed to renew the rental agreements on all of them before the year ended.

The Suzhou Authorities released policies similar to those introduced in Shanghai on third-party apps.

Nanjing, Jiangsu Province Taxi

Our 70%-owned subsidiary, Nanjing ComfortDelGro Dajian Taxi Co., Ltd, is the City's fourth largest taxi company, operating a total of 679 Compressed Natural Gas-taxis.

SOUTH CHINA

Guangzhou, Guangdong Province Bus Station

Our 60%-owned Tianhe Bus Station in Guangzhou served a total of 12.2 million passengers in 2016. This represented a 6.2% drop from the previous year amidst strong competition from the high speed rail service, the growth of the car population and the persistence of illegal bus operations.

OPERATIONS REVIEW

Cargo revenue fell by 6.4%, while the total number of cargo items dropped by 2.6%. The drop was mitigated to some extent by a contract renegotiation in September 2016 where bus operators agreed to reduce their revenue share of the cargo business from 70% to 60%.

In 2016, the Station introduced automated cash ticket machines in place of manual ticket counters which reduced transaction times significantly. These machines have proven to be popular with passengers. Online ticketing, which was first introduced in 2015, proved to be even more popular as it registered record sales in 2016. A working group was set up in 2016 to handle online ticketing affairs in order to further increase the volume of tickets sold.

In April 2016, Tianhe Bus Station garnered over 1 million followers on WeChat – the most number of followers a bus station in China has ever acquired in a span of one-and-a-half years.

The Company catered to a record 100,263 passengers during the peak Golden Week period – made possible by an effective traffic management system, increased online ticket sales and strong crowd control measures.

Nanning, Guangxi Province Taxi

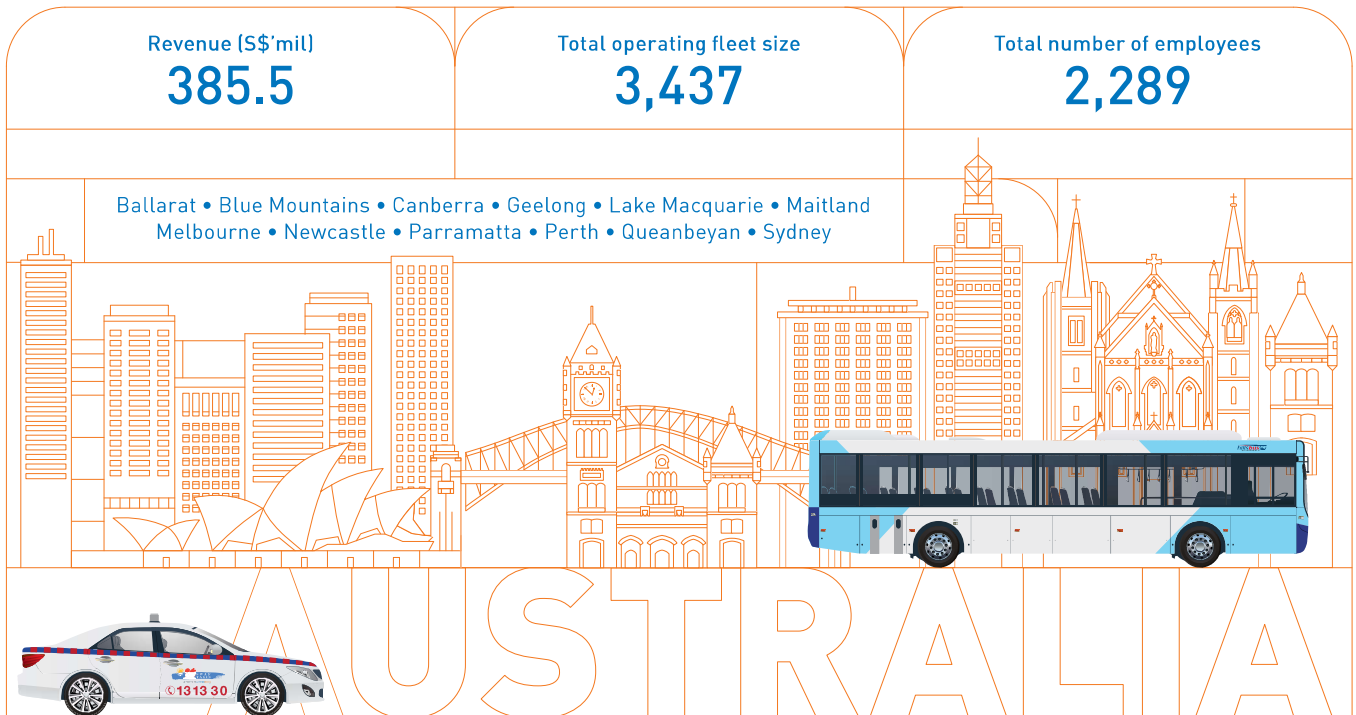
Our 80%-owned subsidiary, Nanning Comfort Transportation Co., Ltd, is the largest taxi operator in Nanning with a fleet of 854 taxis. Demand remained strong during the year despite stiff competition from private hire cars and

the legalisation of the ride-sharing app. Like its sister taxi companies in Shenyang, it will monitor how well-received the taxi booking app will be in Jilin City, and may consider developing a similar booking app.

To reward outstanding taxi drivers for their good performance, the Company organised two incentive trips for them to Xiamen and Hong Kong. Fuel subsidies were also given to those driving single-energy taxis.

In July and August 2016, the Company participated in the “Excellent Service Activity” campaign that was organised by the Nanning Taxi Association, where its taxi drivers were given monetary rewards for service excellence.





Bus • Taxi • Outdoor Advertising

Sydney, New South Wales

Bus

We operate bus services in Sydney, New South Wales (NSW), through ComfortDelGro Cabcharge Pty Ltd, which became a wholly-owned subsidiary in February 2017. This followed the completion of the Share Sale Agreement with Cabcharge Australia Limited for the acquisition of its 49% stake in the bus operator for S\$201.1 million (A\$186.0 million). The Company has since been renamed ComfortDelGro Corporation Australia Pty Ltd (CDC).

Following the Board's approval of the Company's joint venture arrangement with Try Any Investments Pty Ltd, St Marys Depot was converted into the Western Sydney Repair Centre, which began operations on 1 January 2016. A new repair hangar was further developed at a cost of S\$1.1 million. In the first year of the Centre's operations, it focussed mainly on repairing CDC buses. There are plans to expand its repair services to include other buses and heavy commercial vehicles.

During the year, our NSW operations clinched two new contracts. The first was a three-year contract to provide shuttle services for Singapore Airlines' air crew while the second was a contract to provide emergency coach and scheduled student bus services across multiple regions

within NSW. CDC also successfully extended the contract of the Nightride bus services, which operate between 12am and 4.30am, for another 18 months from 1 September 2016.

To cater to the growth in passenger volume, CDC took delivery of 25 buses comprising 21 single decks and three double decks. It also purchased a minibus to support the new Singapore Airlines contract.

The CDC website was revamped during the year and a new Facebook page created.

In independent surveys conducted by Transport for New South Wales (TfNSW), Hillsbus attained customer satisfaction scores in the band of between 91% and 94%, exceeding the regulatory requirement of 85%.

Outdoor Advertising

Moove Media Australia's strong reputation helped it to maintain its existing clientele and attract new ones during the year. Demand peaked in the third quarter of 2016 with Moove Media Australia achieving record bookings in August and September. Some bus advertising formats were also completely sold out at some depots. To maximise the use of its buses for advertising, Moove Media Australia ensured that advertising campaigns were run back-to-back.

OPERATIONS REVIEW

To meet demand, Moove Media Australia beefed up its sales team to include an operations coordinator and a new account manager. The Company also developed several training programmes to equip staff with the knowledge of the processes as well as to hone their skills to better manage client relationships.

More attention was also given to inventory management to ensure that clients were offered competitive packaged deals. Its sales presentation deck was redesigned to include relevant maps and statistics that best represented the coverage and strengths of the Company.

Blue Mountains and Hunter Valley, New South Wales Bus

In December 2016, the NSW Government approved the extension of the existing Outer Region 2 and 4 contracts in Hunter Valley and the Blue Mountains Transit contract by a year. TfNSW has also committed to negotiate a further extension of two years for these contracts in 2017.

After a successful bid during a competitive tender process, Hunter Valley's major rail replacement bus services commenced operations in February 2016.

In terms of customer satisfaction levels, the Hunter Valley and Blue Mountains Transit bus services did well, scoring between 91% and 94%. This exceeded the benchmark of 85% in independent customer satisfaction surveys conducted by the TfNSW.

A total of eight replacement buses were supplied to Hunter Valley and Blue Mountains Transit in 2016. Similarly, Edgeworth Depot in Hunter Valley was upgraded during the year, resulting in an increase in capacity. It is now able to house 100 buses, as compared to 25 previously.

Queanbeyan, New South Wales Bus

The eight-year rural and regional bus contracts for QCity Transit and Transborder Express, which serve the Greater Queanbeyan Area and the Murrumbateman/Yass area respectively were renegotiated in 2015, and commenced on 1 April 2016.

During the year, two Queanbeyan bus contracts were renewed for another eight years with the option to negotiate for further extension.

Following the successful implementation of the digital radio system on board Region 4 Hillsbus, Hunter Valley and Blue Mountain Transit bus fleets, the same system was implemented for all QCity Transit buses in 2016.

Melbourne, Victoria Bus

CDC operates essential bus services across the Western and Eastern suburbs of Melbourne, as well as Ballarat and Geelong.

During the year, CDC inked a contract with Goodman Property Group to build a depot in Truganina, West of Melbourne. The mega depot, which can hold up to 230 buses, is expected to be completed in the third quarter of 2017. When completed, it will replace the existing facilities at Altona and Hoppers Crossing.

Additional services were introduced in Geelong in January 2016, providing better connection between the suburbs of Lara and Corio Shopping Centre.

CDC continued to engage the community during the year. It pledged S\$10,460 to 10 students from "Western Chances" with MYKI or stored value cards worth S\$1,046 each for travel on buses, trains and trams in Victoria. Western Chances is a non-profit organisation that provides scholarship funds to talented high school and tertiary students in Victoria.

To clamp down on vandalism, CDC also collaborated with the Western Bulldogs' popular youth leadership programme, The Whitten Project, to conduct 'Graffiti Removal Workshops' for the youths in July and August 2016. By letting the youths experience for themselves how time-consuming and tiring the graffiti removal process was, it is hoped that they would be discouraged from engaging in such acts.

Perth, Western Australia Taxi

It was a difficult year for Swan Taxis Pty Ltd due to the stiff competition, sweeping political reforms in Western Australia and the weakening economy.

To boost call demand, Swan Taxis implemented several initiatives throughout the year such as the Set-price Pre-payment Scheme, Selective Fare Discount Scheme and the Colour Taxis Scheme. It also pushed out several promotions through direct and social media marketing.

The Set-price Pre-payment Scheme offered an integrated booking and payment solution to passengers who preferred to book and pay for taxi fares before the trips were completed. This Scheme proved to be popular with parents and corporate clients.

In October 2016, Swan Taxis began offering fare discounts on Thursdays to different groups of passengers – tertiary students, senior cardholders and even members of the armed or emergency services – who booked through the call centre. The fare discounts were very well-received.

Responding to feedback by the public, Swan Taxis rolled out the Colour Taxis Scheme to provide passengers with more taxi options.

The first roll-out included "pink" taxi services driven by female taxi drivers, "silver" for premier taxi services and "green" for lower emissions taxis. In January 2017, two other colours –

“white” for taxi drivers who are 55 years old and above and “blue” for taxi drivers who carry the ‘Working with Children’ card and are able to assist children unaccompanied by adults – were added.

To further improve service levels, contact details of booking customers and taxi drivers were provided for better communication – a measure well-received by both parties. In 2017, Swan Taxis plans to launch a flexible fare system which offers discounts during off-peak hours and charges a surcharge during peak hours.

With an increase in payment fraud on board taxis, Swan Taxis re-

introduced its online payment system in May 2016, and also provided a fraud detection service in a bid to reduce the incidence of such cases. This has been very effective.

In September 2016, Swan Taxis went into a partnership with Seven West Media to offer taxi wrap advertisements for its fleet of taxis. The contract for 200 taxis is estimated at a value of S\$1.05 million annually, which Swan Taxis intend to share with the taxi owners/drivers.

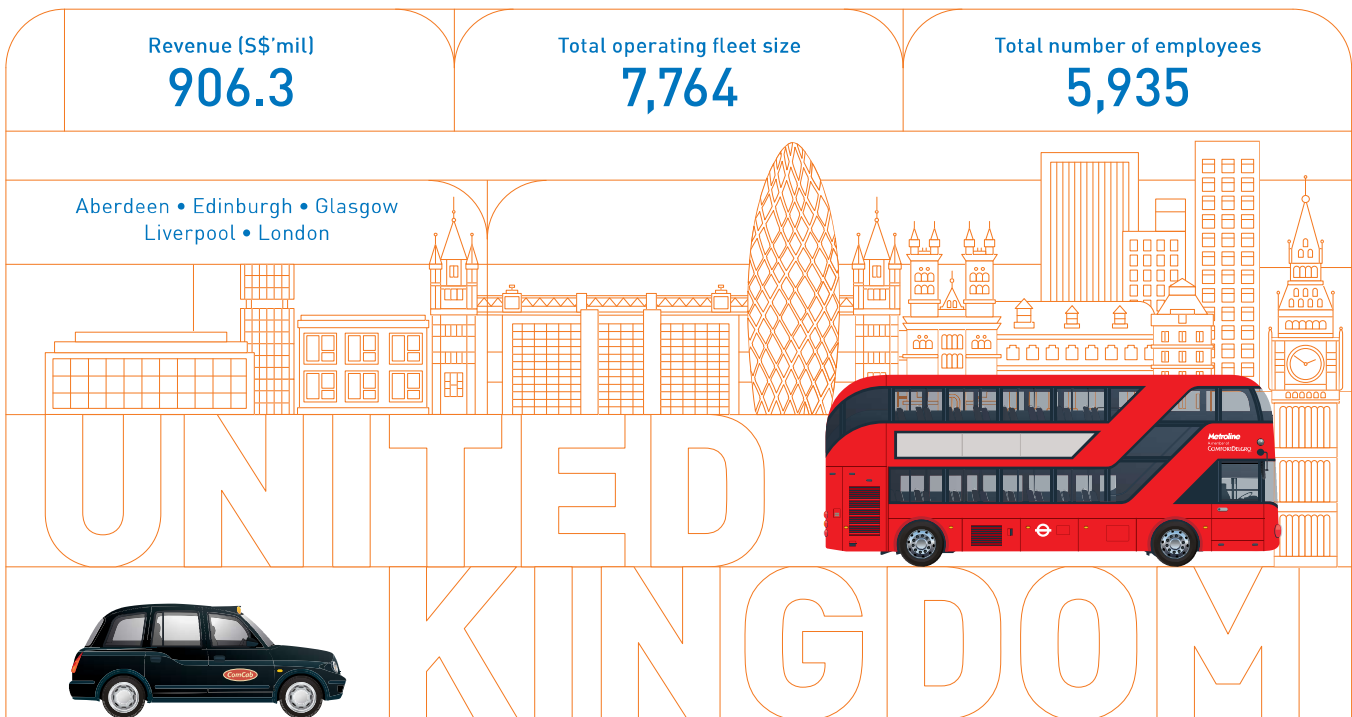
The Star Drivers Scheme, a performance-based method of rewarding good drivers that was introduced in 2015, saw a total of

32 Super Star drivers awarded by the end of 2016. One taxi driver took home the pinnacle Gold Award; six received Silver; and 25, Bronze.

To upkeep its volume of taxi plates, Swan Taxis forked out about S\$29,000 as a one-time subsidy for the annual licence fee of peak period and area restricted plates. It further waived the equipment lease component of the weekly rank fee for 233 taxi drivers who had leased the equipment for at least seven years. From January 2017, Swan Taxis reduced weekly rank fees of its normal and restricted area plates. It also subsidised half of the special lifting fee for Multi-Purpose Taxis that used to be co-funded by the Government.



OPERATIONS REVIEW



Bus • Coach • Taxi Radio Circuit • Private Car Hire

London, England

Bus

In the United Kingdom (UK), Metroline Limited maintained its position as London's second largest bus operator in 2016 with a fleet of over 1,740 buses, plying routes mainly in North, West, Central London and Hertfordshire. It runs over 19% of London's scheduled bus mileage.

In March 2016, Metroline won the 'Bus Operator of the Year' Award at the 2016 London Transport Awards, which is an annual event supported by Transport for London (TfL), London Councils and London Travel Watch.

This was followed six months later by the award of the "Rail Passport" by the Department for Transport to Metroline Rail Ltd. With it, Metroline Rail is now pre-qualified to bid for all upcoming rail franchises in the UK.

During the year, Metroline successfully retained 17 of the 20 contracts that had expired, and won another three new contracts.

Metroline also began operating the world's first five fully-electric double deck buses in April 2016 as part of a pilot scheme. These buses currently serve route 98 from Willesden Garage.

Metroline also took delivery of 111 buses in 2016, of which 77 were hybrid double decks and 34 were Euro 6 single decks.

To cope with the commencement of the new contracts, Perivale Garage, which had stopped operating in 2012, was reopened in August 2016. Efforts to train and recruit drivers were stepped up, and investments were made to beef up the Training and Recruitment Department.

Coach

Based in London, Westbus Coach Services Limited provides executive coach services across the UK and mainland Europe, catering to a broad spectrum of school, commuter, tourist and corporate coach passengers.

Mitigating the drop in tourist arrivals from China and Japan was an increase in the local home-to-school business. New tie-ups with tour operators in Thailand also helped to offset the drop in demand from Chinese and Japanese tour groups.

Taxi Radio Circuit

2016 was a challenging year for Computer Cab plc (operating under the 'ComCab' brand), London's largest black taxi operator with a fleet of 1,783 taxis.

Despite economic uncertainties following the Brexit vote in June 2016 that resulted in spending cuts in both the corporate and public sectors, ComCab successfully won a major contract for taxi and chauffeured car services from an international bank in London.

CityFleet rebranded itself as an aggregator and launched a new business website providing a single booking platform for ground transport needs of its customers, even when they are travelling overseas. A new mobile web booking tool, apps targeted at the busy executive on the move, and a new easy-to-navigate website were introduced. With these, customers were able to gain access to ground transportation almost anywhere in the world by logging onto their CityFleet Business account online or via the app, and choosing a pick-up date and time, up to three months in advance. A new in-app tracking function also enabled customers to track their vehicles across multiple fleets.

CityFleet Business offers an account payment and billing information system that ensures accurate data capture on all bookings at no extra charge with consolidated invoicing and reporting. For easy reference, clients have the ability to review their data online in real-time.

An app booking tool was also developed for Taxicard, a scheme that provides subsidised travel for London residents with serious mobility or sight impairments.

To remain competitive, new driver subscription and rental packages were introduced to ComCab to aid driver recruitment and retention.

To enhance its credentials, all Business Units within the CityFleet Group were accredited with the Quality Management and Environmental Management Standards, ISO 9001:2015 and ISO 14001:2015.

Private Car Hire

Flightlink International Limited provides hassle-free executive chauffeured car services for private hire and airport transfers under the ComfortExecutive brand.

Demand for these services increased in the latter part of 2016 as a result of aggressive sales and marketing efforts. Strategic partnerships were also forged with other executive chauffeured car service providers.

Liverpool, England

Taxi Radio Circuit

Computer Cab (Liverpool) Limited, which is the City's largest taxi circuit operator with a fleet of 329 licensed taxis, saw demand increase in 2016 on the back of new business and stronger demand from key customers.

Computer Cab (Liverpool) was also successful in retaining its contract to provide patient transport services for North West Ambulance NHS Trust (NWS) in Lancashire, Greater Manchester, Merseyside and Cumbria.

Glasgow, Scotland

Coach

The Group's partnership with Stagecoach, Scottish Citylink Coaches Limited (Scottish Citylink), is the leading provider of express coach services in Scotland with 94 coaches under the 'Scottish Citylink' and 'megabus.com' brands. It also operates a network of cross-border services between Scotland and major cities in England.

During the year, Scottish Citylink faced increased fare competition from domestic airlines on its longer-distance express routes. In a bid to improve its competitive edge, Scottish Citylink removed unproductive mileage from its cross-border services and re-timed journeys to improve punctuality. Changes were also made to the internal Scottish coaching network for both the May and October 2016 timetables to improve reliability and to allow for better connections between services at interchange points.

A new Glasgow to Liverpool route was also put on trial in 2016, ahead of the train companies. The feedback from passengers has, thus far, been encouraging.

During the year, Scottish Citylink introduced five brand new Scania Irizar i6 Euro 6 coaches for the route between Edinburgh Airport and Glasgow City. Each coach is fitted with USB sockets and 4G Wi-Fi. A new livery was also introduced.

Aberdeen and Edinburgh, Scotland

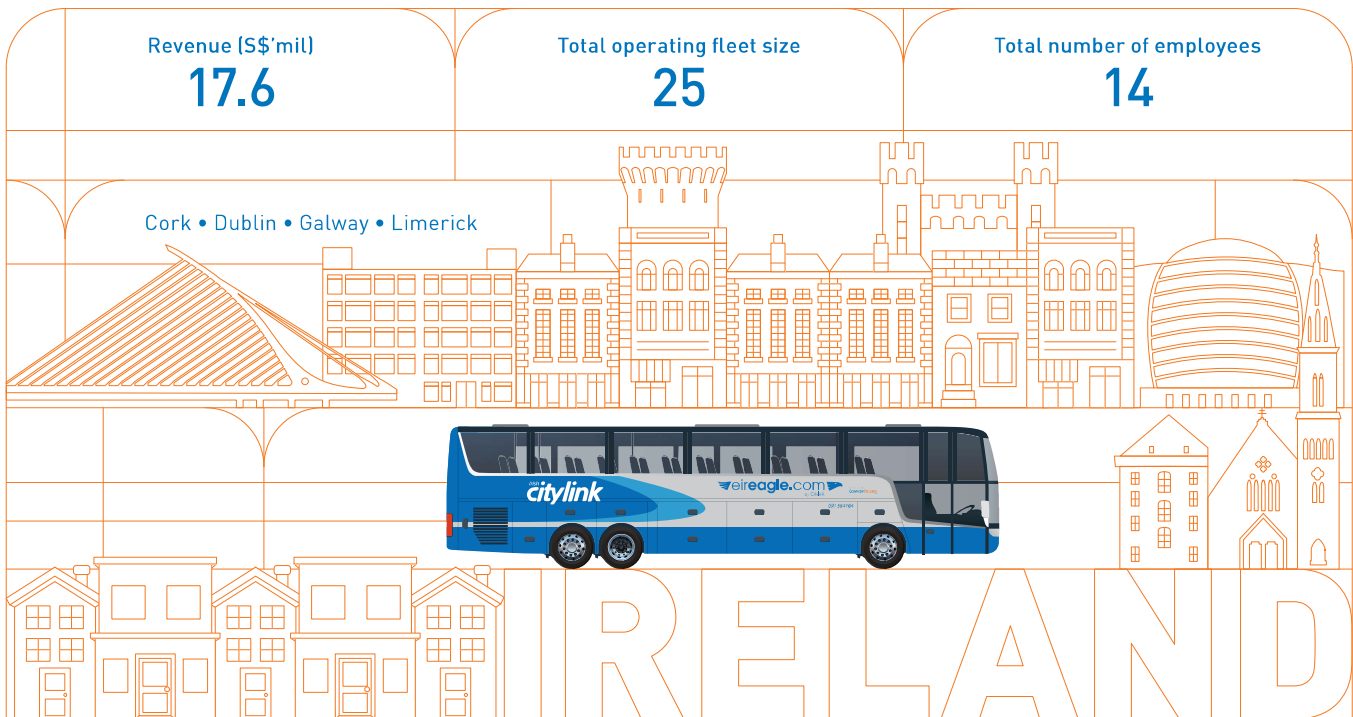
Taxi Radio Circuit

Computer Cab (Aberdeen) Limited has the largest fleet of taxis in Aberdeen. It successfully retained the contract to provide taxi services to the Aberdeen International Airport for another 18 months.

Computer Cab (Edinburgh) Limited continued to face a difficult year as corporate clients restricted travel spend.



OPERATIONS REVIEW

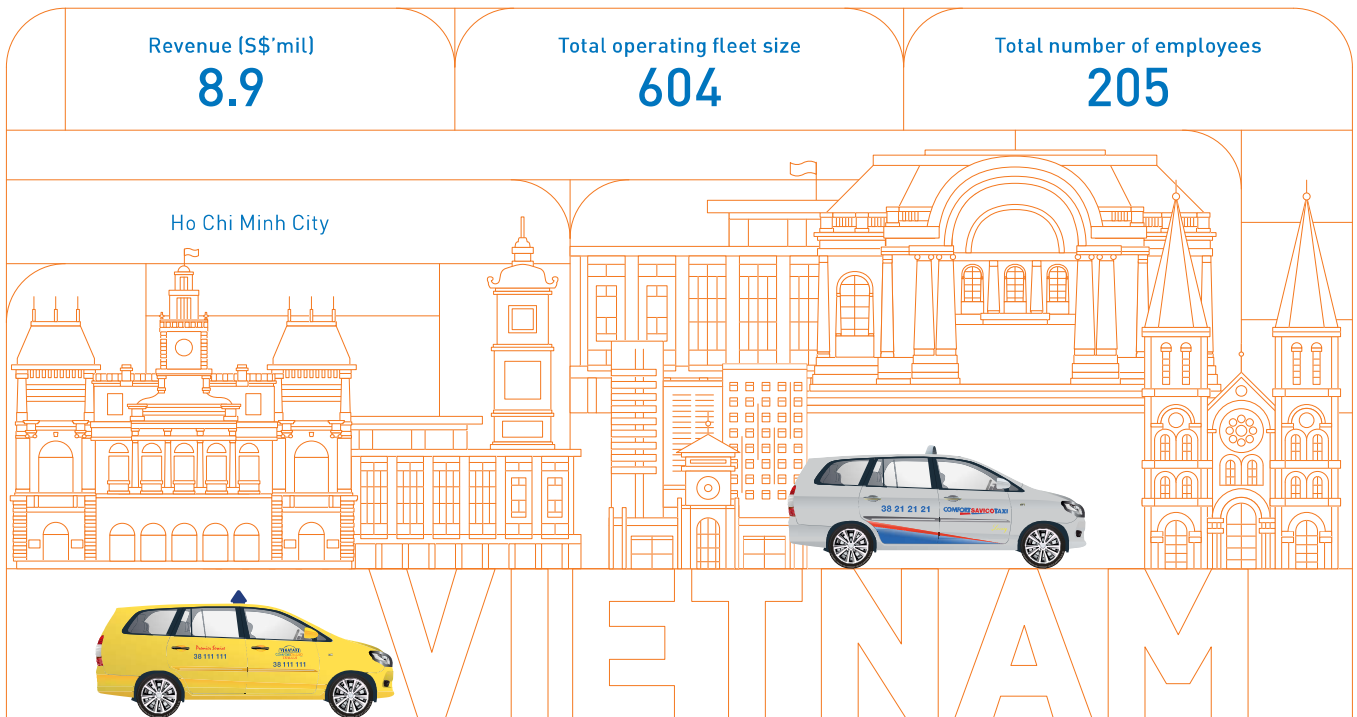


Inter-City Express Coach

ComfortDelGro Irish Citylink Limited, our fully-owned express coach subsidiary in Ireland, runs a network of inter-city and Dublin Airport express routes linking cities such as Cork, Dublin, Galway and Limerick. Demand for services increased in 2016 on the back of a strong economy.

To further attract and retain customers, innovative marketing campaigns were launched. There was also a sponsored arrangement with Galway's main radio station, Galway Bay FM. ComfortDelGro Irish Citylink also beefed up its online marketing activities and this resulted in a growth for its online bookings.

ComfortDelGro Irish Citylink's efforts to improve the experience for its customers had not gone unnoticed. In an independent survey carried out in June 2016 by the Customer eXperience Insights (CXi), which features the country's best in customer experience, ComfortDelGro Irish Citylink ranked fifth out of 100 brands and was named a CXi winner in the travel sector.



Taxi

The Group's subsidiaries in Vietnam, ComfortDelGro Savico Taxi Company and Vietnam Taxi Co., Ltd (Vinataxi), operate taxi services through a combined fleet of 604 taxis.

Despite the competitive climate, both taxi companies were successful in renewing their existing contracts to operate taxi services at major pick-up points in Ho Chi Minh City. They also continued to attract taxi drivers through advertisements and referral schemes.

During the year, ComfortDelGro Savico Taxi disposed of 20 taxis that were above five years old and replaced them with 15 new ones, including 10 Euro 4 Chevrolet Aveo taxis, which are more fuel efficient. With that, the average age of its taxi fleet is now 3.6 years old.

To improve efficiency, ComfortDelGro Savico Taxi streamlined its organisational structure and reduced costs.

Leveraging on technology, Vinataxi invested in a Management and Monitoring system to assess the demand and effectiveness of every one of its major pick-up points. Using Android smartphones, the Company was able to capture trip volumes and waiting times at the pick-up points in real-time. In doing so, it was able to deploy taxis to where demand was strongest.

It also trialled a new taxi despatching system with 40 taxis. The new system, which is linked to the Management and

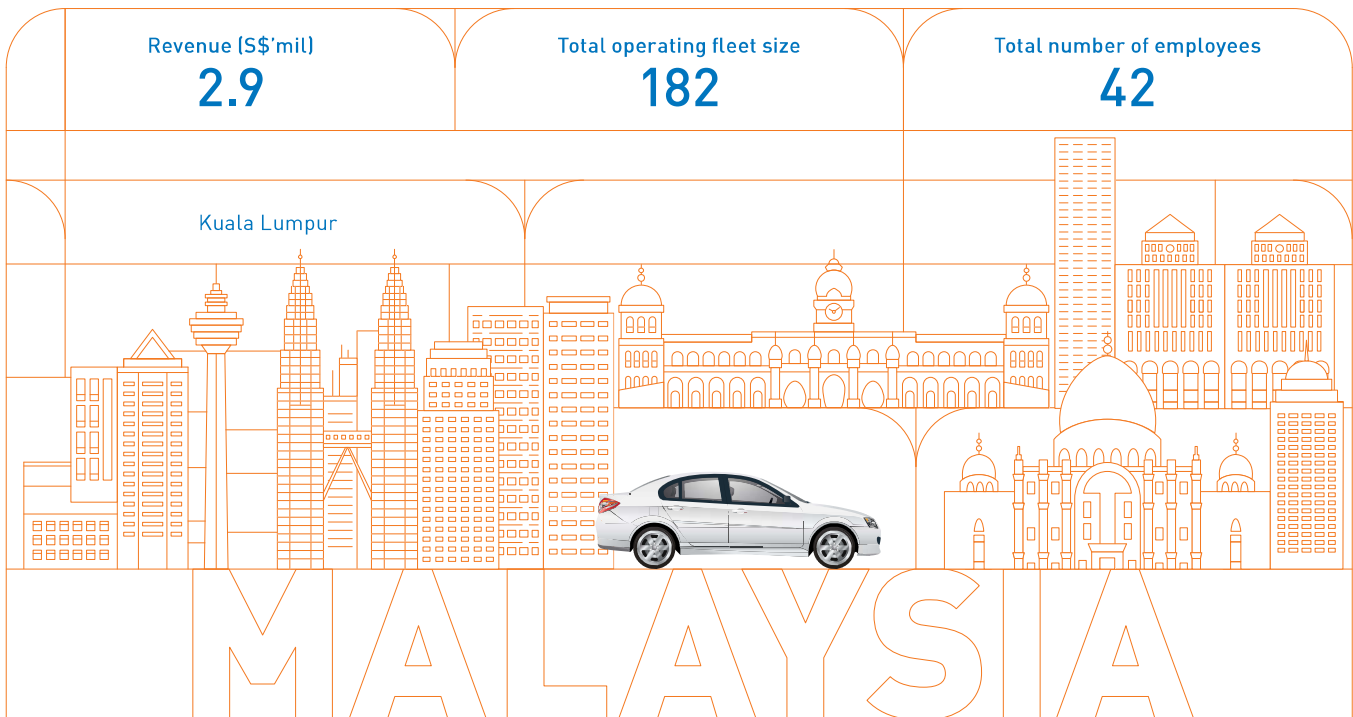
Monitoring system, enabled drivers to join a queue at a pick-up point simply by indicating so on the Mobile Data Terminal. As such, staff no longer needed to manually track the number of taxis at any one queue, allowing for greater efficiency and productivity.

During the year, Vinataxi withdrew 48 old taxis and replaced them with 40 new seven-seater ones. It also painted the livery of the new taxis in-house, resulting in cost savings of over S\$5,000. Over 90% of Vinataxi's fleet are now seven-seaters and there are plans to purchase another 120 seven-seater taxis as part of fleet renewal in 2017.

Vinataxi's workshop took in more accident repair jobs during the year. As a result, revenue from accident repairs increased in 2016. Revenue from its taxi advertisements also increased.

In 2016, Vinataxi bagged the "Vietnam Top 50 Well-known Trademark" for the third year running. Due to its consistent engagement with the Union and staff, it received the 'Commendation of Typical Enterprise Owners 2015' Award by the Ho Chi Minh City Export Processing and Industrial Zones Authority (HEPZA) and Ho Chi Minh City Trade Union Federation on 3 June 2016. It also received a Certificate of Merit by the Department of Traffic & Transport as well as the Outstanding Trade Union 2015 and Certificate of Merit by HEPZA.

OPERATIONS REVIEW



Auto Leasing • Inspection & Testing Services

Auto Leasing

Our subsidiary, CityLimo Leasing (M) Sdn Bhd, offers auto leasing services in Malaysia through a fleet of 182 vehicles. Utilisation of our vehicles remained high in 2016. The Company specialises in dedicated fleet management for clients with round-the-clock nationwide technical and roadside emergency assistance. Established in 1996, it provides both short- and long-term leasing for a full range of passenger cars and light commercial vehicles. It is one of the leading auto leasing service providers for multinational corporations, especially those in the oil & gas and infrastructure industries.

Inspection & Testing Services

Setsco Services Pte Ltd's wholly-owned subsidiary, Setsco Services (M) Sdn Bhd, provides civil engineering and non-destructive testing services. During the year, it secured contracts to perform structural monitoring and system analysis of a tall building, as well as sampling and analysis of water and soil samples for a dam project.