

OPENING REMARKS BY LIM JIT POH, CHAIRMAN, AT COMFORTDELGRO CORPORATION LIMITED ANNUAL GENERAL MEETING HELD ON THURSDAY 26 APRIL 2018 AT 10 AM AT THE SINGAPORE CHINESE CULTURAL CENTRE AUDITORIUM

We celebrated our 15th year of existence last month. Our Founding Managing Director/Group Chief Executive Officer Mr Kua Hong Pak stepped down from his post last April. Since 1 May last year, we have had a new MD/Group CEO, Mr Yang Ban Seng.

2. ComfortDelGro has had a very good 15 years since establishment. Our business footprint in land transport is impressive with operations in seven countries and four time zones. We are second in the global landscape.

3. Over the 15 year period from 2003 to 2017, we have a compound annual growth rate in revenue of 4.9% with a base year of \$2.02 billion in 2003 to the present latest 2017 figure of \$3.97 billion. Likewise, our operating profit also had a compound annual growth rate of 4.9% from \$208.7 million to \$409.2 million. Profit attributable to shareholders had a higher compound annual growth rate of 6.0% from the base of \$133.9 million in 2003 to \$301.5 million in 2017.

4. But the total dividend paid to shareholders had an even higher compound annual growth rate of 8.5% from 3.30 cents per share in 2003 to 10.40 cents per share which you will approve at this AGM.

5. Together with the share price, the Total Shareholder Return or TSR is at an even higher compound annual growth rate of 9.9% with a share price of \$0.79 upon merger in 2003 and rising to \$1.98 at the end of 2017 and together with a total dividend payout of \$1.18 or \$3.16 in all.

6. Our assets had also grown from \$2.67 billion in 2003 to \$4.83 billion in 2017 giving a compound annual growth rate of 4.3%. Together with these, the net asset per share is almost doubled from 62.0 cents in 2003 to 121.01 cents in 2017, thereby giving a compound annual growth rate of 4.9%. The market capitalization also increased from about \$1.6 billion at the point of merger in 2003 to about \$4.3 billion at the end of 2017 representing a compound annual growth rate of 6.9%. All these are admirable statistics and happy numbers.

7. For these achievements, I wish to place on record our deepest appreciation to our first MD Mr Kua Hong Pak, my fellow directors -- both present and past, and the staff -- those who had retired and those who are still with us, both locally and abroad -- for their excellent and valuable contributions. It has been the combined efforts of all that has resulted in our wonderful performance to-date. As shareholders, you have also benefitted. Let me take this opportunity to thank you for your continued trust and confidence in us.

8. The business environment has changed over the years. The Code of Corporate Governance has undergone three major revisions with the latest due in the second half of this year. Drastic changes and practices will be introduced not only to the Code but also to the SGX Listing Rules. The watershed one will be the introduction of the so-called Nine-Year Rule which dictates that the independent status of non-executive directors with nine or more years of service will be regarded as non-independent. These senior directors have been with us for quite some time and it will indeed be sad for us to lose them over the issue of defined tenure.

9. Our shareholders profile has also undergone major shifts. In earlier years, we had an anchor shareholder and the majority of free float was held by Singaporeans. Today,

overseas funds constitute the bulk of our shareholdings. Their aspirations may differ from individual shareholders. This is to be expected.

10. Traditional business models are now being threatened. The means by which we conduct our land transport business, namely vehicles, is being transformed from internal combustion engine to hybrid, electric and ultimately autonomous. Our own taxi call centres in Singapore, Perth and the UK, the very first generation of matching mechanism between commuters and taxis, is now confronted with the highly advanced technology systems of tech apps like Uber and Grab. These may also be short-lived if autonomous or driverless vehicles come onto the scene. They may then be forced into investing in assets since their current model will no longer work as there won't be drivers to get commissions from.

11. We therefore live in challenging and exciting times. Board memberships have to be renewed to meet these inevitable changes. Hence the course of our planned director renewal process which we initiated last year has to continue. We have to bring in personalities in artificial intelligence or AI, IT and engineering to meet the requirements posed by the Fourth Industrial Revolution.

12. So long as we are regulated by the government bodies, we will continue to have a tripartite style of board membership with persons drawn from the government, industry and the labour movement. At the governmental level, we aim to tap on the brilliant minds and best leadership of retired permanent secretaries. At the conclusion of the 2018 AGMs of our three listed companies, we will be announcing our good fortune of having three retired permanent secretaries joining our three boards. We shall also announce new directors well versed in artificial intelligence and rail engineering, both of which are critical to the business going forward.

13. Looking ahead, we have been in contact with four consultancy firms to work out a plan of transformation to the new factors and influencers to our land transport business. This is a very serious and critical undertaking requiring a lot of thought and research and finance. In the meantime, we are not sitting idly by. In fact, we have been expanding aggressively when opportunities present themselves. We also have to work very hard to hunt for opportunities. Our targets have to be realistic too and profit margins may even need to be squeezed slightly. We have to be hungry to survive.

14. New talents have to be recruited to work on these challenges. Experienced staff have to be retained to improve efficiency and productivity. These key staff are necessary for our survival.

15. I call for your understanding and support during this critical period. We shall be tabling two important resolutions to move forward. The first is the share buy-back scheme to enhance our shares. The second is a share performance scheme to attract, motivate and retain our key staff. These are necessary conditions for the success of the Group. I seek your support and approval.

16. The other two resolutions this morning are aimed at cleaning up our old memoranda and articles of association or in today's language, our constitution. These are also necessary to meet the legal requirements necessitated by the major changes to The Companies Act.