

ANNUAL REPORT
2019/20



STAYING RESILIENT
WORKING TOGETHER



MISSION STATEMENT

SIA Engineering Company Limited (SIAEC) is engaged in providing aviation engineering services of the highest quality, at competitive prices for customers and a profit to the Company.

CORPORATE PROFILE

SIAEC, which was listed on the mainboard of the Singapore Exchange in 2000, is one of the world's leading maintenance, repair and overhaul (MRO) organisations.

SIAEC's one-stop maintenance facility in Singapore offers world-class MRO services to a client base of more than 80 international carriers and aerospace equipment manufacturers. Complementing its full spectrum of MRO services is its portfolio of 26 joint ventures in 8 countries, forged with strategic partners and leading original equipment manufacturers (OEMs). The Company holds certifications from 25 national airworthiness authorities worldwide.

FY2019/20 AT A GLANCE

SIAEC signed a \$1.4 billion Services Agreement with Singapore Airlines

SIAEC signed a Maintenance Services Agreement with Safran Aircraft Engines for CFM-LEAP-1A and LEAP-1B engines

SIAEC and GE Aviation incorporated GE Aviation, Overhaul Services-Singapore, an engine overhaul joint venture company

SIAEC announced an investment in Pos Aviation Engineering Services Sdn Bhd in Malaysia

SIAEC signed a joint venture agreement with Air Innovation Korea Co., Ltd to form a line maintenance joint venture in the Republic of Korea

REVENUE

\$994.1M

NET PROFIT

\$193.8M

DIVIDEND PER SHARE

8 cents*

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* includes final ordinary dividend of 5 cents per share, which is subject to shareholders' approval

CHAIRMAN'S STATEMENT



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Digitalisation and investments in technology, in tandem with our Transformation efforts, remain important to drive higher productivity and capabilities.

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DEAR SHAREHOLDERS,

Last year, I shared that we had embarked on our Transformation journey in April 2018 to sharpen our competitive edge in the MRO industry by exploring new avenues of growth and enhancing productivity. At the same time, we continued to advance our strategic partnerships, build new capabilities and expand our geographical footprint in line maintenance. During FY2019/20, we remained focused on our Transformation efforts and long-term strategy to strengthen our business fundamentals and build a resilient and sustainable organisation committed to creating value for our shareholders, customers and employees.

Despite the global economy in 2019 registering the lowest growth in a decade, we achieved a creditable operating performance for most of FY2019/20. We were able to improve our operating profit as our Transformation efforts delivered better manpower utilisation, swifter turnaround time, increased throughput, and reduction in operating costs.

The COVID-19 pandemic, unfortunately, dealt a devastating blow to the aviation industry before our financial year came to a close in March 2020. Across the world, demand for passenger air travel plummeted amid fears of infection as well as border controls by countries, forcing airlines to ground their fleets. The sharp drop in flights in March 2020 had an immediate impact on our line maintenance business at our Singapore base and overseas stations. In that month, the number of flights which we handled at Changi Airport declined to 50% of our usual load and flying hours of our fleet management customers' aircraft decreased by about 60% to 70%. These reductions worsened in April and May 2020 and the outlook remains uncertain. The extended period of severe flight reduction will have an eventual impact on our other business units, such as our base maintenance and engine and component segments.

For FY2019/20, the Group recorded an operating profit of \$67.7 million, an increase of 19.2% from the preceding year. At \$994.1 million, revenue of the Group was 2.6% lower year-on-year. Expenditure decreased 3.9% to \$926.4 million, aided by grants from government support schemes. Share of profits from associated and joint venture companies increased 12.3% to \$127.9 million. Overall, Group net profit of \$193.8 million was 20.4% higher than a year ago, mainly due to higher Group operating profit and increase in share of profits of associated and joint venture companies.

CHAIRMAN'S STATEMENT

Having considered our FY2019/20 performance, the need to conserve cash given the severity of the COVID-19 pandemic and uncertain recovery timeline, the Board of Directors is recommending a final ordinary dividend of 5.0 cents per share. Together with the interim dividend of 3.0 cents per share paid out at mid-year, the total pay-out for FY2019/20 will be 8.0 cents.

RESPONDING TO THE IMPACT OF COVID-19

From the onset of the COVID-19 crisis, we responded quickly and decisively to its unparalleled impact on the aviation industry and consequently on the MRO business. We introduced measures to ensure the safety and health of our staff and customers, activated business continuity plans to minimise disruptions to our operations, and took actions to mitigate the adverse financial impact and protect jobs. Cost control initiatives such as the reduction of operating costs and deferment of non-critical capital expenditure were put in place to maintain adequate liquidity. Management took the lead with pay cuts ranging from 5% to 25%. The Board of Directors stood in solidarity with Management and Staff with the reduction of 25% in fees accruing with effect from 1 April 2020.

We recognise that some of the measures we have introduced during this difficult time are painful, but they are necessary to protect jobs. I am grateful to our staff and Unions for their understanding and support. We made rapid adjustments in manpower deployment and worked closely with our Unions on the implementation of various measures that directly impacted our staff, such as voluntary and compulsory no-pay leave, and furlough for staff on re-employment contracts.

Beyond cost containment measures and managing credit risk, we are working closely with our partners

and customers to jointly address the challenges during this period. We are carrying out preservation maintenance on our customers' aircraft that are not in operation to ensure that their cabin products are maintained in top condition and the aircraft remain airworthy. At the same time, we are intensifying our efforts to secure additional business from existing and new customers to ensure a continuous stream of work.

As the Company and its local joint venture companies are classified as essential services providers, we have remained available to our customers during the Circuit Breaker period in Singapore, providing them with the same professional and dedicated MRO services that we have come to be known for.

The impact of COVID-19 on aviation and the aerospace industry is likely to be protracted. The pace of recovery for our MRO business is expected to be slow as it will depend on the return of international air travel and consumers' confidence in air travel. We are mindful to balance our current efforts to manage the effects of the pandemic with keeping ourselves agile and prepared for the future. Our staff have been scheduled for training courses to strengthen their capabilities and broaden their skill sets, including upgrading their technical skills for new-generation aircraft. We have also availed virtual reality training tools to support the continued upskilling of our staff and improve competencies during this period.

PROGRESSING IN OUR TRANSFORMATION

We have made good progress in our Transformation journey, which is complemented by our pursuit of innovation and technology initiatives. Over 100 initiatives in areas such as performance management, workforce

optimisation to match supply to demand, planning enhancement and supply chain management have been implemented since we began this journey. These efforts have resulted in significant improvements in our operating performance.

As the Company navigates the challenges posed by the pandemic, we will continue to press on with the next phase of our Transformation journey to strengthen our resilience and agility to recover quickly. We strive to be more productive, efficient and innovative to increase our value-add to customers and emerge from this crisis with enhanced competitiveness to sustain long-term growth. Digitalisation and investments in technology, in tandem with our Transformation efforts, remain important to drive higher productivity and capabilities and improve our organisation agility and operational excellence. We will also be equipping our staff with digital skill sets as well as Lean management principles to enable ground-up ideas for continuous improvement in processes.

The development of our Operations and Technology Capability Roadmap will further sharpen our focus in the area of innovation and technology adoption and our plans to achieve a digitally-enabled workforce, improve productivity and enhance quality and safety. This year, we have also established a Technology Advisory Committee comprising academic leaders and industry experts, for members to share their expertise and insights on emerging technological trends and opportunities in the industry and steer the Group's investment efforts in innovation.

STRENGTHENING PARTNERSHIPS, POSITIONING FOR RECOVERY

We continued to stay the course in fostering and strengthening collaborations with key strategic

CHAIRMAN'S STATEMENT

partners, while extending our footprint into new markets during the financial year.

At our home base in Singapore, we signed a 10-year agreement to provide engine maintenance services to Safran Aircraft Engines. SIAEC will provide engine Quick Turn and modification embodiment services for Safran's CFM LEAP-1A and LEAP-1B engines at a dedicated facility in Singapore.

During the year, our engine overhaul joint venture with GE Aviation, named GE Aviation, Overhaul Services – Singapore, was incorporated. This joint venture will provide a full range of engine MRO services for the GE90 and GE9X engines at a state-of-the-art facility. The facility will utilise digitalisation and data analytics to enhance productivity.

In addition to leveraging Singapore's standing as a major regional hub for MRO work, the expansion of the Group's international line maintenance network is also an integral part of our growth strategy. This expanded footprint allows us to access a wider market and opportunity set for other MRO work to leverage the longer-term trend of growth in global travel demand.

In Thailand, we partnered NokScoot Airlines to establish a line maintenance joint venture at Don Mueang International Airport. We also entered into an agreement with Pos Aviation to acquire a 49% stake in Pos Aviation Engineering Services (PAES) in Malaysia. PAES's operations at Kuala Lumpur International Airport and nine other stations in Malaysia will complement our international network.

We further marked our entry into the Republic of Korea with a line maintenance joint venture with Air Innovation Korea. This partnership supplements the A320 CEO / NEO fleet Inventory Technical Management

Programme with Aero K Airlines, a subsidiary of Air Innovation Korea. These new partnerships will help us expand our footprint beyond the current 35 airports across seven countries including Singapore.

Partnerships in our portfolio of joint ventures strengthen our core competencies and market reach for sustained competitiveness and growth in the long term. At the same time, we are also undertaking a review of our various partnerships to ensure that they remain relevant to our growth plans in a post COVID-19 aviation industry. With a strong balance sheet, we will be watchful for new opportunities to strengthen and bring new capabilities to the Group.

STAYING RESILIENT, WORKING TOGETHER

The COVID-19 pandemic is an unprecedented storm that has put our resilience, collective strength and agility to the test. The situation is likely to remain highly fluid in the coming months. However, the strong reputation we have built with our airline customers over the years, our deep knowledge of their maintenance needs and strong technical expertise will remain our competitive advantage. Our vigilance, judicious efforts to mitigate the impact of COVID-19 on the Group and a strong balance sheet will position us for the eventual recovery of the aviation industry.

We will continue to innovate and stay nimble. Together with the solidarity and tenacity of our staff, as well as support of all stakeholders in the face of this adversity, I am confident that we can face the challenges together.

ACKNOWLEDGING CONTRIBUTIONS AND APPRECIATION

On behalf of the Board of Directors, I would like to extend my heartfelt appreciation to Mr Png Kim Chiang,

who retired from his role as Executive Director and CEO of the Company on 1 April 2020 and continues to serve as Advisor to the Company. During his tenure as CEO, Mr Png led several key initiatives in transforming the Company for the long term. At the same time, I warmly welcome Mr Ng Chin Hwee, who is a Director on the Board of SIAEC, as our new CEO. He is the former Executive Vice President Human Resources and Operations of Singapore Airlines, and has proven his versatility and leadership in various past appointments.

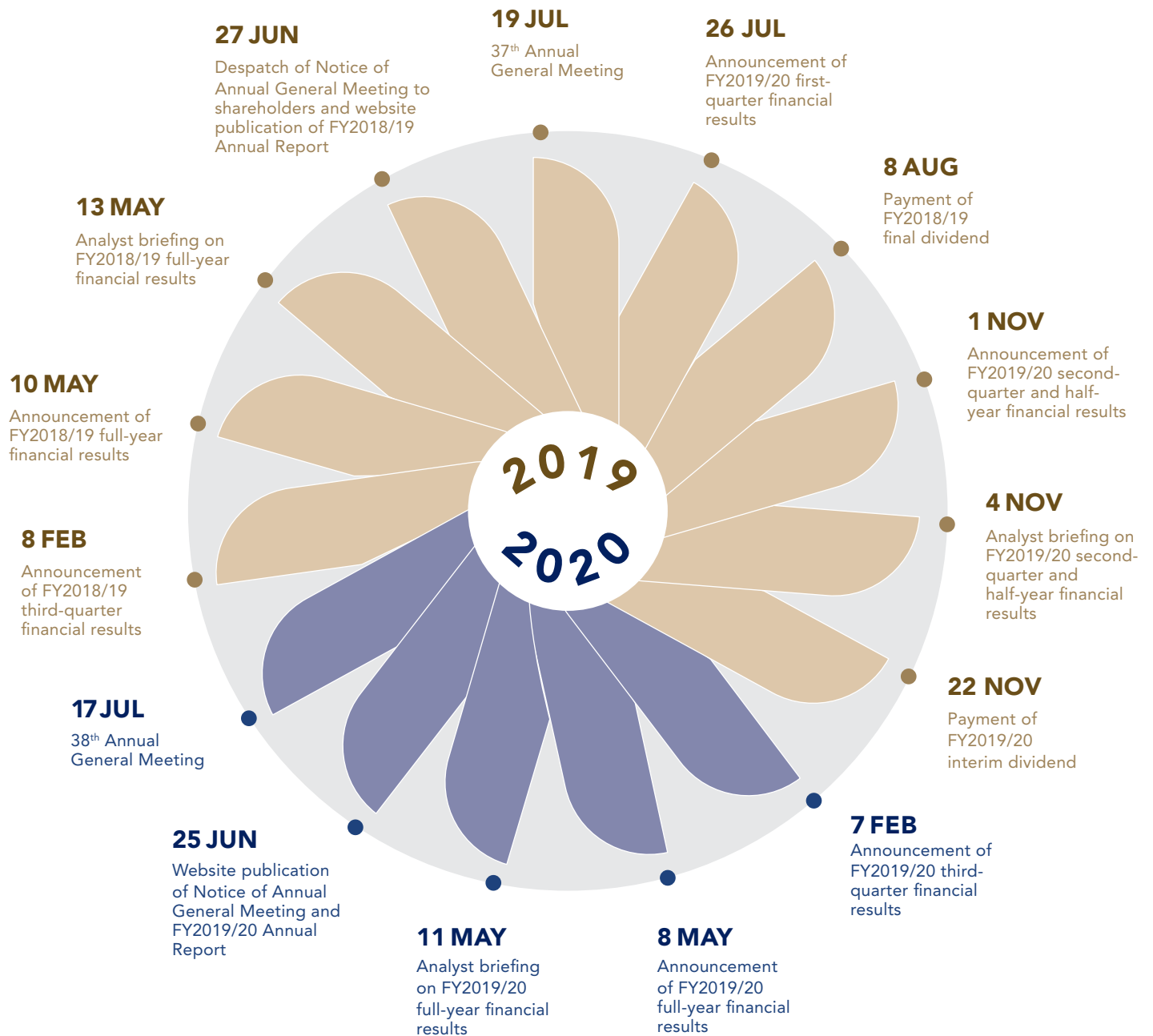
I would also like to thank all shareholders for your confidence and trust in the Group and express my appreciation to our valued customers and business associates for their support.

Lastly, a special word of thanks to our loyal and committed staff and Unions. Your dedication to our initiatives on safety and productivity, as well as the ongoing Transformation, forms the cornerstone of our competitiveness and resilience. I look forward to working with you to enable the Group to emerge stronger from this crisis.



TANG KIN FEI
Chairman

CORPORATE CALENDAR



BOARD OF DIRECTORS



Tang Kin Fei

Chairman
Chairman, Compensation & HR Committee
Non-executive and Independent Director



Chew Teck Soon

Chairman, Audit Committee
Non-executive and Independent Director



Christina Ong

Chairperson, Nominating Committee
Non-executive and Independent Director



Manohar Khiatani

Chairman, Board Safety & Risk Committee
Non-executive and Independent Director



Goh Choon Phong

Non-executive and
Non-independent Director



Ng Chin Hwee

Executive and
Non-independent Director



Dr Raj Thampuran

Non-executive and
Independent Director



Wee Siew Kim

Non-executive and
Independent Director



Mak Swee Wah

Non-executive and
Non-independent Director
From 1 April 2020



Chin Yau Seng

Non-executive and
Non-independent Director



Png Kim Chiang

Executive and
Non-independent Director
Until 31 March 2020

BOARD OF DIRECTORS

MR TANG KIN FEI

CHAIRMAN, BOARD OF DIRECTORS

CHAIRMAN, COMPENSATION & HR COMMITTEE

Non-executive and Independent Director

Mr Tang Kin Fei was appointed Director and Deputy Chairman on 8 May 2017 and subsequently, as Chairman on 19 July 2018. He was the Group President and Chief Executive Officer of Sembcorp Industries Ltd from 1 May 2005 until his retirement on 31 March 2017. He then remained as an Advisor and a non-executive Director on the Board of Sembcorp Industries until 31 May 2017.

Mr Tang, who has been with the Sembcorp Group for 30 years, has been credited with driving its transformation into an international energy, water, marine and urban development group. Prior to his appointment as Group President and Chief Executive Officer, Mr Tang headed Sembcorp's utilities business on Jurong Island in Singapore, which grew into a global energy and water player with a sizeable portfolio of assets and capabilities. Before joining Sembcorp, Mr Tang was the Managing Director of Wescon Asia and a project engineer in Esso Singapore.

Mr Tang is currently the Chairman of Singapore LNG Corporation Pte Ltd, a major energy infrastructure project with strategic intent. He is a Director of Summit Power International Ltd, Chairman of the Strategy and Investment Committee and a Member of the Audit and Risk Committee. He is also a Board Member of Singapore Cooperation Enterprise and a Board Member at National Research Foundation and Chairman of the Integrated Programme Office, the Council Chairman of Ngee Ann Polytechnic and Vice Chairman of the Kwong Wai Shiu Hospital, a charitable hospital which provides care for needy patients.

Age: 69

Academic and Professional Qualifications:

- Bachelor of Mechanical Engineering (1st Class Honours), University of Singapore
- Advanced Management Programme, INSEAD, France

Other Principal Commitments

	Organisation/Company	Title
1.	Singapore LNG Corporation Pte Ltd	Chairman
2.	Summit Power International Ltd	Director
3.	Singapore Cooperation Enterprise	Director
4.	Ngee Ann Polytechnic	Council Chairman
5.	Kwong Wai Shiu Hospital	Vice Chairman
6.	National Research Foundation	Board Member

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1.	Sembcorp Industries Ltd	Director
2.	Sembcorp Marine Ltd	Director
3.	Sembcorp Development Ltd	Director
4.	Singapore-Sinchuan Investment Holdings Pte Ltd	Director
5.	Sembcorp Properties Pte Ltd	Director
6.	Sembcorp Utilities Pte Ltd	Chairman
7.	Sembcorp Environment Pte Ltd	Chairman
8.	Sembcorp Gas Pte Ltd	Chairman
9.	Sembcorp Cogen Pte Ltd	Chairman
10.	Sembcorp Renewables Pte Ltd	Director
11.	Sembcorp (China) Holding Co., Ltd	Chairman
12.	P.T. Adhya Tirta Batam	Commissioner
13.	Sembcorp Salalah Power and Water Company SAOG	Chairman
14.	Sembcorp Utilities (UK) Limited	Chairman
15.	Thermal Powertech Corporation India Limited	Chairman
16.	Sembcorp Gayatri Power Limited	Chairman
17.	Sembcorp Green Infra Limited	Chairman
18.	Penglai Jutal Offshore Engineering Heavy Industry Co. Ltd	Vice Chairman
19.	Defence Science & Technology Agency Board	Board Member
20.	Nanyang Technological University	Chairman, College Advisory Board
21.	Climate Change Network, National Climate Change Secretariat	Member
22.	Shenzhen Chiwan Sembawang Engineering Company Limited	Chairman
23.	Singapore Chinese Chamber of Commerce and Industry	Council Member

BOARD OF DIRECTORS

MR CHEW TECK SOON

CHAIRMAN, AUDIT COMMITTEE

Non-executive and Independent Director

Mr Chew joined the Board as an Independent Director on 1 May 2013. He devoted almost 38 years of international experience in the auditing profession. He joined the Singapore firm of Coopers & Lybrand in January 1972, qualified in its UK firm as a Certified and Chartered Accountant in 1976, and was admitted as an audit partner in 1985 following a one-year attachment to the US firm to upskill his knowledge and experience in cybersecurity. He retired in December 2009 from the firm, now known as PricewaterhouseCoopers. His 38-year career in international auditing and accounting has equipped him with a deep knowledge and an extensive experience on business and capital structures, strategies and risks, finance management and accounting, management training and sound corporate governance practice.

Age: 68

Academic and Professional Qualifications:

- Chartered Certified Accountant (ACCA), Association of Chartered Certified Accountants, UK
- Certified Information Systems Auditor, EDP Auditors Association Inc, USA
- Graduate Certificate in International Arbitration, Law Faculty, National University of Singapore
- Fellow, Chartered Association of Certified Accountants, UK
- Certified Public Accountant, Institute of Certified Public Accountants Singapore (now known as Institute of Singapore Chartered Accountants)
- Fellow, Institute of Certified Public Accountants Singapore (now known as Institute of Singapore Chartered Accountants)
- Executive MBA Programme of Stanford-NUS
- Executive MBA Programme of INSEAD-Coopers & Lybrand

Other Principal Commitments

	Organisation/Company	Title
1.	Leap Philanthropy Ltd	Director and Chairman, Audit Committee
2.	Stroke Support Station Ltd	Director and Chairman, Audit Committee

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1.	IL&FS Wind Power Management Ptd Ltd	Director and Chairman, Audit Committee
2.	JW Marriott Phuket Beach Club	Chairman, Advisory Committee
3.	The Tanglin Club	Chairman, Audit Committee

BOARD OF DIRECTORS

MRS CHRISTINA ONG

CHAIRPERSON, NOMINATING COMMITTEE

Non-executive and Independent Director

Mrs Ong was appointed Director on 1 January 2014. She is Chairman and Senior Partner of Allen & Gledhill LLP, where she headed the Financial Services Department for many years. Her areas of practice include banking, securities offerings, securities regulations, investment funds, capital markets and corporate finance. She has been involved in a broad range of debt and equity issues. She provides corporate and corporate regulatory and compliance advice, particularly to listed companies.

Mrs Ong is currently a Director of Oversea-Chinese Banking Corporation Ltd, Singapore Telecommunications Ltd, Hongkong Land Holdings Limited and Epimetheus Ltd. She is also a Director of Allen & Gledhill Regulatory & Compliance Pte Ltd, Eastern Development Pte Ltd and Eastern Development Holdings Pte Ltd (companies associated with Allen & Gledhill LLP). Mrs Ong is a member of the Corporate Governance Advisory Committee, which is a standing committee established by The Monetary Authority of Singapore and also a Trustee of the Stephen A. Schwarzman Scholars Trust and a member of the Supervisory Committee of the ABF Singapore Bond Index Fund.

Age: 68

Academic and Professional Qualifications:

- Bachelor of Laws, LLB (Honours) (Second Upper), National University of Singapore
- Member, Law Society of Singapore
- Member, International Bar Association

Current Directorships in Other Listed Companies

Company	Title
1. Oversea-Chinese Banking Corporation Ltd	Director
2. Singapore Telecommunications Ltd	Director
3. Hongkong Land Holdings Limited	Director

Other Principal Commitments

Organisation/Company	Title
1. Allen & Gledhill LLP	Chairman & Senior Partner
2. Allen & Gledhill Regulatory & Compliance Pte. Ltd.	Director
3. Eastern Development Pte Ltd	Director
4. Eastern Development Holdings Pte. Ltd.	Director
5. Epimetheus Ltd	Director
6. The Stephen A. Schwarzman Scholars Trust	Trustee
7. ABF Singapore Bond Index Fund	Member, Supervisory Committee
8. Corporate Governance Advisory Committee	Member

Directorships/Appointments in the past 5 years

Organisation/Company	Title
1. Singapore Tourism Board	Board Member
2. Trailblazer Foundation Ltd	Director

BOARD OF DIRECTORS

MR MANOHAR KHIATANI

CHAIRMAN, BOARD SAFETY & RISK COMMITTEE

Non-executive and Independent Director

Mr Manohar Khiatani was appointed Director on 1 April 2013. He is the Senior Executive Director of CapitaLand Group, one of Asia's largest diversified real estate groups with Assets under Management exceeding US\$90 billion. Prior to joining CapitaLand in July 2019, he was the Deputy Group Chief Executive Officer of Ascendas-Singbridge Pte Ltd, a leading provider of integrated urban development and business space solutions. Ascendas-Singbridge combined with CapitaLand in July 2019.

He was previously the Chief Executive Officer of JTC Corporation (JTC), where he spearheaded the development of infrastructure solutions for various industrial sectors in Singapore. Prior to JTC, Mr Khiatani was the Deputy Managing Director of the Singapore Economic Development Board (EDB). During his tenure in EDB, he played an instrumental role in the development and transformation of important sectors including aerospace, electronics, offshore and marine, logistics, infocomms and media, and clean technology. He was also in charge of the EDB's operations in the Americas and Europe. Mr Khiatani also served several years as the Managing Director of Preussag SEA, a diversified German conglomerate.

Age: 60

Academic and Professional Qualifications:

- Master of Science (Naval Architecture), University of Hamburg, Germany
- Advanced Management Program, Harvard Business School

Other Principal Commitments

	Organisation/Company	Title
1.	Ascendas Pte Ltd	Director
2.	Ascendas Investment Pte Ltd	Director
3.	Ascendas Land International Pte Ltd	Director
4.	CapitaLand Singapore (BP&C) Pte. Ltd.	Director
5.	Ascendas Development Pte Ltd	Director
6.	Ascendas (China) Pte Ltd	Director
7.	Ascendas Vietnam Investments Pte Ltd	Director
8.	Ascendas Media Hub Pte Ltd	Director
9.	Ascendas-Citramas Pte Ltd	Director
10.	Ascendas Property Fund Trustee Pte Ltd	Director
11.	Ascendas Funds Management (S) Ltd	Director
12.	Nusajaya Tech Park Sdn Bhd	Director
13.	Information Technology Park Limited	Director
14.	Ascendas IT Park (Chennai) Limited	Director
15.	Ascendas Asia-Pacific (Holdings) Pte Ltd	Director
16.	Ascendas Land International (Investments) Pte. Ltd.	Director
17.	Ascendas India Logistics Holdings Pte. Ltd.	Director
18.	Singapore Amaravati Investment Holdings Pte Ltd	Chairman / Director
19.	Ascendas-Singbridge Holdings Pte Ltd	Director
20.	CapitaLand India Pte. Ltd	Director
21.	Jilin Food Zone Pte Ltd	Alternate Director
22.	China Club Investment Pte Ltd	Director
23.	Institute of Real Estate and Urban Studies	Board Member

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1.	Carmelray-JTCI Corporation	Director
2.	Ascendas Japan Pte Ltd	Director
3.	Ascendas Philippines Properties Pte. Ltd.	Director
4.	ASB Flex Pte. Ltd.	Director
5.	Ascendas Holdings (Manila) Pte Ltd	Director
6.	Ascendas India Logistics Pte. Ltd.	Director
7.	Ascendas Frasers Pte Ltd	Director
8.	Ascendas Hospitality Fund Management Pte Ltd	Director
9.	Ascendas Hospitality Trust Management Pte Ltd	Director
10.	Ascendas-Singbridge Pte. Ltd.	Alternate Director
11.	CapitaLand (Korea) Pte. Ltd.	Director
12.	Ascendas Development (Holdings) Pte Ltd	Director

BOARD OF DIRECTORS

MR GOH CHOON PHONG

Non-executive and Non-independent Director

Mr Goh was appointed Director on 1 January 2011. He is a Director and the Chief Executive Officer of Singapore Airlines Ltd. He joined Singapore Airlines in 1990 and has held senior management positions in various divisions in Singapore and overseas, ranging from Marketing to Information Technology to Finance and Cargo. Prior to his appointment as Chief Executive Officer of Singapore Airlines, Mr Goh was Executive Vice President for Marketing and the Regions. He also served as President of Singapore Airlines Cargo Pte Ltd from 2006 to 2010, Senior Vice President Finance from 2004 to 2006 and Senior Vice President Information Technology from 2003 to 2004.

Mr Goh is the Chairman of Budget Aviation Holdings Pte Ltd, which owns and manages Scoot. He is also a Director of Mastercard Incorporated, a member of the Board of Trustees of the National University of Singapore, a member of the Board of Governors of the International Air Transport Association and is on the Executive Committee of the Association of Asia Pacific Airlines.

Mr Goh is also a member of the MIT Presidential CEO Advisory Board, made up of CEOs from leading companies in a variety of industries around the world. He was the 2015 recipient of the Centre for Aviation's 'Asia-Pacific Airline CEO of the Year Award'. In 2016, he received the 'CEO Lifetime Achievement Award' from the Airline Passenger Experience Association as well as the 'Eisenhower Global Innovation Award' from the Business Council for International Understanding. He was also named 'Outstanding Chief Executive Officer of the Year' in the Singapore Business Awards 2017 and 'Person of the Year' by Orient Aviation magazine in 2018.

Age: 56

Academic and Professional Qualifications:

- Master of Science in Electrical Engineering and Computer Science
- Bachelor of Science in Computer Science & Engineering
- Bachelor of Science in Management Science
- Bachelor of Science in Cognitive Science
Massachusetts Institute of Technology

Current Directorships in Other Listed Companies

	Company	Title
1.	Mastercard Incorporated	Director
2.	Singapore Airlines Ltd	Director and Chief Executive Officer

Other Principal Commitments

	Organisation/Company	Title
1.	Budget Aviation Holdings Pte Ltd	Chairman
2.	International Air Transport Association	Member, Board of Governors
3.	National University of Singapore	Member, Board of Trustees
4.	Massachusetts Institute of Technology	Member, Presidential CEO Advisory Board
5.	Association of Asia Pacific Airlines	Executive Committee Member

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1.	International Air Transport Association	Chairman, Board of Governors
2.	Mount Alvernia Hospital	Director
3.	Virgin Australia Holdings Limited	Director
4.	National Council of Social Service	Member, Care & Share @SG50 Steering Committee

BOARD OF DIRECTORS

MR NG CHIN HWEE

Non-independent Director and Chief Executive Officer

Mr Ng was appointed Director on 18 July 2008 and appointed Chief Executive Officer of SIA Engineering Company on 1 April 2020. He was the Executive Vice President for Human Resources and Operations in Singapore Airlines Ltd until 31 March 2020.

Mr Ng joined Singapore Airlines in 1985 where he was appointed to various senior positions in Singapore and overseas. In 2004, he returned to Singapore to take up the position of President & Chief Executive Officer of Singapore Airport Terminal Services Ltd (SATS). He left SATS to rejoin Singapore Airlines as Executive Vice President for Human Resources and Planning on 1 January 2008. He assumed the position of Executive Vice President Human Resources and Operations on 1 February 2011 and was in charge of the divisions of Cabin Crew, Engineering, Flight Operations, Customer Services and Operations, and Human Resources.

Mr Ng is currently the Deputy Chairman of Singapore Aero Engine Services Pte Ltd and a member of the Advisory Council on Community Relations in Defence (Employer and Business) and a member of the Future Economy Council, Trade and Connectivity Sub-Committee.

Age: 59

Academic and Professional Qualifications:

- Master of Science in Management, Massachusetts Institute of Technology, USA
- Bachelor of Engineering (1st Class Honours), National University of Singapore

Other Principal Commitments

	Organisation/Company	Title
1.	Singapore Aero Engine Services Pte Ltd	Deputy Chairman
2.	Advisory Council on Community Relations in Defence (Employer and Business)	Member
3.	Future Economy Council, Trade and Connectivity Sub-Committee	Member

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1.	Scout Pte Ltd	Chairman
2.	Tiger Airways Holdings Ltd	Director
3.	Singapore Airlines Cargo Pte Ltd	Chairman
4.	NokScoot Airlines Co., Ltd	Director
5.	Budget Aviation Holdings Pte Ltd	Director

BOARD OF DIRECTORS

DR RAJ THAMPURAN

Non-executive and Independent Director

Dr Thampuran was appointed Director on 1 September 2016. After a twenty-year career in the public sector, he joined Surbana Jurong Private Limited as Managing Director (Technology and Research) on 1 February 2020.

His career spans various aspects of technology and its development, management, innovation and policy. In the public sector, he spent seven years as the Managing Director as well as a Board Director of the Agency for Science, Technology and Research (A*STAR) till 31 March 2020. Dr Thampuran joined A*STAR in 2000 as Head of the Technology Planning Unit and has held various executive and leadership positions in the Electronics, Engineering and Chemicals clusters, the Institute of High Performance Computing, and in Planning and Policy. In these positions and capacities, Dr Thampuran was involved in planning, establishing and implementing the framework for Research Councils; helped to manage and support the capability development efforts of public sector performers in areas identified for technological growth; developed initiatives and various schemes to support R&D involving the universities and other institutions of higher learning; spearheaded the R&D portfolio and industry development efforts across A*STAR and interacted with government policy makers and Ministry officials to shape A*STAR's contributions to the National R&D Framework among other executive responsibilities and desired outcomes.

He was a Board Member of the Defence Science and Technology Agency and Chairman of Exploit Technologies/A*ccelerate Pte Ltd.

Dr Thampuran was a recipient of the Public Administration Medal (Bronze and Silver) and ASEAN Meritorious Award.

Age: 56

Academic and Professional Qualifications:

- Bachelor of Mechanical Engineering (Honours)
- PhD in Materials Science
- Postdoctoral Fellowship
- Advanced Management Programme, INSEAD (Fountainbleu)
- Fellow, Singapore Academy of Engineers
- Fellow, Institute of Engineers (Singapore)

Other Principal Commitments

Organisation/Company	Title
1. ASEAN Committee on Science & Technology	Chairman
2. Nanyang Technological University	Adjunct Professor
3. National University of Singapore (Faculty of Engineering)	Adjunct Professor
4. College Advisory Board of the College of Engineering (NTU)	Chairman (Present)
5. The Institution of Engineers (IES) – College of Fellows (CoF) Board	Fellow (IES) and Member (CoF)
6. MINDS (RCCS sub committee)	Member

Directorships/Appointments in the past 5 years

Organisation/Company	Title
1. Exploit Technologies Pte Ltd (now A*ccelerate Technologies)	Chairman
2. Agency for Science, Technology & Research (A*STAR)	Board Member
3. Defence Science and Technology Agency	Board Member
4. D3 Steering Committee	Chairman
5. Tropical Marine Science Institute	Member of Management Board
6. Committee on Autonomous Road Transport for Singapore	Member
7. NUS Engineering Faculty Advisory Board	Member
8. Advisory Committee for Bioengineering Education (NTU)	Member
9. National Digital Economy Committee	Member
10. Presidential Science and Technology Awards Committee	Member
11. Finance and Budget Committee (A*STAR)	Member
12. Audit Committee (A*STAR and DSTA)	Member

BOARD OF DIRECTORS

MR WEE SIEW KIM

Non-executive and Independent Director

Mr Wee Siew Kim was appointed Director on 8 May 2017. He is currently the Group Chief Executive Officer of NIPSEA Group, a paints and coatings company with 77 manufacturing facilities and operations spanning 17 countries and regions in Asia. He holds the concurrent appointment of Deputy President and Executive Corporate Officer, Nippon Paint Holdings.

Prior to his current position, Mr Wee was Deputy CEO and President (Defence Business) of Singapore Technologies Engineering Ltd. Mr Wee started his career with Singapore Technologies in 1984 as an engineer in Singapore Aircraft Industries Pte Ltd, the predecessor company of Singapore Technologies Aerospace Ltd. During his 25-year career with Singapore Technologies, Mr Wee held appointments in engineering, business development and management, including operating stints in the United States of America, China, Europe and Singapore.

Mr Wee is also a Director of Mapletree Logistics Trust Management Ltd.

Age: 59

Academic and Professional Qualifications:

- Bachelor of Science in Aeronautical Engineering (Honours), Imperial College of Science and Technology
- Master of Business Administration, Graduate School of Business, Stanford University
- Fellow, City and Guilds of London Institute

Current Directorships in Other Listed Companies

Company	Title
1. Mapletree Logistics Trust Management Ltd	Director

Other Principal Commitments

Organisation/Company	Title	Organisation/Company	Title
1. Nippon Paint Coatings (Taiwan)	Director	28. Nippon Paint Vinh Phuc Co., Ltd	Director
Previously named Asia Industries, Ltd		29. Nippon Paint Lanka (Private) Ltd	Director
2. Nippon Paint (Singapore) Company Private Limited	Director	30. Nippon Paint Bangladesh Pte Ltd	Director
3. Nippon Paint (Vietnam) Company Ltd	Director	31. Nippon Paint (Kunming) Co., Ltd	Director
4. Nippon Paint Vietnam (Hanoi) Pte Ltd	Director	32. Nipsea Technologies Pte Ltd	Director
5. Nippon Paint (Malaysia) Sendirian Berhad	Director	33. Nippon Paint (HuBei) Co., Ltd.	Director
6. Paint Marketing Company (M) Sdn Bhd	Director	34. Nippon Paint New Materials (Shanghai) Co., Ltd.	Director
7. Nippon Paint (Thailand) Company Ltd	Director	35. Nippon Paint Malaysia (S) Pte Ltd	Director
8. Nipsea Chemical Korea	Director	36. HSJ Pte Ltd	Director
9. Nippon Paint (HK) Co Ltd	Director	37. Nippon Paint (Henan) Co., Ltd.	Director
10. Nippon Paint (China) Co Ltd	Director	38. Nippon Paint (Jiangsu) Co., Ltd.	Director
11. Nippon Paint (India) Pte Ltd	Director	39. Nippon Paint Building Solutions (Shanghai) Co., Ltd.	Director
12. Nippon Paint And Surface Chemicals Pvt. Ltd (under liquidation)	Director	40. Nippon Paint New Materials (Tianjin) Co., Ltd.	Director
13. Guangzhou Nippon Paint Co Ltd	Director	41. Guangdong Nippon Paint Changrunfa Technical Materials Co., Ltd	Director
14. Nippon Paint (Chengdu) Co Ltd	Director	42. Nippon Paint (Qingyuan) Co., Ltd.	Director
15. Nippon Paint (H.K.) Co Ltd Taiwan Branch	Director	43. Nippon Paint (Sichuan) Co., Ltd.	Director
16. Nippon Paint (Tianjin) Co Ltd	Director	44. Zhenfucai Materials Technology (Chengdu) Co., Ltd	Director
17. Yashili Paint (Suzhou) Co.,Ltd	Director	45. Nippon Paint Engineering Materials (Guangzhou) Co Ltd	Director
18. Langfang Nippon Paint Co Ltd	Director	46. Nippon Paint Decoration Materials (Guangzhou) Co Ltd	Director
19. BK & NP Automotive Coatings (Shanghai) Co Ltd	Director	47. Nippon Paint New Materials (Nanjing) Co., Ltd	Director
20. Nippon Paint (Pakistan) Limited	Director	48. Nippon Paint Suzhou New Materials Technology Co., Ltd	Director
21. Nippon Paint Industrial Coatings (Shanghai) Co., Ltd.	Director	49. Betek Bova Ve Kimya San A.S.	Director
22. Nippon Paint China Holdings Co Ltd.	Director	50. Betek Tasyunu Sanayi Ve Ticaret A.S.	Director
23. Nippon Paint (Zhengzhou) Co., Ltd.	Director	51. DuluxGroup Limited	Director
24. Nippon Paint (Hebei) Co., Ltd.	Director	52. Nippon Paint (Europe) Ltd	Director
25. Nippon Paint Decorative Coatings (Thailand) Co Ltd	Director		
26. NP Auto Refinishes Co Ltd	Director		
27. Nippon Paint (Shenyang) Co., Ltd	Director		

Directorships/Appointments in the past 5 years

Organisation/Company	Title
1. ES Group (Holdings) Limited	Chairman
2. SBS Transit Ltd	Director
3. 1988 JV Pte. Ltd. (In Members' Voluntary Winding Up)	Director
4. Langfang Nippon Paint Lidong Co., Ltd	Director
5. Nippon Paint New Materials (Wuhan) Co., Ltd.	Director
6. Nippon Paint (Shanghai) Research & Development Co., Ltd.	Director
7. Nippon Paint (Foshan) Co Ltd	Director

BOARD OF DIRECTORS

MR MAK SWEE WAH

Non-executive and Non-independent Director

Mr Mak was appointed Director on 1 April 2020. Mr Mak joined Singapore Airlines Ltd in 1983 and has worked in a number of management positions in Singapore as well as overseas.

Mr Mak was appointed General Manager for SilkAir in 1997. After 2000, he held senior management positions in the marketing, planning and operational areas in Singapore Airlines. Mr Mak was promoted to Executive Vice President for Operations and Services on 1 January 2008, and was appointed Executive Vice President Commercial on 1 February 2011. On 1 April 2020, Mr Mak assumed the post of Executive Vice President Operations. He is responsible for SIA's Cabin Crew, Customer Services and Operations, Engineering and Flight Operations divisions.

Mr Mak is the Chairman of SilkAir (Singapore) Private Limited.

Age: 59

Academic and Professional Qualifications:

- Master of Science in Operational Research
- Bachelor of Science (1st Class Honours) in Accounting and Finance
London School of Economics

Other Principal Commitments

	Organisation/Company	Title
1.	SilkAir (Singapore) Private Limited	Chairman

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1.	Singapore Airlines Cargo Pte. Ltd	Director
2.	TATA SIA Airlines Limited	Director

BOARD OF DIRECTORS

MR CHIN YAU SENG

Non-executive and Non-independent Director

Mr Chin was appointed Director on 8 October 2018. Mr Chin is currently Senior Vice President Cargo of Singapore Airlines Ltd, which is a position that he has held since April 2018 when SIA Cargo was reintegrated as a division within Singapore Airlines. Prior to that, he was President of Singapore Airlines Cargo Pte Ltd from May 2014.

Mr Chin has also served as Chief Executive Officer of SilkAir (Singapore) Pte Ltd from 2007 to 2010 and Tiger Airways Holdings Ltd from 2011 to 2012 as well as in other senior executive roles in Singapore Airlines, including as Senior Vice President Sales & Marketing from 2012 to 2014.

Mr Chin is a Director of Singapore Airlines Cargo Pte Ltd and KrisShop Pte. Ltd., and a member of the Cargo Advisory Council of the International Air Transport Association (IATA). He was previously a Director of Tiger Airways Holdings Ltd (then listed on the Singapore Exchange), China Cargo Airlines Company Ltd, Abacus International Holdings Ltd and Tradewinds Tours & Travel Pte Ltd.

Age: 48

Academic and Professional Qualifications:

- Master of Science in Operational Research
- Bachelor of Science in Economics (Accounting & Finance)
The London School of Economics & Political Science

Other Principal Commitments

	Organisation/Company	Title
1.	Singapore Airlines Cargo Pte Ltd	Director
2.	KrisShop Pte. Ltd. (formerly known as Singapore Airport Duty-Free Emporium (Private) Limited)	Director
3.	International Air Transport Association	Member, Cargo Advisory Council

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1.	China Cargo Airlines Company Limited	Director
2.	School of Hospitality, Republic Polytechnic	Member, School Advisory Committee

BOARD OF DIRECTORS

MR PNG KIM CHIANG

Non-independent Director and Chief Executive Officer (until 31 March 2020)

Mr Png was appointed Director on 1 November 2016. He was the Chief Executive Officer of SIA Engineering Company until 31 March 2020. He joined Singapore Airlines in 1975 and has 45 years of experience in the aerospace industry.

Prior to his appointment as Chief Executive Officer on 1 April 2015, Mr Png was appointed Executive Vice President Operations in 2010, Senior Vice President Aircraft and Component Services in 2009, Senior Vice President Commercial in 2005 and Senior Vice President Services in 2001.

Mr Png is the Deputy Chairman of Boeing Asia Pacific Aviation Services Pte Ltd and a Director of SIA Engineering (Philippines) Corporation.

Age: 61

Academic and Professional Qualifications:

- Bachelor of Science in Computation, University of Manchester Institute of Science and Technology
- Master of Business Administration, National University of Singapore

Other Principal Commitments

	Organisation/Company	Title
1.	Boeing Asia Pacific Aviation Services Pte Ltd	Deputy Chairman
2.	SIA Engineering (Philippines) Corporation	Director

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1.	Singapore Aero Engine Services Pte Ltd	Deputy Chairman
2.	Hong Kong Aero Engine Services Ltd	Director
3.	Jamco Singapore Pte Ltd	Director

KEY EXECUTIVES



Ng Chin Hwee

Chief Executive Officer
From 1 April 2020



Png Kim Chiang

Chief Executive Officer
Until 31 March 2020



Ivan Neo Seok Kok

Executive Vice President Operations



Zarina Piperdi

SVP Human Resources



Wong Yue Jeen

SVP Base Maintenance



Foo Kean Shuh

SVP Line Maintenance
& Cabin Services



Philip Quek Cher Heong

SVP Partnership Management
& Business Development



Ng Lay Pheng

SVP Finance/
Chief Financial Officer



Ng Jan Lin Wilin

SVP Fleet Management
& Commercial

KEY EXECUTIVES

MR NG CHIN HWEE

Director and Chief Executive Officer (from 1 April 2020)

Mr Ng was appointed Director on 18 July 2008 and appointed Chief Executive Officer of SIAEC on 1 April 2020. He was the Executive Vice President for Human Resources and Operations in Singapore Airlines Ltd until 31 March 2020.

Mr Ng joined Singapore Airlines in 1985 where he was appointed to various senior positions in Singapore and overseas. In 2004, he returned to Singapore to take up the position of President & Chief Executive Officer of Singapore Airport Terminal Services Ltd (SATS). He left SATS to rejoin Singapore Airlines as Executive Vice President for Human Resources and Planning on 1 January 2008. He assumed the position of Executive Vice President Human Resources and Operations on 1 February 2011 and was in charge of the divisions of Cabin Crew, Engineering, Flight Operations, Customer Services and Operations, and Human Resources.

Mr Ng is currently the Deputy Chairman of Singapore Aero Engine Services Pte Ltd, a member of the Advisory Council on Community Relations in Defence (Employer and Business) and the Trade and Connectivity Council for Skills, Innovation and Productivity (CSIP) Sub-Committee.

Mr Ng holds a Master of Science degree in Management from the Massachusetts Institute of Technology, USA, and a Bachelor of Engineering (1st Class Honours) from the National University of Singapore.

MR PNG KIM CHIANG

Director and Chief Executive Officer (until 31 March 2020)

Mr Png was a Director and the Chief Executive Officer of SIAEC. He joined SIA in 1975 and has 45 years of experience in the aerospace industry.

Prior to his appointment as Chief Executive Officer on 1 April 2015, Mr Png was appointed Executive Vice President Operations in 2010, Senior Vice President Aircraft and Component Services in 2009, Senior Vice President Commercial in 2005 and Senior Vice President Services in 2001.

Mr Png is the Deputy Chairman of Boeing Asia Pacific Aviation Services Pte. Ltd. and a Director of SIA Engineering (Philippines) Corporation. He was the Deputy Chairman of Singapore Aero Engine Services Private Limited until 31 March 2020.

Mr Png holds a Master of Business Administration degree from the National University of Singapore and a Bachelor of Science degree in Computation from the University of Manchester Institute of Science and Technology.

MR IVAN NEO SEOK KOK

Executive Vice President Operations

Mr Neo joined SIA in 1975 and served in various capacities in the Engineering Division. In 1992, Mr Neo was transferred to SIAEC and was appointed Senior Vice President in 2007. Over the years, Mr Neo was responsible for various operations across SIAEC, and the support services of Business Development, Partnership Management, Marketing & Sales, and Facilities Development. On 1 April 2016, Mr Neo was appointed Executive Vice President Operations. He is currently overall in charge of Base Maintenance, Line Maintenance and Cabin Services, Fleet Management and Commercial as well as Quality and Workplace Safety and Facilities.

Mr Neo is the Chairman of Aerospace Component Engineering Services Pte. Limited, Heavy Maintenance Singapore Services Pte. Ltd. and Pan Asia Pacific Aviation Services Limited (Hong Kong), Deputy Chairman of Goodrich Aerostructures Service Center – Asia Pte Ltd, and a Director of Goodrich

Aerostructures Service (China) Co. Ltd and Singapore Aero Engine Services Private Limited.

In addition to possessing an Aircraft Maintenance Engineer's Licence, Mr Neo holds a Master of Business and Technology degree from the University of New South Wales and a Bachelor of Science (Honours) degree from the University of London.

MS ZARINA PIPERDI

Senior Vice President Human Resources

Ms Piperdi is the Senior Vice President Human Resources of SIAEC. She joined SIA in 1983 and has held various senior positions in Finance. In 1991, she was posted to Los Angeles as SIA's Regional Finance & Admin Manager America. She joined SIA Cargo Pte Ltd in 1997 to spearhead the formation of the cargo airline and was appointed as Vice President Finance & Human Resources, SIA Cargo in 2001. In March 2006, she joined SIAEC and was appointed Senior Vice President Human Resources in November 2006. She is currently responsible for the Human Resources and Training Academy divisions.

Ms Piperdi is the Chairperson of Fuel Accessory Service Technologies Pte Ltd and a Director of Component Aerospace Singapore Pte. Ltd.

Ms Piperdi holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and attended a Senior Executive Programme at the London Business School. She is also a Fellow of the Institute of Singapore Chartered Accountants.

MR WONG YUE JEEN

Senior Vice President Base Maintenance

Mr Wong joined SIAEC in March 2008. He was appointed Vice President Business Development on 1 July 2009. Mr Wong took on the

KEY EXECUTIVES

Partnership Management & Business Development on 1 September 2015, and subsequently, Senior Vice President Base Maintenance (formerly known as Aircraft & Component Services) since 1 April 2018. Prior to joining SIAEC, Mr Wong spent several years in General Electric, where his last appointment was Commercial Director, Engineered Styrenics and Petrochemicals, in GE Plastics South East Asia. His roles in General Electric principally centred around business development, mergers and acquisitions, as well as sales, marketing and commercial operations in the engineering plastics and aerospace structured composites businesses. Before General Electric, Mr Wong was General Manager (Finance & Control/MIS) at ABB Alstom Asia Pacific. Mr Wong has also held various roles in consulting services and audit at SAP and ICI Asia Pacific respectively.

Mr Wong is the Deputy Chairman of Eagle Services Asia Private Limited, and a Director of Jamco Aero Design & Engineering Private Limited and Panasonic Avionics Services Singapore Pte. Ltd.

Mr Wong holds a joint Bachelor of Science degree in Accounting and Computer Science from La Trobe University, Australia. He is also a Member of the Institute of Singapore Chartered Accountants and CPA Australia.

MR FOO KEAN SHUH

Senior Vice President Line Maintenance & Cabin Services

Mr Foo joined the Engineering Division of SIA in 1994 as a Technical Services Engineer. He went on to hold various senior positions in the division, including Vice President Maintenance Planning & Control, Vice President Technical Projects and his last role as Divisional Vice President Engineering (Operations).

On 1 June 2016, Mr Foo was appointed as Senior Vice President Innovation & Technology in SIAEC. He then took on the position of Senior Vice President Line

Maintenance & Cabin Services on 1 April 2018. He is the Chairman of Additive Flight Solutions Pte. Ltd. and a director of Pan Asia Pacific Aviation Services Limited (Hong Kong), Eagle Services Asia Private Limited and Moog Aircraft Services Asia Pte. Ltd.

Mr Foo holds a Master of Science (Thermal Power) degree from Cranfield University, UK and a Bachelor of Engineering (Aerospace Engineering) (Honours) degree from the Royal Melbourne Institute of Technology, Australia.

MR PHILIP QUEK CHER HEONG

Senior Vice President Partnership Management & Business Development

Mr Quek was appointed Senior Vice President Partnership Management & Business Development on 1 April 2018. He joined SIAEC in 2001 and served in various divisions such as Base Maintenance, Workshops, Line Maintenance, Fleet Management, IT and in SIA Engineering (Philippines) Corporation. He was appointed Vice President Workshops in April 2013, General Manager of SIA Engineering (Philippines) Corporation in September 2014, Acting Senior Vice President Line Maintenance & IT in April 2015 and Senior Vice President Line Maintenance & Fleet Management in October 2016.

Mr Quek is the Deputy Chairman of GE Aviation, Overhaul Services – Singapore, a Director of Boeing Asia Pacific Aviation Services Pte. Ltd. and Southern Airports Aircraft Maintenance Services Company Limited (Vietnam).

Mr Quek holds a Bachelor of Engineering (Honours) degree from Nanyang Technological University, Singapore.

MS NG LAY PHENG

Senior Vice President Finance/ Chief Financial Officer

Ms Ng was appointed Chief Financial Officer of SIAEC on 1 October 2017.

Ms Ng joined SIA in 1992 as an Accountant and has held various appointments within the SIA Group of Companies. She was Vice President Finance at SilkAir before she joined SIAEC on 12 April 2017 as Vice President Finance.

Ms Ng is a Director of Aviation Partnership (Philippines) Corporation.

Ms Ng holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore.

MR NG JAN LIN WILIN

Senior Vice President Fleet Management & Commercial

Mr Ng was appointed Senior Vice President Fleet Management and Commercial on 6 April 2020, and was responsible for Fleet Management, Engineering, Innovation and Information Technology prior to his latest appointment. He joined SIAEC in August 1994 and has held various senior positions in Line Maintenance Division and Information Technology Division. He was appointed Vice President Line Maintenance in 2011 and Vice President Information Technology in 2015. In addition, Mr Ng has also been seconded to SIA, where he served in the areas of Material Management and Fleet Management.

Mr Ng is the Chairman of Line Maintenance Partnership (Thailand) Company Limited, Deputy Chairman of Safran Landing Systems Services Singapore Pte Ltd, a Director of Goodrich Aerostructures Service Center – Asia Pte. Ltd., Goodrich Aerostructures Service (China) Co. Ltd and Pan Asia Pacific Aviation Services Ltd (Hong Kong).

Mr Ng holds a Master of Business Administration degree and a Bachelor of Engineering (Honours) degree from Nanyang Technological University, Singapore.

THE YEAR IN REVIEW

SIA Engineering Company recorded a profit attributable to owners of the parent of \$193.8 million for the financial year ended 31 March 2020, an increase of \$32.9 million or 20.4% from the preceding year.

FINANCIAL YEAR OPERATING RESULTS

The Group operating profit for FY2019/20 was \$67.7 million, an increase of \$10.9 million or 19.2% from the preceding year. The strong performance recorded in the first nine months of the financial year continued into the last quarter until significant flight cancellations by airline customers, due to the COVID-19 pandemic, severely impacted our Line Maintenance business. The improvement in operating profit was supported by the Company's Transformation efforts, which delivered improvement in manpower utilisation and reduced costs.

Group revenue, at \$994.1 million, was \$26.8 million or 2.6% lower, mainly due to a \$23.7 million decrease in airframe and line maintenance revenue. Expenditure decreased \$37.7 million or 3.9% to \$926.4 million. In line with the lower workload, material and subcontract services costs decreased. In addition, staff costs and departmental costs also decreased, supplemented by exchange rate gains. The reduction in staff costs was primarily attributed to grants from government support schemes.

Share of profits from associated and joint venture companies was \$127.9 million, an increase of \$14.0 million

or 12.3% year-on-year, with a \$18.1 million rise in contribution from the engine and component segment and a \$4.1 million decline in contribution from the airframe and line maintenance segment. Higher contribution from the engine and component segment was mainly due to the writeback of tax provisions, as compared to a one-time tax charge last year.

OPERATING PERFORMANCE

During the year in review, the number of flights handled by Line Maintenance at Changi Airport decreased slightly by 2.1% to 149,804 flights. The Group's international line maintenance network now covers 35 airports across seven countries.

Under Airframe Overhaul, the number of maintenance checks performed at the six hangars and at the apron in Singapore totalled 584 against 537 in the preceding year. 38 checks were performed at our three hangars in the Philippines, compared to 54 checks a year ago, due to temporary closures following an earthquake in 2019 and workforce restrictions in March 2020 due to the COVID-19 pandemic.

As at 31 March 2020, the Fleet Management business manages a fleet size of 92 aircraft for its eight airline customers.



THE YEAR IN REVIEW

IMPACT OF COVID-19

Progressive travel restrictions and border controls imposed by countries worldwide to stem the global spread of the COVID-19 pandemic resulted in drastic cuts in flights operated, directly impacting the Group's airframe and line maintenance segment. Flight cuts had the most immediate impact on the Line Maintenance business unit at our Singapore base and overseas line maintenance stations. The impact on the Group's performance was most significant in March 2020 when the number of flights handled at our Singapore base dropped to only about 50% of our usual load. Revenue from Fleet Management was similarly impacted as it is based on flying hours. Our Base Maintenance unit and the engine and component segment were not immediately affected during the last quarter but are expected to be affected going forward with the extended period of flight restrictions. Government support schemes provided relief for the cost of manpower.

The Group responded decisively by implementing measures to mitigate the impact of the pandemic. Some of the key measures undertaken include aligning with the pandemic response plan of our parent company to protect the safety and health of our staff and customers, as well as activating and reviewing business continuity plans to

minimise disruptions to operations. We made rapid adjustments to the Group's operations in response to the evolving situation, took actions to mitigate the adverse financial impact and protect jobs, and worked closely with our partners and customers to address the challenges during this difficult period.

Apart from pay cuts taken by Management from March 2020, we engaged with our Unions on the implementation of other measures, including voluntary and compulsory no-pay leave, furlough for staff on re-employment contracts, and deferment of salary increments and promotions. The Board also volunteered a reduction of 25% in fees in solidarity with Management and staff.

The Group is proactively monitoring the situation and redeploying resources to areas with work demand. Besides performing preservation maintenance on our customers' aircraft that are not in operation to ensure the aircraft remain airworthy, we are intensifying our efforts to secure additional business from existing and new customers to ensure a continuous stream of work.

We are taking steps to further transform to meet the evolving demands of our customers in preparation for the new normal post-COVID-19. Video inspections have been made available for airlines to monitor and inspect

the progress of maintenance checks. Enhanced methods to improve the effectiveness and efficiency of the disinfection process are being explored. We are also working with one of our joint venture companies to provide solutions for passenger-to-cargo space conversion to airlines, which will help to increase the cargo-carrying capacity of their passenger aircraft during this period.

Even as we navigate the challenges posed by the pandemic, we are mindful that this pause in business tempo gives us an opportunity to accelerate the upskilling of our staff. We will be introducing a Lean enablement programme which includes training large groups of staff to imbue a Lean mindset and a consistent methodology in process improvements. We will also be pushing out more programmes to prepare the workforce for a digital-MRO of the future. These will be delivered in addition to the ramp-up of technical skills programmes for our Engineers and Technicians, to deepen their skills and build new technical capabilities.

The pandemic has significantly weakened the financial positions of our airline customers and OEM partners, and the near-term cash generating ability of our assets. While we have taken a cautious approach in assessing these risks and provided for the necessary impairments based on our current assessments, we also recognise that these risks need to be constantly reviewed.

The Company and its local joint venture companies have been classified as essential services providers and continued to operate during the Circuit Breaker period in Singapore. Part of the Company's Operations team continued to support customers on company premises, with comprehensive precautionary measures (based on the Ministry of Health's guidelines) and safe management measures at the workplace. These include segregation of staff into different



THE YEAR IN REVIEW

teams, temperature taking and health declarations, use of personal protective equipment at all times, frequent cleaning and provision of hand sanitisers at common areas, staggered work and break hours, enhanced social distancing and SafeEntry digital check-in procedures.

To further ensure the safety and wellbeing of our on-site workforce, we have rolled out self-service dispensing machines for withdrawal of tools, spares and equipment across our workplace to minimise social interaction. Exploratory efforts are ongoing to leverage video analytics for safety and quality surveillance.

Digital solutions have enabled most of our support staff to remain connected and support our operations remotely while working from home. For example, the SmartMX mobile app enables quick access to technical information and assignments online for Engineers and Technicians at the frontline, minimising physical interaction. The 1SQ mobile app also provides a channel to disseminate the latest company news and information to all staff, including the latest guidelines on COVID-19.

With more staff telecommuting, the Group is mindful of the associated cyber security and data protection risks. Besides providing staff with the necessary IT support, appropriate cyber security and data protection measures have also been implemented to protect our IT systems. Staff are regularly reminded to maintain vigilance and adopt good IT security practices against the risks of hacking and phishing attacks.

OUTLOOK

The COVID-19 pandemic has led to an unprecedented adverse impact on the aviation industry and consequently on the MRO business. The pace of recovery for our MRO business is unclear but expected to be slow,

and much will depend on the overall improvement of the aviation industry.

Border controls imposed by countries worldwide and the precipitous decline in travel demand has forced drastic cuts in flight capacities and grounding of aircraft. Changi Airport reported that the number of scheduled flights for April 2020 was 96% fewer than what was originally scheduled. In response to the worsening crisis, the International Air Transport Association projected a slower pace of recovery for the air travel industry, with domestic travel coming back faster than the international market. Against this backdrop, our performance will likely be adversely affected.

Recovery of our core line maintenance business in Singapore will be directly dependent on the return of air traffic movement at Changi Airport. Our overseas line maintenance stations will be similarly dependent on the return of air traffic movement at those airports for recovery. While regulated mandatory aircraft checks are still ongoing, the reduction in flying hours and subsequent extended maintenance intervals will have an impact, albeit delayed, on our Base Maintenance unit and our joint ventures with engine and component OEMs.

Our balance sheet is healthy with a strong cash position and low borrowings. This puts us in a good position to weather the downturn, with careful management of our expenses and cash flow. We are already actively managing the impact of the pandemic by reducing operating costs and deferring non-critical capital expenditure to maintain adequate liquidity. Nonetheless, as the situation is dynamic, we will continue to monitor this closely and where necessary, secure additional financing.

Notwithstanding the challenging outlook, we will continue to drive our Transformation efforts and investments in technology to achieve higher

productivity, build capability and equip our staff with new skill sets with the aim to continuously improve.

We will review our portfolio of investments as COVID-19 has led to indelible changes in the airline and aviation industries. We aim to balance our need to conserve our cash resources even as we look out for new investment and partnership opportunities to strengthen our position as a trusted partner in the global MRO industry.



DIVIDENDS

In recommending the final ordinary dividend, the Board has considered the profits earned in FY2019/20, the need to conserve cash given the severity of the COVID-19 pandemic and the uncertain recovery timeline. Accordingly, the Board is recommending a final ordinary dividend of 5.0 cents per share for FY2019/20. Together with the interim dividend of 3.0 cents per share paid earlier, the total dividend payment for FY2019/20 will be 8.0 cents per share.

Payment of the final dividend, which amounts to approximately \$56.0 million, is subject to shareholders' approval at the Annual General Meeting, to be convened on 17 July 2020. If approved, the dividend will be paid on 7 August 2020.

BUSINESS SEGMENTS

AIRFRAME AND LINE MAINTENANCE

Airframe and Line Maintenance Revenue (\$M)

FY2019/20	967.7
FY2018/19	991.4

Flights handled at Changi Airport

FY2019/20	149,804
FY2018/19	153,006

Number of checks performed at Singapore Base	A		C		Total
FY2019/20	515		69		584
FY2018/19	466		71		537

Number of checks performed at Clark Base	C	
FY2019/20		38
FY2018/19		54

Airframe Overhaul and Line Maintenance

Aircraft are mandated to undergo scheduled checks to maintain their airworthiness certifications with national regulatory authorities, such as the Civil Aviation Authority of Singapore, Federal Aviation Administration of the United States, and the European Aviation Safety Agency of the European Union.

Scheduled A and C checks are performed by licensed engineers and technicians at the Group's six hangars in Changi. New-generation aircraft require less time in the hangars, while A checks are increasingly being performed at the apron to ensure more efficient use of ground time for airline customers.

Services provided under Airframe Overhaul include airframe structural repair and modification, cabin refurbishment, VIP aircraft modification, delease checks, aircraft painting and retrofitting of inflight entertainment and avionics systems. The hangars are supported by workshops that are equipped with in-house facilities to provide inspection, repair, modification and test services for aircraft components.

During the year under review, the Company added and renewed seven Airframe Overhaul contracts with airline customers at its Singapore base. We also signed a 10-year agreement to provide engine maintenance services to Safran Aircraft Engines. The Company will provide engine Quick Turn (QT) and modification embodiment services for Safran's CFM LEAP-1A and LEAP-1B engines at a dedicated facility in Singapore, which will be equipped with the latest technology and processes to enhance its engine maintenance capabilities.

Our Base Maintenance unit was not immediately affected by the COVID-19 outbreak as regulated mandatory

aircraft checks continued as scheduled. However, with the reduction in flying hours and subsequent extended maintenance intervals, a delayed impact is expected.

The Company's subsidiary, SIA Engineering (Philippines) Corporation operates two narrow-body hangars and one wide-body hangar at Clark, Philippines. During the year, our Clark base was affected by temporary closures due to a 6.1 magnitude earthquake and aftershocks in Central Philippines in April 2019. Due to the Enhanced Community Quarantine in Luzon from 17 March 2020 to 15 May 2020, only a skeletal workforce was allowed to operate based on local government guidelines, to handle line maintenance requirements and aircraft preservation work. More members of the workforce were subsequently allowed to resume operations in phases.

Another subsidiary located in Singapore, Heavy Maintenance Singapore Services, provides airframe maintenance, cabin upgrade and modification services for Airbus aircraft.

Serving an international client base of more than 50 airlines at Singapore Changi Airport, our Line Maintenance Division provides aircraft certification and technical ramp handling services, ensuring high dispatch reliability of aircraft on transit and night stops. The Line Maintenance Division's Quick Action Team, a specialised team available to respond to aircraft-on-ground (AOG) situations around the clock, carries out AOG engine changes for airline customers in Singapore and overseas.

During the year, the Company serviced a total of 149,804 flights at Singapore Changi Airport, a decrease of 2.1% over the previous year. We added 14 new airline customers and renewed 14 line maintenance contracts.

BUSINESS SEGMENTS

The Company also provides cabin maintenance services to cater to airline customers' increasing focus on the quality and aesthetics of their cabin interiors. Aircraft disinfection and cabin cleaning services saw a surge in demand when airlines stepped up cabin disinfection work in light of COVID-19 risks. We ramped up resources with a dedicated team from the Cabin Services Division to perform cabin interior disinfection fogging to ensure the health and safety of passengers, crew and staff of our airline customers.

Customer aircraft that are currently not in operation are being preserved in accordance with stringent maintenance procedures set by aircraft manufacturers. Both our Cabin Services and Line Maintenance Divisions are working closely with airline customers to ensure that their cabin products are maintained in top condition, and regular checks are performed to ensure that their aircraft remain airworthy. A dedicated group of licensed aircraft engineers and technicians attend to the aircraft and carry out the maintenance tasks around the clock, including washing of external surfaces if contaminants are found, lubrication of flight control services and landing gear, and checking and maintaining tyre pressure.

The Group's international line maintenance network currently has 35 strategically located stations serving over 90 airline customers around the world. Our network growth continued with a series of joint ventures announced in FY2019/20. In Thailand, our joint venture with NokScoot Airlines, Line Maintenance Partnership (Thailand), was incorporated. The joint venture will provide line maintenance services at Don Mueang International Airport.

The Company entered into an agreement with Pos Aviation to acquire a 49% stake in Pos Aviation Engineering Services ("PAES") in Malaysia.

PAES's operations at Kuala Lumpur International Airport and nine other stations in Malaysia will complement the Company's international network.

The Company also expanded its global footprint to the Republic of Korea with a line maintenance joint venture with Air Innovation Korea ("AIK"). This partnership will supplement the A320 CEO / NEO fleet Inventory Technical Management Programme of AIK's wholly owned subsidiary, Aero K Airlines, under which the Company provides support for component pooling as well as repair and overhaul management services for a period of six years for each fleet type.

With the above partnerships, the Group will be able to grow its network to 47 airports across 10 countries, including Singapore.

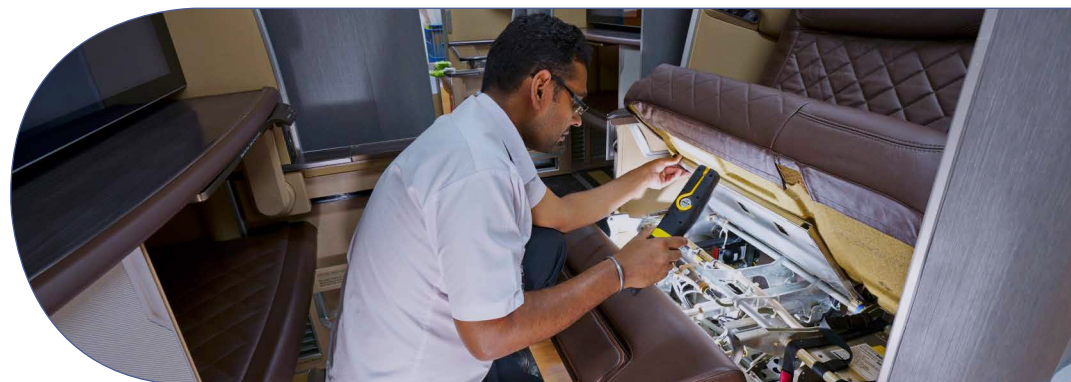
The drastic cut in flights due to the COVID-19 pandemic had an immediate impact on our Line Maintenance business unit at our Singapore base and overseas stations. The impact was most significant in March 2020 when the number of flights handled at our Singapore base was halved. Recovery of the line maintenance business will be directly dependent on the return of air traffic movement at Changi Airport and the respective airports where our line maintenance stations are based.

Fleet Management

The Fleet Management business covers engineering, maintenance support activities and inventory management, including the formulation and upkeep of aircraft maintenance programmes, maintenance planning and control, engineering design, reliability programmes, materials support, as well as logistics and supply chain management.

Through the Company's proven capabilities in inventory and supply chain management, airlines are provided with integrated solutions that encompass component pooling, on-site consignment, component repair and overhaul management, warehousing, logistics and 24/7 AOG support services. In addition, the Company also provides turnkey solutions to assist airlines in aircraft entry-into-service preparations. These include the establishment of infrastructure, such as warehousing, logistics and provisioning of onsite spares. As at 31 March 2020, the number of aircraft under fleet management stood at 92.

Boeing Asia Pacific Aviation Services, the Company's joint venture company in Singapore with Boeing, also provides a comprehensive and integrated suite of engineering, materials management and fleet support solutions for Boeing aircraft to customers in Asia Pacific.



BUSINESS SEGMENTS

ENGINE AND COMPONENT

Engine and Component Revenue (\$M)

FY2019/20	26.4
FY2018/19	29.5

To enhance the breadth and depth of its engine overhaul services, the Company forged six joint ventures with the world's leading engine and engine component manufacturers - namely Pratt & Whitney, Rolls-Royce and GE Aviation.

GE Aviation, Overhaul Services – Singapore, which was incorporated during the year, will provide a full range of engine MRO services for the GE90 and GE9X engines at a state-of-

the-art facility. The facility will utilise digitalisation and data analytics to enhance productivity.

Amongst our Singapore-based engine overhaul/component joint ventures, Singapore Aero Engine Services and Eagle Services Asia are the Asia Pacific Centres of Excellence for Rolls-Royce and Pratt & Whitney, respectively. The other three joint ventures with Pratt & Whitney are Asian Surface Technologies, Component Aerospace Singapore and Turbine Coating Services.

In addition, the Group has seven Singapore-based joint ventures specialising in component repair and overhaul. They include Aerospace Component Engineering Services, Safran Landing Systems Services Singapore, Safran Electronics & Defense Services Asia, Goodrich Aerostructures Service Center – Asia, Fuel Accessory Service Technologies, Panasonic Avionics Services Singapore and Moog Aircraft Services Asia.

Two other joint ventures based in Singapore are JAMCO Aero Design & Engineering, which provides turnkey solutions for aircraft interior modifications, as well as Additive Flight Solutions, which produces 3D printed parts for use in commercial aviation.

The Company also participates in the development of the Mitsubishi SpaceJet engine and the Airbus A220 engine with Pratt & Whitney under the PurePower PW1000G Risk Revenue Sharing Programs, through two wholly owned subsidiaries, NexGen Network (1) Holding and NexGen Network (2) Holding.

The joint ventures expand the service offerings of the Company's total MRO solutions. We are also undertaking a review of our various partnerships to ensure that they remain relevant to our growth plans in a post-COVID-19 aviation industry. At the same time, we remain on the lookout for new opportunities to strengthen and bring new capabilities to the Group.



BUSINESS SEGMENTS

Strategic Partnerships and Joint Ventures

AIRFRAME AND LINE MAINTENANCE










- SIA Engineering (USA)**
United States 100%
- SIA Engineering Japan**
Japan 100%
- PT JAS Aero-Engineering Services**
Indonesia 49%
- Pan Asia Pacific Aviation Services**
Hong Kong 40%
- Southern Airports Aircraft Maintenance Services**
Vietnam 49%
- Aviation Partnership (Philippines)**
Philippines 51%
- Line Maintenance Partnership (Thailand)**
Thailand 49%
- Heavy Maintenance Singapore Services**
Singapore 65%
- SIA Engineering (Philippines)**
Philippines 65%
- Singapore Aero Support Services**
Singapore 100%
- Boeing Asia Pacific Aviation Services**
Singapore 49%
- JV with Air Innovation Korea (to be incorporated)**
Korea 51%
- Pos Aviation Engineering Services (pending completion of transaction)**
Malaysia 49%

ENGINE AND COMPONENT

- Singapore Aero Engine Services**
Singapore 50%
- GE Aviation, Overhaul Services – Singapore**
Singapore 49%
- Component Aerospace Singapore**
Singapore 46.4%
- Eagle Services Asia**
Singapore 49%
- Asian Surface Technologies**
Singapore 39.2%
- Turbine Coating Services**
Singapore 24.5%
- Goodrich Aerostructures Service Center – Asia**
Singapore 40%
- Fuel Accessory Service Technologies**
Singapore 49%
- Safran Electronics & Defense Services Asia**
Singapore 40%
- Safran Landing Systems Services Singapore**
Singapore 40%
- Aerospace Component Engineering Services**
Singapore 51%
- Panasonic Avionics Services Singapore**
Singapore 42.5%
- Moog Aircraft Services Asia**
Singapore 49%
- Additive Flight Solutions**
Singapore 60%
- JAMCO Aero Design & Engineering**
Singapore 45%

INVESTMENT HOLDING

- NexGen Network (1) Holding**
Singapore 100%
- NexGen Network (2) Holding**
Singapore 100%

 Line Maintenance International	 Base Maintenance International	 Others
 Rolls-Royce	 GE	 Pratt & Whitney
	 Collins	 Safran
		 JAMCO

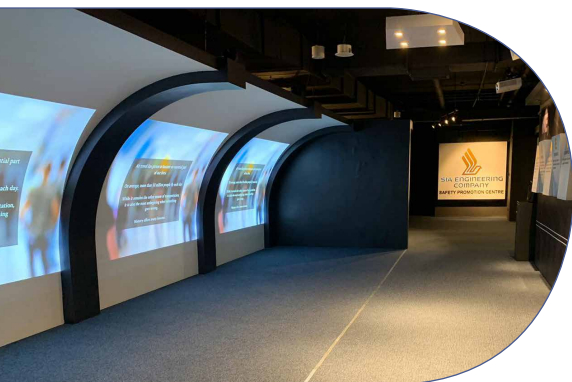
BUSINESS SEGMENTS



TRANSFORMATION AND INNOVATION

One of the key goals of the Company's Transformation is to position itself as the MRO of choice.

During FY2019/20, Transformation initiatives have been implemented in areas such as performance management, workforce optimisation to match supply to demand, planning enhancement and supply chain management. We have also broadened our capabilities and offered new services to our customers, such as powerplant maintenance and cabin solutions. Organisational health initiatives and company-wide organisational re-design have also been completed and rolled out.



In the next phase of the Transformation journey, we will deepen our efforts in digital transformation to drive productivity. Through the pervasive use of digital technology and data, we will bring about higher efficiencies in operations and add more value for our customers. A digitally savvy workforce will be equipped with more applications that enable real-time sharing of information and data-driven decisions. In addition, digital tools will also simplify and redefine our jobs across different roles in the Company.

At the same time, we are encouraging more ground-up ideas and equipping staff with necessary skills for a consistent and value-driven approach in process improvements. Beyond skills and capabilities, we aim to strengthen the culture of continuous improvement in each division and create an active ecosystem where new ideas are constantly generated and process improvement initiatives are sustained.

All these efforts are aimed at strengthening the Company's agility to recover quickly, increase competitiveness and ensure sustainable long-term growth ahead.

More information on our digital transformation and initiatives in innovation and technology can be found on pages 29 to 31 of this Annual Report.

FOCUS ON QUALITY AND SAFETY

As part of the Company's commitment towards safety, a Safety Promotion Centre was established in 2019 to further raise the awareness of aviation safety.

The Centre highlights lessons learnt from past maintenance-related aviation incidents in the industry. Through immersive audio and visual media, informational displays and interactive activities, the Centre aims to inculcate a safety-oriented mindset in all employees, who are required to attend an instructor-led training at the Centre.

The Centre has received recognition from Changi Airport at its 3rd Quarterly Airport Safety Awards 2019/20. Through collaboration with industry stakeholders, the Safety Promotion Centre aspires to be a Centre of Excellence in safety for the aviation industry.

INNOVATION AND TECHNOLOGY

Our multi-year Transformation journey continued to take shape during the year as we stepped up the pace of our innovation initiatives and technology adoption projects.

We have developed the Operations and Technology Capability Roadmap to sharpen our focus in our innovation drive and enable us to achieve a digitally-enabled workforce while enhancing productivity, quality and safety.

In addition, a Technology Advisory Committee (TAC), consisting of a panel of academic leaders and industry experts, has been established to provide guidance to the Company on managing innovation and share emerging technological trends and opportunities that may impact our business, as well as help identify expertise needed to support our technology adoption strategies.

DIGITALLY-ENABLED WORKFORCE

At the heart of our digital collaboration efforts is the development of our digital infrastructure and data architecture. Mobile applications to

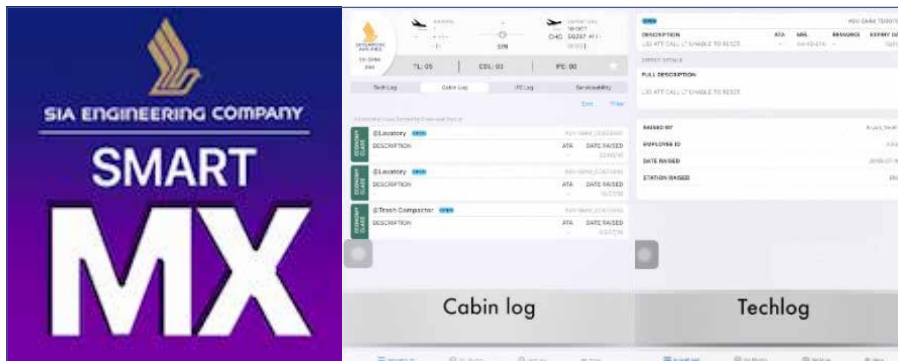
enhance information accessibility and digitally enable our workforce will be built upon this framework.

During the year, we introduced the Smart MX App, a comprehensive one-stop application that provides access to maintenance manuals and various work-related information. The first version of the application was rolled out in October 2019, which was utilised by the Line Maintenance Transit team to view arrival and departure schedules, access aircraft maintenance manuals and check tools availability. An upgraded version rolled out in May 2020 allows engineers to view job assignments and provide updates on aircraft serviceability, airtug arrival for departure and APU serviceability. Future versions will enable staff to check on the location of spares as well as place orders for them, while allowing ground crew to communicate directly with aircraft crew.

We have also launched the 1SQ App which facilitates access to the latest company information and simplifies HR administrative functions such as submission of claims and application of leave.

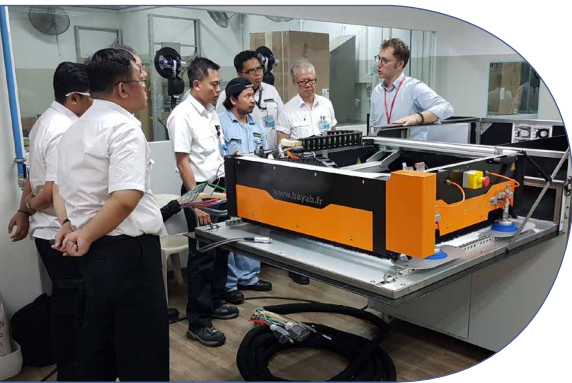
In addition, we have developed the Track & Trace application to assist staff to locate non-motorised equipment located across the airside via GPS-enabled trackers. More of such trackers will be deployed progressively to enable more equipment to be tracked. The application will also be enhanced with voice-enabled text-to-speech translation of the equipment's location.

CA Platform					
Reserved	SER	Type	Distance	Location	
☆	X	Tall Steps...	PPS steps	<1 km	N/A
☆	X	LMD 3719	Cabin Step	24 km	N/A
☆	X	LMD 3716	Cabin Step	24 km	N/A
☆	X	LMD 3714	Cabin Step	24 km	N/A
☆	X	LMD 3720	Cabin Step	24 km	N/A
☆	X	LMD B737-6	Cabin Step (B737)	24 km	N/A



With the increasing pervasiveness of automation in the MRO industry, we have introduced various automated systems to enhance productivity within our operations and supply chain. The Pneumatic Tube System (PTS) was commissioned during the year to automate the delivery of small spares between the warehouse, hangars and workshops. This has reduced the average delivery time from 90 minutes to just five minutes. The PTS now

INNOVATION AND TECHNOLOGY



covers 26 locations within Hangars 1, 2 and 3, with plans underway to deploy delivery solutions for the remaining hangars. Several dispensing machines have been added to the Galley insert shop and Line Maintenance workspaces to digitalise the transactions for closer monitoring and improve the availability of spares onsite.

We have also introduced automation in our workshops in our efforts to reduce manual and repetitive work. These include initiatives such as the RepairJet, a tool to automate the removal of composite layers for composite repairs, as well as an

automated adhesive application system for cabin interior work.

We are also working with OEMs and research institutes to explore solutions, including the use of drones, to automate the visual inspection process to enhance work quality and shorten the time taken to perform inspections.

ENHANCED QUALITY AND SAFETY

As part of our continued focus on improving airside driving safety, we have introduced a Virtual Reality (VR) driving simulator to enhance the quality of training. The simulator is mapped to the terrain of Changi Airport to enable drivers to undergo realistic scenario-based training, which prepares them to respond to driving-related events that are uncommon or which cannot be staged in the airport.

We have also incorporated wearable technology into our training. These VR headsets were developed to facilitate aircraft maintenance tasks, with five of such modules deployed since December 2019. These modules include training the operational staff on aircraft fuel computation

utilising the measuring stick and the replacement of slide-raft. Compared to conventional computer-based training, the VR headsets provide an immersive, spatial experience that replicates the actual tasks for increased realism.

Furthermore, to ensure that our drivers operate safely, we have utilised infrared sensors to monitor their fatigue levels by tracking facial and eye movements. When driver fatigue is detected, an audio alert will be sent out and a vibration mechanism on the driver's seat will simultaneously be activated to alert the driver. The system has since gone live with fatigue and distraction detection systems installed on 27 aircraft tow tractors in May 2020.

We have also applied machine vision to enhance the safety, security and quality surveillance of our operations. A test bed has been set up at Hangar 3 and using video analytics, alerts will be triggered for any infringements in real-time. Furthermore, we are exploring the use of machine vision in areas such as geofencing for housekeeping, driving speed monitoring and heatmapping of the hangar floor.



INNOVATION AND TECHNOLOGY



CULTURE OF INNOVATION

Our innovation efforts would not be possible without the strong support and active participation of our people. As the men and women on the ground, they are well placed to identify areas for improvement at their respective workplaces. The Innovation Group will then work with these employees to identify technologies to address these issues.

Some of these staff-initiated ideas have since been implemented, with the VR for training and Motorised Steps recognised at the 2019 Changi Airport Group Safety Awards. Notably, the VR for training received the Gold Award in recognition of its ability to improve quality of training for aircraft maintenance tasks.

Such accolades stand as a testament to the strong spirit of innovation among our staff, and will serve to further encourage their participation in our innovation drive. We have since broadened the scope of the annual Innovation Challenge competition to include an implementation phase, where staff form project teams and take the lead in completing the projects. As of March 2020, six staff-initiated projects have been completed.



Selected projects are also featured at our annual Innovation Week, a staff-oriented exhibition of in-house innovations as well as new technology from external vendors that was designed to foster employee-led ideation and implementation. Our Innovation Week 2019, held from 23-26 July, drew the attendance of over 2,000 staff and saw participants from Rolls-Royce, Boeing, Thales, SIMTech and SAFRAN speak on technological developments in the aerospace industry.

We will continue to adopt new and emerging technologies to enhance productivity and drive improvements in quality and safety. In addition, we

will continue to equip our staff with the relevant skill sets and technological know-how to ensure that they are ready to meet the evolving needs of the MRO operations.



CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors (the “Board”) and Management of SIA Engineering Company Limited (the “Company”, and together with its subsidiaries, the “Group”) are firmly committed to ensuring the highest standards of corporate governance. We believe that good governance is critical to the growth and sustainability of our business and enhances long-term success and value creation for all stakeholders. Our rigorous governance framework, underpinned by well-defined policies and processes, promotes quality corporate performance, excellence, integrity, accountability and transparency. The Board is responsible for the Group’s corporate governance standards and policies and has set out clear division of powers, strong internal controls and risk management, and robust checks and balances across the Group.

This report describes our corporate governance practices and activities for the financial year ended 31 March 2020 (“FY2019/20”) with reference to the principles and provisions of the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the “Code”). The Company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and has complied in all material aspects with the principles and substantially all of the provisions of the Code. Where there is any variation from any provision of the Code, an explanation has been provided on how the practices adopted by the Group are consistent with the intent of the relevant principle.

BOARD MATTERS

THE BOARD’S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board’s Conduct of Affairs and its Responsibilities

The Board, working closely with Management (who are held accountable for performance), is collectively responsible for the Group’s overall strategy; operations and performance (including key aviation safety and quality initiatives); financial performance reviews and annual budgets; funding needs; investments and divestments; corporate governance and risk management practices; and compliance, internal controls and accountability systems. The Board also provides guidance on pace, priority and progress of the Group’s Transformation which covers innovation, technologies and digital transformations to enhance the Group’s performance, capabilities and competitiveness. The Board approves the appointment of Directors and the Chief Executive Officer (“CEO”). Pursuant to corporate governance best practices, the Board also oversees the long-term succession planning for the Board and Senior Management, and approves policies and guidelines on related remuneration. The Board also sets the tone for the Group in respect of conduct, ethics and desired organisational culture, and ensures proper accountability within the Group.

Board Committees

The Board is supported by six Board committees, namely the Audit Committee, the Board Safety & Risk Committee, the Compensation & HR Committee, the Nominating Committee, the Board Committee as well as a new Technology Advisory Committee established during the financial year. All Board committees are constituted with clear written terms of reference, defining the duties delegated to each of them by the Board, compositions, qualifications for membership and other procedural matters such as quorum and decision-making processes. Each Board committee is responsible for ensuring compliance with legislative and regulatory requirements in relation to matters under its purview, including requirements under the rules of the Listing Manual of the SGX-ST (the “Listing Manual”) and the Code. Each Board committee also reviews its Terms of Reference from time to time to ensure relevance. Board approval is required for any changes to the Terms of Reference for any Board committee. The Audit Committee, the Board Safety & Risk Committee, the Compensation & HR Committee and the Nominating Committee work within the Company’s risk management framework, which sets out the risk management policies and the levels of risk tolerance. Each Board committee comprises Directors with appropriate qualifications and skills and there is an equitable distribution of responsibilities among Committee members. The Board is informed of the key matters discussed at each Board committee meeting.

CORPORATE GOVERNANCE

THE BOARD	
CHAIRMAN TANG KIN FEI	<i>Composition</i> 6 Independent Directors 4 Non-Independent Directors
Key Responsibilities Responsible for strategy, operations and governance and oversees Transformation (including innovation, technologies and digital transformation) to ensure the long-term success of the Group.	

AUDIT COMMITTEE	
CHAIRMAN CHEW TECK SOON	<i>Composition</i> 4 Independent Directors 1 Non-Independent Director
Key Responsibilities To assist the Board in discharging its statutory and other responsibilities relating to financial reporting, risk management, internal controls, internal and external audit, interested person transactions, compliance and whistle-blowing.	
NOMINATING COMMITTEE	
CHAIRPERSON CHRISTINA ONG	<i>Composition</i> 2 Independent Directors 1 Non-Independent Director
Key Responsibilities To review the structure, size and composition of the Board, the appointment and re-appointment of Directors, the independence of Directors, and to oversee the Board performance evaluation process, and the training and development of the Board.	
COMPENSATION & HR COMMITTEE	
CHAIRMAN TANG KIN FEI	<i>Composition</i> 2 Independent Directors 1 Non-Independent Director
Key Responsibilities To oversee the remuneration framework and policies for the Directors and Key Executives as well as for the Company in general, talent management and succession planning, and administration of share schemes and related programmes.	
BOARD SAFETY & RISK COMMITTEE	
CHAIRMAN MANOHAR KHIATANI	<i>Composition</i> 3 Independent Directors 2 Non-Independent Directors
Key Responsibilities To assist the Board in overseeing the Group's risk management system, framework and policies and ensures that Management maintains a sound system of risk management to safeguard the interests of the Group and the Company's shareholders.	
BOARD COMMITTEE	
TANG KIN FEI GOH CHOON PHONG	<i>Composition</i> 1 Independent Director 1 Non-Independent Director
Key Responsibilities To deputise for the Board on routine matters to facilitate day-to-day administration and to expedite decisions, and to approve certain capital expenditures.	
TECHNOLOGY ADVISORY COMMITTEE	
CHAIRMAN DR RAJ THAMPURAN	<i>Composition</i> 1 Independent Director 1 Non-Independent Director 5 External Members
Key Responsibilities To provide advice and feedback on technological and digital concepts, major technology-related projects, to provide guidance on technology-led innovation and digitalisation, and to provide perspective on emerging trends and opportunities in technologies.	
CHIEF EXECUTIVE OFFICER	
NG CHIN HWEE	
Key Responsibilities Responsible for developing the Group's business, implementing strategies and policies, executing Board decisions, managing the day-to-day operations of the Company, and communicating on behalf of the Company to stakeholders and shareholders.	
MANAGEMENT COMMITTEE	
EVP Operations SVP Base Maintenance SVP Line Maintenance & Cabin Services SVP Fleet Management & Commercial SVP Human Resources	SVP Finance/CFO SVP Partnership Management & Business Development Ag SVP Transformation & Technology
Key Responsibilities To oversee specific areas of the Group's operations and businesses.	

CORPORATE GOVERNANCE

Matters requiring Board Approval

There is a clear demarcation of responsibilities between the Board and Management. The Board and Board committees have guidelines on all matters requiring their approval, and these are clearly communicated to Management and recorded in writing. Specific approval is sought for all matters of strategic importance, including corporate strategy; Group financial results; major investments, divestments and capital expenditure; governance; share issuances; dividends and other returns to shareholders; establishment of various Board committees (including their composition and Terms of Reference); and mandated interested person transactions (according to the threshold limits for review and approval procedures under the general mandate renewed annually by the shareholders of the Company). The Group has also established financial authorisation and approval limits and the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board committees and Management to optimise operational efficiency.

Fiduciary Duties and Conflicts of Interests

There is an impartial decision-making process which allows each Director to exercise professional judgment. As fiduciaries of the Company, Directors have demonstrated objectivity in deliberations; exercised strong independent judgement in the best interests of the Company; and ensured proper accountability within the Company. Pursuant to the Group's Conflicts of Interests Policy which sets out disclosure obligations in the event of a conflict of interest, a Director facing a conflict of interest must disclose such conflict and recuse himself/herself from participation in any discussion and/or decision on the matter. Directors have complied with the foregoing obligations and such compliance has been duly recorded in the minutes of meetings. The Group's policies and guidelines are regularly reviewed and updated to ensure they remain current.

Appointment and Orientation

The Nominating Committee ensures that new Directors are made aware of their duties and obligations. Each Director receives a formal letter upon appointment setting out, inter alia, his/her legal obligations, key duties and responsibilities. The Company's internally-developed "Director's Handbook" provides new and existing Directors with an easy reference on matters such as their duties, obligations and responsibilities under prevailing rules and regulations in Singapore, and the Company's key policies, processes and best practices in corporate governance.

New appointees undergo an orientation and familiarisation programme, which includes comprehensive presentations by Senior Management on the Company's strategic direction and plans, core businesses and activities, operations, network of joint ventures and the regulatory environment in which the Group operates. New Directors are also brought on visits to the Company's operations bases and key joint ventures in Singapore. Unless the Nominating Committee determines that he/she has other relevant experience, a new Director who has no prior experience as a director of an issuer listed on the SGX-ST will be provided with the relevant training at the Company's expense, including mandatory training prescribed by the SGX-ST.

Continuous Professional Development

The Board is committed to ongoing professional development and has therefore adopted a policy on continuous professional development for all Directors. To ensure that Directors can effectively discharge their statutory and fiduciary duties and to continually enhance the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject matter, committee membership, or key developments in the Group's environment, markets or operations. The Nominating Committee identifies for all Directors training, conferences, seminars and development programmes offered by external organisations such as the Human Capital Leadership Institute, the Institute of Policy Studies, the Singapore Institute of Directors and the Singapore Exchange. From time to time, professional firms are also invited to conduct in-house training for the Board and Directors are updated on topics of current interest including revisions to laws and listing rules and evolving technology, business and risk trends. The Company facilitates the registration and funds all training, conferences, seminars and development programmes for Directors. It also keeps a formal record of attendance for each Director.

CORPORATE GOVERNANCE

During FY2019/20, Chairman and members of the Board visited the facilities of the Group and joint venture partners, where they met management representatives and were updated on the latest developments and Transformation initiatives. Members of the Board also attended networking and sharing sessions with leaders of other listed companies and industry professionals.

During FY2019/20, the Directors attended training and development programmes or were briefed on subjects that include:

- Directors' duties and responsibilities
- Changes in the regulatory environment
- Revisions to SGX-ST listing rules
- Board culture and conduct
- Innovation and oversight of related financial risks and controls
- Cross-border mergers and acquisitions
- Emerging trends on new technologies

Meetings of the Board and Board Committees

The Board and Board committees meet regularly to discuss a range of matters concerning the Company, including strategy, Transformation, operational matters and governance, as well as to review and approve, amongst other things, the financial results of the Group. After consultation with the Chairman and all Directors, dates of board meeting for each financial year are scheduled in advance and notified to the Directors before the start of the year to facilitate full attendance. Additional meetings are convened as and when circumstances warrant. Records of meetings, including key deliberations and decisions taken, are maintained by the Company Secretary and the minutes of meetings are circulated to Directors for review and approval. Participation by telephone and video conferencing and approval by circulation also facilitate Board and Board committees' decision-making.

Board meetings may include presentations by senior executives and external consultants/experts on strategic issues relating to specific business areas, as well as presentations by the Group's associates. This allows the Board to develop a good understanding of the Group's businesses and to promote active engagement with the Group's partners and key executives. Directors who are unable to attend a Board meeting are provided with the briefing materials and can discuss issues relating to the matters to be discussed at the Board meeting with the Chairman, the CEO or Senior Management. Five Board meetings were held during the financial year ended 31 March 2020.

In addition to the scheduled Board meetings, Directors attend an annual strategy meeting to discuss and formulate the long-term strategy for the Group and to prioritise the Company's strategic initiatives over the near term. Strategy meetings are held in Singapore or at an overseas location to familiarise Directors with the Group's off-shore operations. Proposals considered at the strategy meetings are further developed by Management and discussed at subsequent Board meetings when the Board reviews the progress of the strategy proposals to achieve their agreed goals and objectives. During FY2019/20, the Board participated in an annual strategy meeting which was held off-site. Aerospace industry experts were invited for panel discussions with Directors on market trends and new technologies relevant to the maintenance, repair and overhaul ("MRO") industry. The Board also inspected the key operations and hangar facilities of a subsidiary.

CORPORATE GOVERNANCE

The attendance of each Director at Board meetings, Board committee meetings and the Annual General Meeting ("AGM") held during FY2019/20 is as follows:

Name	Status	Position	Att. ⁽ⁱ⁾	Audit Committee		Nominating Committee		Compensation & HR Committee		Board Safety & Risk Committee		Board Committee ⁽ⁱⁱ⁾		Technology Advisory Committee		AGM Att. ⁽ⁱ⁾
				Position	Att. ⁽ⁱ⁾	Position	Att. ⁽ⁱ⁾	Position	Att. ⁽ⁱ⁾	Position	Att. ⁽ⁱ⁾	Position	Att. ⁽ⁱ⁾	Position	Att. ⁽ⁱ⁾	
Tang Kin Fei (last re-appointed on 20 Jul 2017, first appointed on 8 May 2017)	Non-Executive / Independent	Chairman	5/5					Chairman	4/4			Member				1/1
Goh Choon Phong (last re-appointed on 19 Jul 2018, first appointed on 1 Jan 2011)	Non-Executive / Non-Independent	Member	5/5					Member	4/4			Member				1/1
Ng Chin Hwee⁽ⁱⁱⁱ⁾ (last re-appointed on 19 Jul 2019, first appointed on 18 Jul 2008)	Non-Executive / Non-Independent	Member	5/5			Member (stepped down on 31 March 2020)	3/3			Member (stepped down on 31 March 2020)	4/4					1/1
Manohar Khiatani (last re-appointed on 19 Jul 2018, first appointed on 1 Apr 2013)	Non-Executive / Independent	Member	5/5	Member	4/4					Chairman	4/4					1/1
Chew Teck Soon (last re-appointed on 19 Jul 2018, first appointed on 1 May 2013)	Non-Executive / Independent	Member	4/5	Chairman	4/4	Member	3/3									1/1
Christina Hon Kwee Fong (Christina Ong) (last re-appointed on 19 Jul 2019, first appointed on 1 Jan 2014)	Non-Executive / Independent	Member	5/5	Member	4/4	Chairperson	3/3									1/1
Raj Thampuran (last re-appointed on 19 Jul 2019, first appointed on 1 Sep 2016)	Non-Executive / Independent	Member	5/5	Member	3/4								Chairman	1/1		1/1
Wee Siew Kim (last re-appointed on 20 Jul 2017, first appointed on 8 May 2017)	Non-Executive / Independent	Member	5/5					Member	4/4	Member	4/4					1/1
Chin Yau Seng (first appointed on 8 Oct 2018)	Non-Executive / Non-Independent	Member	5/5	Member	4/4											1/1
Png Kim Chiang^(iv) (last re-appointed on 20 Jul 2017, first appointed on 1 Nov 2016)	Executive / Non-Independent	Member	5/5										Member	1/1		1/1
Total Number of Meetings Held In FY2019/20			5		4		3		4		4			1		1

Notes:

⁽ⁱ⁾ "Att." refers to the number of Board and Board committee meetings attended by the respective Directors for the period served in FY2019/20.

⁽ⁱⁱ⁾ The Board Committee does not hold physical meetings.

⁽ⁱⁱⁱ⁾ Mr Ng Chin Hwee was appointed as the CEO of the Company with effect from 1 April 2020 and is currently an Executive / Non-Independent Director.

^(iv) Mr Png Kim Chiang was the CEO of the Company up to 31 March 2020.

CORPORATE GOVERNANCE

Adequate and Timely Provision of Information

Management provides Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards (International) and International Financial Reporting Standards. Management provides Board members with management accounts on a monthly basis, and from time to time as the Board may require, to enable the Board to make a balanced and accurate assessment of the Company's performance, financial position and prospects. Management also provides Board members with a monthly "Industry Update" which informs of key developments in the aviation and aerospace industries.

Papers and related materials, including background or explanatory information relating to matters brought before the Board and the Board committees, are provided to Directors in advance of the meetings of the Board and the Board committees or deadlines for decisions to enable them to make well-considered decisions in a timely manner. Other documents, such as budgets and forecasts, are also provided to Directors, and in respect of budgets, any material variance between the projections and actual results is explained and monitored. Where there are material or urgent issues under Board review, progress and/or developments are brought to the immediate attention of the Board as and when they arise.

In line with the Company's commitment to foster a sustainability mindset throughout the organisation and embed sustainability practices in our operations, the Company provides Directors with tablet devices to enable them to access electronic copies of Board and Board committee papers prior to and at meetings. This initiative also enhances information security as the papers are downloaded to tablet devices through an encrypted channel.

Access to Professional Advisors, Management and Company Secretary

The Board has a process for Directors, either individually or collectively, to seek independent external advice at the Company's expense in furtherance of their duties and to request further information on any aspect of the Company's operations or business from Management.

Directors always have ready and independent access to Management. Directors also have separate and independent access to the Company Secretary. The Company Secretary, whose appointment and cessation are subject to approval of the Board as a whole, attends all Board meetings. The duties of the Company Secretary include:

- (a) supervising, monitoring and advising on Board procedures and compliance by the Company with its Constitution (the "Constitution"), laws and regulations applicable in Singapore, the Listing Manual and the Code;
- (b) ensuring timely flow of information to the Board and the Board committees and between Management and Directors, and keeping an open and regular line of communication between the Company, the Singapore Exchange, and the Accounting & Corporate Regulatory Authority;
- (c) updating and informing the Board on the principles and best practices of corporate governance; and
- (d) facilitating orientation for new Board appointees and identifying suitable training and development for Directors.

The Company has established written procedures to ensure compliance with legislative and regulatory requirements, including the Listing Manual.

CORPORATE GOVERNANCE

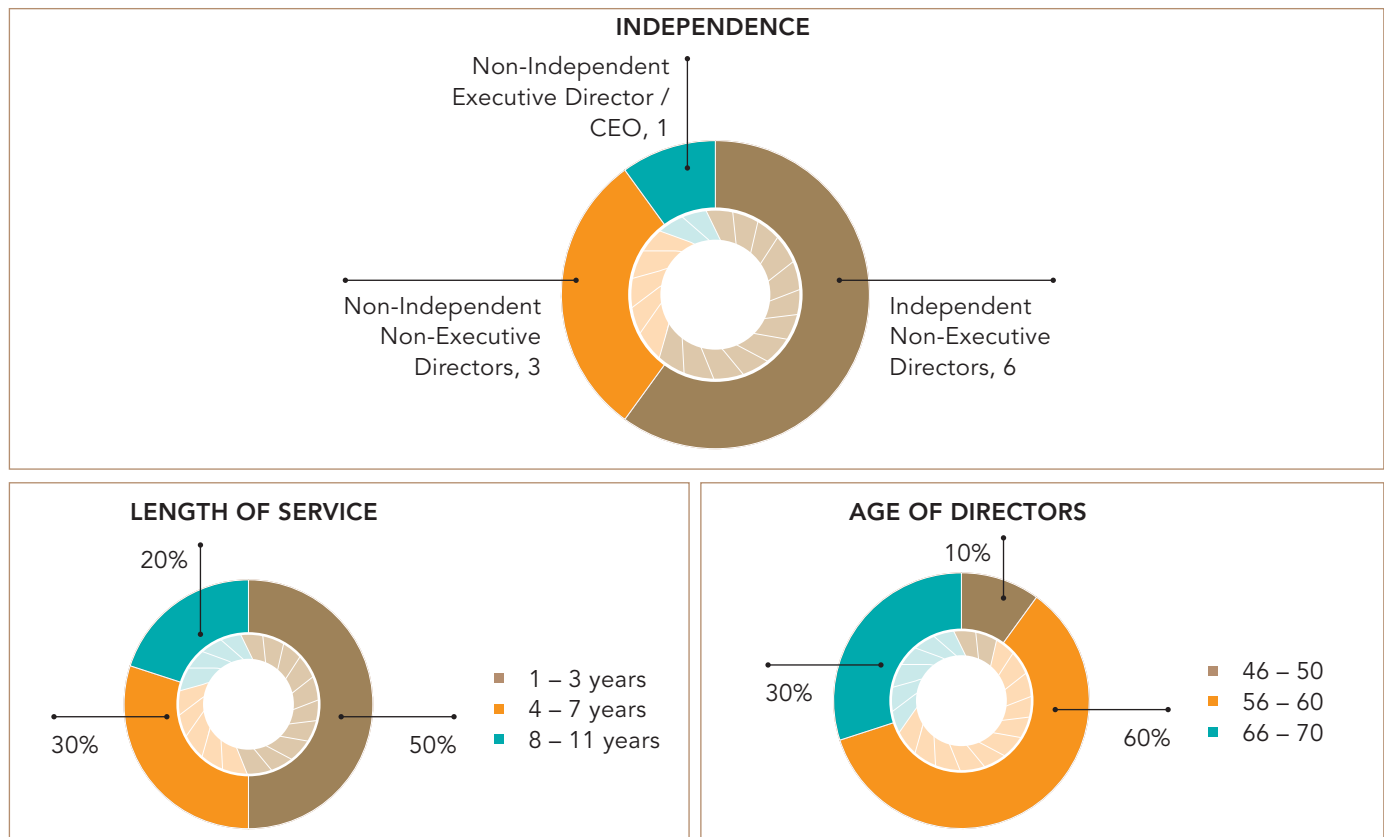
BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Independent Directors Make Up a Majority of the Board

Under the Code, an “independent” director is one who is independent in conduct, character and judgment and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interest of the Company. Independent directors are to make up at least one-third of the Board (or where the Chairman is not independent, at least a majority of the Board), and non-executive directors are to make up a majority of the Board.

The Board consists of ten Directors of which nine are Non-Executive Directors, and six are Independent Directors. There are no alternate Directors on the Board. The Company has thus satisfied the requirements of the Code as the Independent Directors and the Non-Executive Directors, separately, make up a majority of the Board. The high representation of Independent Directors serves the Company well as no individual or select group of individuals dominates the Board’s decision-making process.



Annually, the Directors complete a declaration and confirmation of independence regarding the relationships identified in the Listing Manual and the Code, which is assessed by the Nominating Committee. The Board has an appropriate level of independence which enables it to, at all times, make decisions using its collective expertise and experience in the best interests of the Company. A Director who has an interest in a matter under discussion will declare his/her interest and abstain from the decision-making process in relation to that matter.

CORPORATE GOVERNANCE

Appropriate Size of the Board and Board Committees

The Board, through the Nominating Committee, regularly evaluates the size and composition of the Board and Board committees, taking into consideration diversity of skill sets, expertise, core competencies and professional experience and the element of independence. The Board considers the present Board size, the number of Board committees and the size of each Board committee to be appropriate. The Board has the requisite balance and mix of expertise, skills, knowledge, experience, attributes and other aspects of diversity such as gender and age to oversee the Company's growing businesses. Collectively, the Board has competencies in areas such as organisational transformation; strategy and investments; aviation and MRO operations; human resource development, executive and talent succession planning; audit and accounting, finance; law, compliance and governance; engineering; innovation and advancing technologies; research and development; information technology, digitalisation and data analytics; supply chain management, business space solutions as well as experience in key markets.



Board Diversity Policy

The Company is committed to having diversity on the Board, taking initiatives designed to attract the most talented individuals as Directors, regardless of their gender, race, ethnicity, religion, age, disability status or any other dimension of diversity. The Board views diversity as an important element to ensure that Board members provide the necessary range of perspectives, insights, experience and expertise for effective stewardship and management of the Company's business. In relation to gender diversity, it is of the view that gender is but one aspect of diversity and the Board will continue its policy for Directors to be selected on the basis of their experience, skills, knowledge and insights.

Directors' profiles appear on pages 6 to 17 of this Annual Report and are also available on the Company's website.

Continuous Review of Directors' Independence

The Nominating Committee and the Board, taking into account the views of the Nominating Committee, determines the independence of Directors upon appointment, annually, and on a continuing basis as and when circumstances require, according to the criteria stipulated in the Listing Manual and the Code.

The Board has examined the different relationships identified by the Listing Manual and the Code that might deem a Director to be not independent, or impair a Director's independence and objectivity, and is satisfied that none of them apply in relation to the Independent Directors. None of the Independent Directors has served for an aggregate period of more than nine years.

The Chairman meets the Independent Directors twice yearly in the absence of Management, the CEO and the Non-Independent Directors. The Chairman provides feedback from these meetings to the Board, as appropriate.

CORPORATE GOVERNANCE

CHAIRMAN AND CEO

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Role of the Chairman and the CEO

The Chairman of the Board is a Non-Executive and Independent Director and his position is separate from the office of the CEO. There is a clear demarcation of the roles and responsibilities of the Chairman and the CEO, which is set out in writing, to ensure an appropriate level of checks and balances, increased accountability, and greater capacity of the Board for independent decision making. The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the CEO is responsible for implementing the Group's strategies and policies, and managing the day-to-day operations.

The Chairman promotes a culture of openness and encourages constructive debate amongst the Directors and between Directors and Management. He sets the agenda and dedicates sufficient time for discussions, especially on material developments and strategic matters. The Chairman also ensures that Management provides complete, adequate and timely information to Directors, and that there is effective communication with shareholders. At AGMs and other shareholder meetings, the Chairman plays a pivotal role in fostering effective dialogue among shareholders, the Board and Management of the Company.

The CEO, who is also an Executive Director, manages the Group's business. He chairs the Senior Management and Management Committees that deliberate on policy and operational issues, and implement Board decisions, amongst other things.

The Chairman and the CEO are Separate Persons

The Chairman and the CEO are separate persons and are not related to each other. A majority of the members of the Board and the Board committees, including the Chairman of each of the Board committees, are independent Directors. Given that the roles of the Chairman and the CEO are separate and the Chairman is independent, the Board is of the view that it is not necessary to appoint a Lead Independent Director.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee

The Nominating Committee comprises three Non-Executive Directors, the majority of whom, including the Chairperson, are independent. The members of the Nominating Committee are:

Chairperson Mrs Christina Ong
Members Mr Chew Teck Soon
Mr Mak Swee Wah (*appointed on 1 April 2020*)

Mr Ng Chin Hwee stepped down as a member of the Nominating Committee on 1 April 2020 upon assuming the position of CEO and Executive Director of the Company.

CORPORATE GOVERNANCE

The Nominating Committee, in accordance with the Terms of Reference approved by the Board, is responsible for, inter alia, the following:

- the review of the structure, size and composition of the Board and the Board committees;
- the review of succession plans for the Chairman and non-executive directors;
- the development of a transparent process for evaluating the performance of the Board, its Board committees and Directors, including assessing whether Directors who hold other listed company directorships and principal commitments are able to commit enough time to discharge their responsibilities;
- the review of training and professional development programmes for the Board and its Directors;
- the appointment and re-appointment of all Directors (including alternate Directors, if any); and
- the review and confirmation of the independence of each Director.

Annual Assessment of Independence

The Nominating Committee reviews Board composition and makes recommendations for the appointment of new Directors. It is focused on maintaining a strong independent element in the composition of the Board and the Board committees. Annually, the Nominating Committee reviews each Director's independence, taking into consideration the relevant provisions of the Code and requirements of the Listing Manual.

Selection, Appointment and Re-appointment of Directors

In discharging its duties in its review of the structure, size and composition of the Board and the Board committees, the Nominating Committee gives due regard to the benefits of all aspects of diversity. In support of gender diversity and in accordance with its Terms of Reference, the Nominating Committee will ensure that appropriate efforts are made to include suitably qualified women in the list of candidates for a Board position. The Nominating Committee has developed a Skills Matrix, which denotes the experience and expertise of Directors in relation to the Company's business activities and strategic goals. The Skills Matrix, which serves as a guide to identify the competencies and attributes for new Board appointments, is regularly updated and reviewed by the Nominating Committee.

Pursuant to Provision 4.1(a) of the Code, one of the responsibilities of the Nominating Committee is to make recommendations to the Board on the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel. The Board had delegated to the Nominating Committee matters of composition and progressive renewal of the Board and Board committees. The Board had also considered and deemed it appropriate to delegate matters of succession planning for the CEO and Key Management Personnel (being Company personnel who hold the rank of "Senior Vice President" (or "SVP") and above, and together with the CEO, the "Key Executives") of the Company to the Compensation & HR Committee, which is consistent with the intent of Principle 4 of the Code in relation to the progressive renewal of the Board as regards the CEO who is also a Director. Recommendations made by the Nominating Committee and the Compensation & HR Committee on these matters are presented to the Board for consideration and approval.

New appointments to the Board are carefully selected to augment core competencies and experience of the Board to ensure overall effectiveness and informed decision-making. If required, the Nominating Committee may seek assistance from external search providers for the selection of potential appointees. Directors and Management may also recommend potential appointees for consideration. In the evaluation of potential appointees to the Board, members of the Nominating Committee, together with the Chairman of the Board, meet with candidates to assess their eligibility. If the candidates meet the required criteria, the Nominating Committee will recommend their selection to the Board for approval. No external search consultant was engaged in FY2019/20.

CORPORATE GOVERNANCE

In March 2020, the Nominating Committee recommended the appointment of Mr Mak Swee Wah as Director with effect from 1 April 2020. Mr Mak is currently the Executive Vice President Operations of Singapore Airlines Limited (“SIA”) and has extensive experience in aviation, management and business that will augment the core competencies of the current Board. After a review of Mr Mak’s qualifications and experience, his appointment was approved by the Board. Mr Mak Swee Wah is considered a Non-Independent and Non-Executive Director.

From time to time and at least once a year, the Nominating Committee evaluates the need to appoint a Lead Independent Director. The Nominating Committee also reviews compliance with the Code requirements under its purview, and deviations are explained.

Qualitative Assessment of Directors’ Contributions

The Company has in place a policy whereby Directors consult the Chairman of the Board and the Nominating Committee Chairman prior to accepting other board directorships. Directors must also immediately report changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence. Every Director confirms annually to the Nominating Committee in writing his/her availability and time commitment to focus on the affairs of the Company in the discharge of his/her duties as a Director.

Having reviewed the contributions of each Director and his/her attention to the affairs of the Company, taking into account his/her executive appointments, listed company board representations, other principal commitments, and the record of each Director’s attendance at Board and Board committee meetings for FY2019/20, the Nominating Committee and the Board were of the view that each Director had carried out his/her duties adequately. The Board also expects that the Directors (including any Directors who are newly appointed) will discharge their duties adequately in FY2020/21.

Accordingly, the Board has determined that there is no necessity, for the time being, to set a maximum limit on a Director’s other listed board representations. The Company will continue to disclose each Director’s listed company board directorships and principal commitments in the Company’s Annual Report.

Rotation, Retirement and Re-election

The Constitution provides in Article 90 that at each AGM of the Company, one third of Directors (or, if their number is not a multiple of three, then the number nearest to one-third rounded upwards to the next whole number) for the time being shall retire at each AGM. Retiring Directors are those who have served longest since their last election and they are eligible to offer themselves for re-election under Article 91 of the Constitution, subject to the endorsement of the Nominating Committee and approval of the Board. Directors appointed by the Board during the financial year, to fill a casual vacancy or appointed as an additional Director, may only hold office until the next AGM and shall then be eligible for re-election in accordance with Article 96 of the Constitution.

At the 38th AGM to be held on 17 July 2020, Mr Tang Kin Fei, Mr Wee Siew Kim and Mr Goh Choon Phong will retire under Article 90 of the Constitution. Mr Mak Swee Wah will retire under Article 96 of the Constitution. The profiles of Mr Tang, Mr Wee, Mr Goh and Mr Mak are set out on pages 7, 11 and 14 to 15 of this Annual Report. Additional information on these Directors are set out in the Notice of AGM and in the “Additional Information on Directors Seeking Re-election at the Annual General Meeting” section on pages 210 to 219 of this Annual Report.

Having assessed their respective contributions, including their attendance, preparedness, participation and candour at Board and Board committee meetings, the Nominating Committee and the Board recommend the re-election of Mr Tang Kin Fei, Mr Wee Siew Kim, Mr Goh Choon Phong and Mr Mak Swee Wah, all of whom, being eligible, have offered themselves for re-election.

CORPORATE GOVERNANCE

Nominating Committee's Activities During the Financial Year

During FY2019/20, the Nominating Committee held 3 meetings, and also undertook, inter alia, the following:

- (a) reviewed the composition of the Board and Board committees, Board size and the Skills Matrix, which was updated to reflect the skills and expertise of new appointees;
- (b) reviewed the succession plans for the Directors;
- (c) recommended the appointment of Mr Mak Swee Wah as a Director, with effect from 1 April 2020;
- (d) determined the independence of each Director based on his/her declaration of independence pursuant to the provisions of the Code and Rule 210(5) of the Listing Manual;
- (e) considered and agreed that, given the prevailing circumstances (as explained on page 40 of this Annual Report), the appointment of a Lead Independent Director was not necessary for the time being;
- (f) considered and recommended Directors to retire and seek re-election at the AGM;
- (g) considered ongoing training of Directors, and recommended suitable training programmes;
- (h) assessed if a Director was able to and had carried out his/her duties as Director of the Company considering his/her other board appointments and time commitments; and
- (i) reviewed the compliance of the Nominating Committee with the relevant requirements of the Code.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Board Performance and Evaluation

The Board has a formal process (incorporating objective performance criteria), which is overseen by the Nominating Committee and approved by the Board, for assessing the effectiveness of the Board as a whole and the Board committees, as well as the contributions of the Chairman and individual Directors. The process, comprising an assessment of both qualitative and quantitative criteria, enables the Nominating Committee and the Board to enhance the effectiveness of the Board and its Board committees. For objectivity, the process is managed by Korn Ferry (SG) Pte Ltd, an external global organisational consulting firm, who have no connection with the Company or any of its Directors.

The qualitative assessment is designed to measure, with the use of a questionnaire and interviews, the overall performance of the Board and the Board committees. The questionnaire is tailored for the Company and includes evaluation factors such as strategic priorities and focus, Board composition, Board and Management succession planning, Board dynamics and culture, Board partnership with Management, Board processes and practices, Board value-add in shaping the future and in the areas of Transformation, innovation and technology, Group partnership management and sustainability. The questionnaire also incorporates a peer assessment of individual performance, including topics such as each Director's engagement in decision-making, collaboration with fellow Board members and with Management, and his/her contributions to the Board and relevant Board committees. Interviews for deeper insights on specific focus areas are also conducted by the external consultants. The quantitative assessment measures the Board's performance against key financial indicators. The Nominating Committee, in consultation with the Chairman, takes appropriate actions to address the external consultants' findings and performance assessment.

CORPORATE GOVERNANCE

This is the Company's 18th year of evaluating Board performance. The Company Secretary assisted the Nominating Committee in the evaluation process. For FY2019/20, the external consultants concluded that the Board had met its performance objectives.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his/her own remuneration.

Compensation & HR Committee

The Compensation & HR Committee comprises three Non-Executive Directors, the majority of whom, including the Chairman, are independent. The members of the Compensation & HR Committee are:

Chairman: Mr Tang Kin Fei
 Members: Mr Goh Choon Phong
 Mr Wee Siew Kim

The Compensation & HR Committee, in accordance with the Terms of Reference approved by the Board, is responsible for, inter alia, the following:

- reviewing and making recommendations to the Board on the remuneration framework and policies for the Directors of the Company, the CEO, Key Management Personnel and Senior Officers who hold the rank of Vice President;
- reviewing and making recommendations to the Board on the specific remuneration packages for each Director, the CEO and Key Management Personnel. No Director is, however, involved in deciding his/her own remuneration;
- the talent management and remuneration framework for the Company, including staff development and succession planning;
- the administration of the Company's Economic Value Added-Based Incentive Plan;
- the administration of the Company's share schemes;
- the administration of the Company's Share Buy Back programme;
- guidance on the maintenance of harmonious industrial relations with the Company's unions, and review of major agreements with the unions;
- the review of risks associated with the Company's human resource administration and management; and
- the engagement of consultants and/or advisors with respect to remuneration matters.

The Compensation & HR Committee is also responsible for reviewing the eligibility, guidelines, allotment, awards and payouts under the Company's Restricted Share Plan ("RSP"), Performance Share Plan ("PSP"), Strategic Transformational Incentive Plan ("STIP") and Economic Value Added ("EVA")-Based Incentive Plan ("EBIP").

CORPORATE GOVERNANCE

The Compensation & HR Committee retains and may exercise discretion when determining the link amongst remuneration, performance and value creation.

Engagement of Remuneration Consultant

Where appropriate, the Compensation & HR Committee may seek external advice on market practices and benchmark data and recommendations on Key Executives' remuneration, including cash incentives and share-based compensation. For FY2019/20, Carrots Consulting Pte Ltd was engaged to provide such services, the principal adviser being Mr Johan Grundlingh. Carrots Consulting Pte Ltd only provides remuneration consulting services to the Company, and has no other relationship with the Company which could affect its independence and objectivity.

Compensation & HR Committee's Activities During the Financial Year

During FY2019/20, the Compensation & HR Committee held four meetings, and also undertook, inter alia, the following:

- (a) conducted a review of the FY2018/19 RSP performance to-date;
- (b) conducted a review of the FY2016/17, FY2017/18 and FY2018/19 PSP performance to-date;
- (c) determined the allotment for the 14th RSP and PSP grants for FY2019/20;
- (d) reviewed the payouts under the EBIP and STIP for FY2018/19;
- (e) reviewed and recommended the total compensation framework for Key Executives for the Board's approval;
- (f) conducted the annual performance and compensation review for Key Executives;
- (g) reviewed the fees payable to Non-Executive Directors for FY2019/20;
- (h) reviewed the updates to the Compensation & HR Committee's Terms of Reference;
- (i) reviewed and endorsed the 2020 Succession Development Plan for the Company;
- (j) reviewed the pay-for-performance relationship of the Company's executive compensation structure;
- (k) reviewed the HR Strategy for 2020;
- (l) reviewed the Compensation & HR Committee mandate for Share Buy Back;
- (m) reviewed the Company's compliance with guidelines under the Code on Remuneration Matters;
- (n) reviewed all aspects of remuneration, including the Company's obligations in the event of termination of any Executive Directors' or Key Executives' contracts of service to ensure fair and reasonable terms are accorded; and
- (o) reviewed all HR risk management activities and the measures that are put in place to mitigate the human resource and industrial relations risks.

CORPORATE GOVERNANCE

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Key Executives' Remuneration Philosophy and Principles

For the financial year under review, SIAEC's Remuneration Policies for Key Executives are based on the following principles:

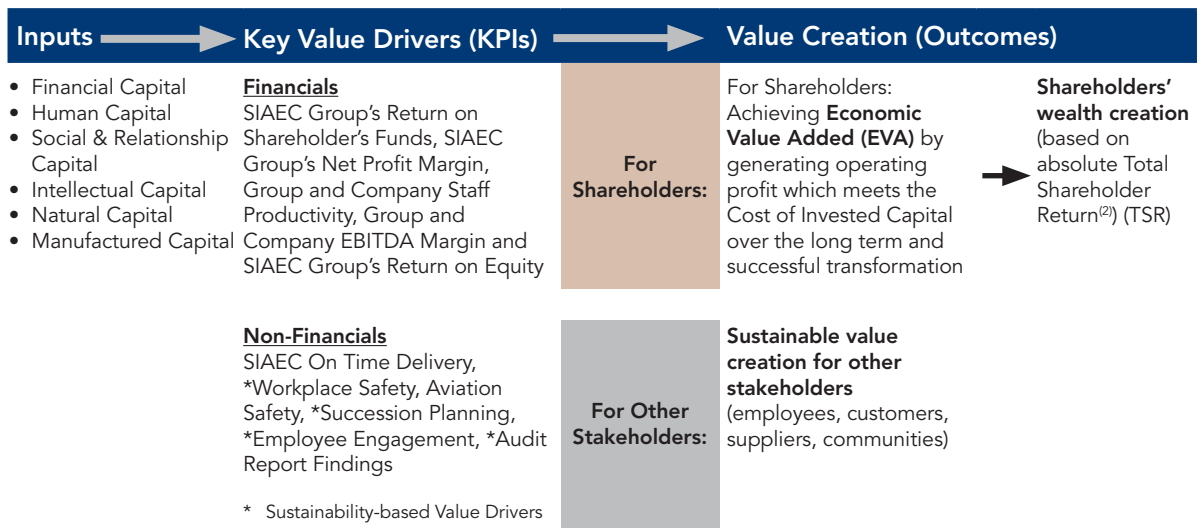
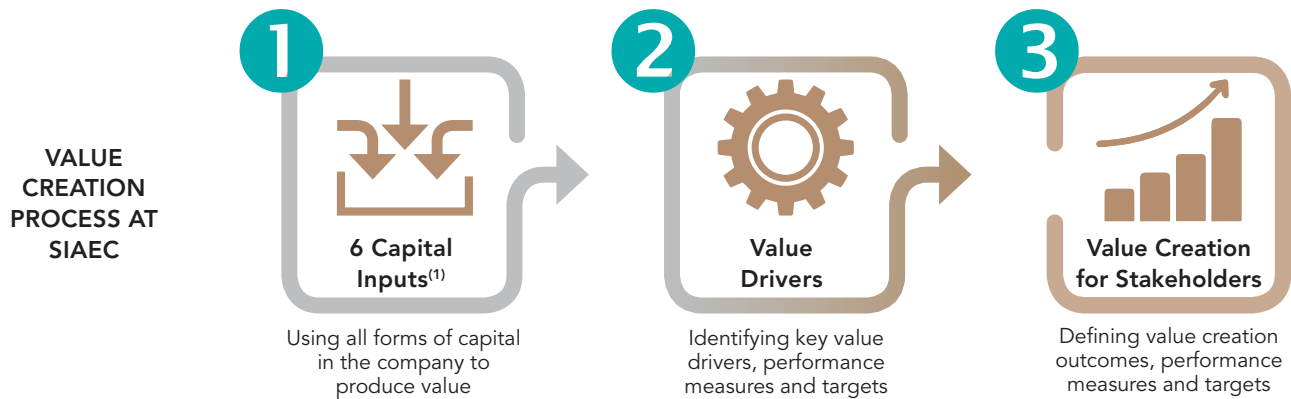
Philosophy	Principles
Shareholder & Business Alignment	<ul style="list-style-type: none"> • Build sustainable value creation and unlock wealth creation to align with shareholder interests • Enhance retention of Key Executives • Provide sound and structured funding to ensure affordability and cost-effectiveness of compensation system in line with value and wealth-added goals
Motivate Right Behaviours	<ul style="list-style-type: none"> • Pay for performance – align, differentiate and balance rewards according to multiple dimensions of performance • Strengthen line-of-sight linking rewards and performance goals • Robust target setting taking into account shareholder expectations over foreseeable performance horizon and commensurate with reward levels • Motivating right level of risk taking and executive behavior in age of disruptive technology and business transformation
Fair & Appropriate	<ul style="list-style-type: none"> • Ensure remuneration is competitive relative to the appropriate talent markets • Manage internal equity so that remuneration system is perceived as fair across the Group • Defensible to both internal and external stakeholders • Provide for Compensation & HR Committee and Board discretion to reward reasonably (both up and down) in the event of unintended outcomes
Effective Implementation	<ul style="list-style-type: none"> • Maintain rigorous corporate governance standards • Exercise appropriate flexibility to meet strategic business needs and practical implementation considerations • Facilitate employee understanding to maximise the value of the remuneration programs
Support Sustainability Agenda	<ul style="list-style-type: none"> • Align performance-related remuneration with the interests of shareholders and other stakeholders • Promote the long-term success of the company • Disclose relationships between remuneration, performance and value creation for shareholders and other stakeholders

In the event of any misstatement of financial results or of misconduct resulting in financial loss to the Company as determined by the Compensation & HR Committee, the Company may, in its absolute discretion, reclaim unvested incentive components of remuneration from Key Executives. There was no such event during FY2019/20.

CORPORATE GOVERNANCE

Relationships between Remuneration, Performance and Value Creation for Shareholders and other Stakeholders

The relationship between remuneration, performance and value creation is shown below:



Supported by SIAEC Key Executives Total Compensation Philosophy

ALIGNMENT WITH SIAEC KEY EXECUTIVES KEY COMPENSATION:



Stakeholders & Business Alignment



Motivate Right Behaviours



Fair, Appropriate & Market Competitive



Effective Implementation



Supports Sustainability Agenda



Reflect SIAEC's business strategies and core values

Key Executives Incentive Pay Programs • PSB • EBIP • STIP • RSP • PSP

By selecting performance targets based on balance of drivers and outcomes, the Board ensures that SIAEC Key Executives are paid **not only for value already created (i.e. outcomes) but for performance in generating/creating future value (drivers).**

Notes:

⁽¹⁾ As per the International Integrated Reporting Framework
⁽²⁾ Includes share price changes and dividend yields

CORPORATE GOVERNANCE

Non-Executive Directors' Fee Framework for FY2019/20

The fee for Non-Executive Directors reflects the scope and extent of a Non-Executive Director's responsibilities and obligations, and is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities. The Non-Executive Directors' fee framework is measured against relevant benchmarks and aims to be market competitive. The Board believes that it is important to remunerate Directors equitably to attract and retain individuals with the necessary talents and capabilities for the effective management of the Group.

Whilst the Compensation & HR Committee reviews the fees payable to Non-Executive Directors to be recommended for shareholders' approval at the AGM, no member of the Compensation & HR Committee may by himself or herself decide on his/her own remuneration.

Shareholders' approval is sought at the AGM for the fees for Non-Executive Directors for the current financial year on a pool basis. This pool is subsequently used to pay the Non-Executive Directors' fees based on actual service on a quarterly basis in arrears.

Other than the fee framework for the Technology Advisory Committee, which was established during FY2019/20, the overall framework for determining the Non-Executive Directors' fees (including the fees payable to the Chairman), as set out below, was last revised in FY2017/18. The CEO is an Executive Director, and is therefore remunerated as a Key Executive and in accordance with the terms of his contract. He does not receive Directors' fees.

Information on the rates and the actual fees paid in FY2019/20 are shown in the table below:

Type of Appointment	Schedule of Non-Executive Directors' Fees ⁽¹⁾ (\$)
Board of Directors	
Member's Fee	70,000
Chairman Fee (in addition to Member's Fee)	95,000
Audit Committee	
Chairman Fee	45,000
Member's Fee ⁽²⁾	27,000
Board Safety & Risk Committee	
Chairman Fee	37,000
Member's Fee ⁽²⁾	21,000
Compensation & HR Committee and Nominating Committee	
Chairman Fee	30,000
Member's Fee ⁽²⁾	17,000
Board Committee	
Member's Fee	14,000
Technology Advisory Committee	
Chairman Fee	20,000
Member's Fee ⁽²⁾	10,000
Board Meeting Attendance Fee	
For each Board Meeting held locally	1,000
For each Board Meeting held overseas	3,000

Notes:

⁽¹⁾ If a Director occupies a position for part of a financial year, the fee due to him or her shall be pro-rated accordingly.

⁽²⁾ Chairpersons of Board committees do not receive these fees.

CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Disclosure on Directors' Remuneration

The following table shows the breakdown of the remuneration of the Directors (including the CEO) for FY2019/20:

	Fee (\$)	Salary (\$)	Bonuses ^(iv) (\$)	Benefits (\$)	Shares ^(v) (\$)	Total (\$)
Non-Executive Directors						
Tang Kin Fei	216,000	–	–	–	–	216,000
Goh Choon Phong ⁽ⁱ⁾	108,000	–	–	–	–	108,000
Ng Chin Hwee ⁽ⁱ⁾	115,000	–	–	–	–	115,000
Manohar Khiatani	141,000	–	–	–	–	141,000
Chew Teck Soon	136,000	–	–	–	–	136,000
Christina Ong	134,000	–	–	–	–	134,000
Raj Thampuran ⁽ⁱⁱ⁾	109,000	–	–	–	–	109,000
Wee Siew Kim	115,000	–	–	–	–	115,000
Chin Yau Seng ⁽ⁱ⁾	104,000	–	–	–	–	104,000
Executive Directors						
Png Kim Chiang ⁽ⁱⁱⁱ⁾		731,555	860,010	124,848	997,339	2,713,753

Notes:

- (i) Non-Executive Directors' fees in respect of Mr Goh Choon Phong, Mr Ng Chin Hwee and Mr Chin Yau Seng were paid to and retained by SIA.
- (ii) Non-Executive Directors' fees due to Dr Raj Thampuran for the period 1 April 2019 to 31 May 2019 were paid to a government agency, the Directorship & Consultancy Appointments Council. Fees for the period 1 June 2019 to 31 January 2020 were paid to Dr Thampuran directly and fees for the period 1 February 2020 to 31 March 2020 were paid to and retained by Surbana Jurong Private Limited. Dr Thampuran's total fees included pro-rated fees of \$5,000 for the period 1 January 2020 to 31 March 2020 for serving as Chairman of the Technology Advisory Committee.
- (iii) As CEO, Mr Png Kim Chiang did not receive any Non-Executive Directors' fees.
- (iv) Comprises EBIP, STIP and PSB declared for the financial year.
- (v) Comprises shares awarded under the RSP, PSP and DSA during FY2019/20; the value of awards is based on the fair value of the shares awarded under the RSP (\$2.68), PSP (\$2.98) and DSA (\$2.67). Shares awarded under the RSP and PSP are subject to performance targets and other terms and conditions being met under the respective share plans. DSA awarded during FY2019/20 is part of the FY2018/19 STIP.

Apart from the foregoing, no other remuneration is paid to the Non-Executive Directors of the Company, nor do they receive any share options or share awards which are granted only to the employees of the Group.

In line with the Company's measures to mitigate the impact of COVID-19 on the international aviation industry, the Directors have agreed to waive 25% of their fees accruing from 1 April 2020.

CORPORATE GOVERNANCE

REMUNERATION REPORT

Key Executives' Remuneration Structure

The Company's Key Executives' remuneration structure is designed to include short-term and long-term incentives, which motivates and rewards Key Executives, and allows the Company to align executive compensation with market practice. The remuneration structure includes the cash-based variable components of PSB, STIP and an EBIP, and share-based awards under the RSP and the PSP, in addition to a fixed basic salary and fixed allowances. The payment of the PSB, STIP and EBIP and grants of share awards are dependent on the achievement of the prescribed Group and Company performance measures and individual performance measures.

Remuneration Mix

The Company's remuneration mix for Key Executives comprises salary, variable components and benefits. Variable components comprise short-term and long-term incentives, which are dependent on Group, Company and individual performance. The remuneration mix aims to provide a good balance between competitiveness with the market, as well as rewards for short-term and long-term objectives.

Fixed Component

The fixed component comprises base salary, the Annual Wage Supplement ("AWS") and cash allowances. The fixed components are benchmarked to comparable positions in the market.

In line with the Company's measures to mitigate the impact of COVID-19 on the international aviation industry, salary cuts were implemented for the Key Executives. Salary cuts of 12% for CEO and 10% for Executive Vice President Operations were implemented with effect from 15 March 2020, and subsequently adjusted to 25% and 20% respectively with effect from 1 April 2020. Salary cuts of 8% for SVPs were implemented with effect from 1 April 2020, and subsequently adjusted to 15% with effect from 1 May 2020.

Variable Components

1) Profit-Sharing Bonus ("PSB")

Payment of an annual PSB in respect of each Key Executive is based on the achievement of financial and operating objectives of the Group and the Company and taking into account individual performance.

The PSB is based on Group and Company performance and is capped at three times of the monthly base salary for each Key Executive. After the assessment of the Individual Performance Scorecards, an Individual Performance Rating is determined and is subsequently used to modify the PSB payout within the range of 0% - 150%.

2) Economic Value Added-Based Incentive Plan ("EBIP")

One of the incentive plans included in the remuneration of Key Executives of the Company is the EBIP, which forms a main portion of the annual performance-related bonus for these executives.

The EBIP rewards sustainable shareholder value creation achieved over the medium term by growing profits, deploying capital efficiently and managing the risk profile and risk time horizon of the business.

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For FY2019/20, the actual performance of the Group had partially met the pre-determined targets, and the resulting annual incentive declared under the EBIP reflects the performance level achieved.

Under the EBIP, one-third of the accumulated EBIP bonus, comprising the EBIP bonus declared for the financial year, and the balance of the EBIP bonus brought forward from preceding years, is paid out in cash each year. The remaining two-thirds are carried forward in each individual executive's EBIP account for payment in future years. Amounts in the EBIP account are at risk because a significant reduction in EVA in any year will result in retraction of the EBIP bonus earned in preceding years. The EBIP encourages Key Executives to work for sustained EVA generation, and to take actions that are aligned with the long-term interests of shareholders.

The rules of the EBIP are subject to review and amendment by the Compensation & HR Committee, which has the discretion, under authority of the Board, to amend the rules where appropriate and relevant to the business environment in which the Company operates.

3) Strategic Transformational Incentive Plan ("STIP")

The STIP is an incentive scheme established with the objective of rewarding, motivating, and retaining Key Executives who shoulder the responsibility for divisional-focused strategic and transformational initiatives and future-oriented growth.

Under the FY2019/20 STIP, an individual target bonus is pre-determined for each level of the Key Executives. At the end of the financial year, the individual target bonus is modified by the incumbent's performance on the execution of the strategic initiatives as assessed by the Compensation & HR Committee. The resultant payout varies between 0% – 150% of the individual target bonus with settlement in cash and shares under the Deferred Share Award ("DSA"). The award of DSA as part of FY19/20 STIP will be made in the following financial year and disclosed based on grant date.

As part of the Company's COVID-19 cash preservation measures, the PSB, EBIP and STIP payouts will be deferred and paid in instalments over the period July 2020 to January 2021 (except for retiring participants whose payouts will be fully settled within one month of retirement).

4) Deferred Share Award ("DSA")

As part of the STIP, the DSA is a share award established with the objective of rewarding, motivating and retaining Key Executives who are responsible for strategic and transformational initiatives. The DSA is granted as a contingent share award under the RSP. The final award, which includes the accumulated dividend yield (based on the sum of SIAEC share dividend yields declared with ex-dividend dates occurring during the vesting period), will cliff vest at the end of three years after the grant date, subject to meeting a service-based condition, and provided that individual performance remains satisfactory.

An initial award of DSA was granted during the financial year under consideration in July 2019 as part of FY2018/19 STIP.

CORPORATE GOVERNANCE

5) Share Incentive Plans

The SIAEC Restricted Share Plan 2014 (RSP) and the SIAEC Performance Share Plan 2014 (PSP) were approved by shareholders at the Extraordinary General Meeting of the Company held on 21 July 2014, and replaced the previous SIAEC Restricted Share Plan and SIAEC Performance Share Plan.

The details of the RSP and PSP are described below:

	SIAEC Restricted Share Plan 2014 (RSP)	SIAEC Performance Share Plan 2014 (PSP)
Plan Description	Award of fully-paid ordinary shares of the Company, dependent on position level and individual performance targets set at the start of a one-year performance period based on medium-term Group and Company objectives with some degree of stretch.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives for the Key Executives.
Performance Conditions	<ul style="list-style-type: none"> Group and Company EBITDA⁽¹⁾ Margin Group and Company Value Added per \$ Employment Cost <p>The above performance conditions are selected as they are the key operational drivers of shareholder value and are aligned to the Group and Company's business objectives.</p>	<ul style="list-style-type: none"> Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE) Return on Equity (ROE) <p>The above performance measures are selected as key measurement of value-creation for shareholders.</p>
Vesting Condition	<p><u>Awards granted prior to FY2016/17</u> Based on meeting stated performance conditions over a two-year performance period, 50% of the award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.</p> <p><u>Awards granted in and after FY2016/17</u> Based on meeting stated performance conditions over a one-year performance period, 1/3 of the final award will vest provided performance conditions are met. Balance will vest equally over the subsequent two years with fulfilment of service requirements.</p>	Cliff vesting based on meeting stated performance conditions after the three-year performance period.
Payout	0% – 150% of the initial award depending on the achievement of pre-set performance targets over the performance period.	0% – 200% of the initial award depending on the achievement of pre-set performance targets over the performance period.

Note:

⁽¹⁾ EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

CORPORATE GOVERNANCE

The achievement factor for the RSP award granted in FY2019/20, which commences vesting in July 2020, reflects the extent to which the pre-determined target performance levels were partially met for the one-year performance period of FY2019/20.

The achievement factor for the PSP award granted in FY2017/18, which fully vests in July 2020 reflects the extent to which the pre-determined target performance levels were partially met for the performance period from FY2017/18 to FY2019/20.

To align the interest of Key Executives and that of shareholders, Key Executives are required to retain a certain percentage of shares acquired through the share-based plans beyond the vesting period, up to the lower of: (1) a percentage of the total number of shares awarded under the RSP and PSP; or (2) the number of SIAEC shares to be retained in order to meet a minimum value, which is set at a percentage of annual base salary based on position level.

Details of the RSP and PSP (previous and current), and the awards granted thereunder, can be found on pages 86 and 191 to 192 of this Annual Report.

Pay for Performance Alignment

In performing the duties as required under its Terms of Reference, the Compensation & HR Committee ensures that remuneration paid to the Key Executives is clearly linked to the achievement of business and individual performance targets. The performance targets determined by the Committee are set at realistic yet stretched levels each year to motivate a high degree of business performance, with emphasis on both short and long-term quantifiable objectives. Individual performance objectives aligned to the overall strategic, financial and operational goals of the Group and the Company are set at the beginning of each financial year and are cascaded down to executives using Individual Performance Scorecards, creating alignment between the performance of the Group and the Company, and the individual. In line with the sustainability agenda as part of the enhanced Senior Management Total Remuneration Philosophy, sustainability objectives have been incorporated into the Individual Performance Scorecards of all Key Executives. While these performance objectives are different for each Key Executive, they are assessed on the same principles across the following five broad categories of targets:

- Financial and Business
- Investment and Operations
- People and Organisational Development
- Safety and Quality
- Strategic and Transformational Initiatives

In FY2019/20, the Compensation & HR Committee engaged a remuneration consultant, Carrots Consulting Pte Ltd, to conduct a Pay-for-Performance Alignment study. The Compensation & HR Committee concluded that overall there was adequate linkage of the executive remuneration to the performance of the Group and the Company for the review period of FY2013/14 to FY2018/19.

Compensation Risk Assessment

The Compensation & HR Committee has reviewed the compensation structure to take into account the risk policies of the Company and the various compensation risks that may arise, and introduced mitigating policies to better manage risk exposures identified. The Committee will, from time to time, undertake periodic reviews of the compensation-related risks to align the performance of the Key Executives to the overall strategic objectives of the Company.

CORPORATE GOVERNANCE

Disclosure of Key Executives' Remuneration

The remuneration of the Company's Key Executives (other than the CEO) for FY2019/20 is set out in the table below, in bands of \$250,000.

Remuneration Bands & Key Executives	Salary (%)	Bonuses ⁽ⁱ⁾ (%)	Benefits (%)	Shares ⁽ⁱⁱ⁾ (%)	Total (%)
\$1,000,000 – \$1,250,000					
Ivan Neo Seok Kok Executive Vice President Operations	35	35	2	28	100
\$750,000 – \$1,000,000					
Zarina Piperdi SVP Human Resources	40	39	2	19	100
Foo Kean Shuh SVP Line Maintenance & Cabin Services	38	38	2	22	100
\$500,000 – \$750,000					
Wong Yue Jeen SVP Base Maintenance	40	38	2	20	100
Philip Quek SVP Partnership Management & Business Development	36	39	2	23	100
Ng Lay Pheng SVP Finance/CFO	34	40	2	24	100
Wilin Ng SVP Fleet Management & Commercial	40	43	2	15	100

Notes:

⁽ⁱ⁾ Comprises EBIP, STIP and PSB declared for the financial year.

⁽ⁱⁱ⁾ Comprises shares awarded under the RSP, PSP and DSA during FY2019/20; the value of awards is based on the fair value of the shares awarded under the RSP (\$2.68), PSP (\$2.98) and DSA (\$2.67). Shares awarded under the RSP and PSP are subject to performance targets and other terms and conditions being met under the respective share plans. DSA awarded during FY2019/20 is part of the FY2018/19 STIP.

For FY2019/20, the aggregate total remuneration for the seven Key Executives listed above amounted to \$5,552,386.

For FY2019/20, other than the in-service and post-retirement travel benefits for Key Executives (other than the CEO) and fixed term post-retirement travel benefit allowance of limited value for the immediate-past CEO, there were no termination, retirement and post-employment benefits granted to Non-Executive Directors, the CEO¹ and the Key Executives.

There were no employees who were substantial shareholders of the Company, or were immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded \$100,000, during FY2019/20.

¹ The CEO does not receive any in-service or post-retirement travel benefits under the terms of his service agreement, other than the fixed term post-retirement travel benefit allowance of limited value.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

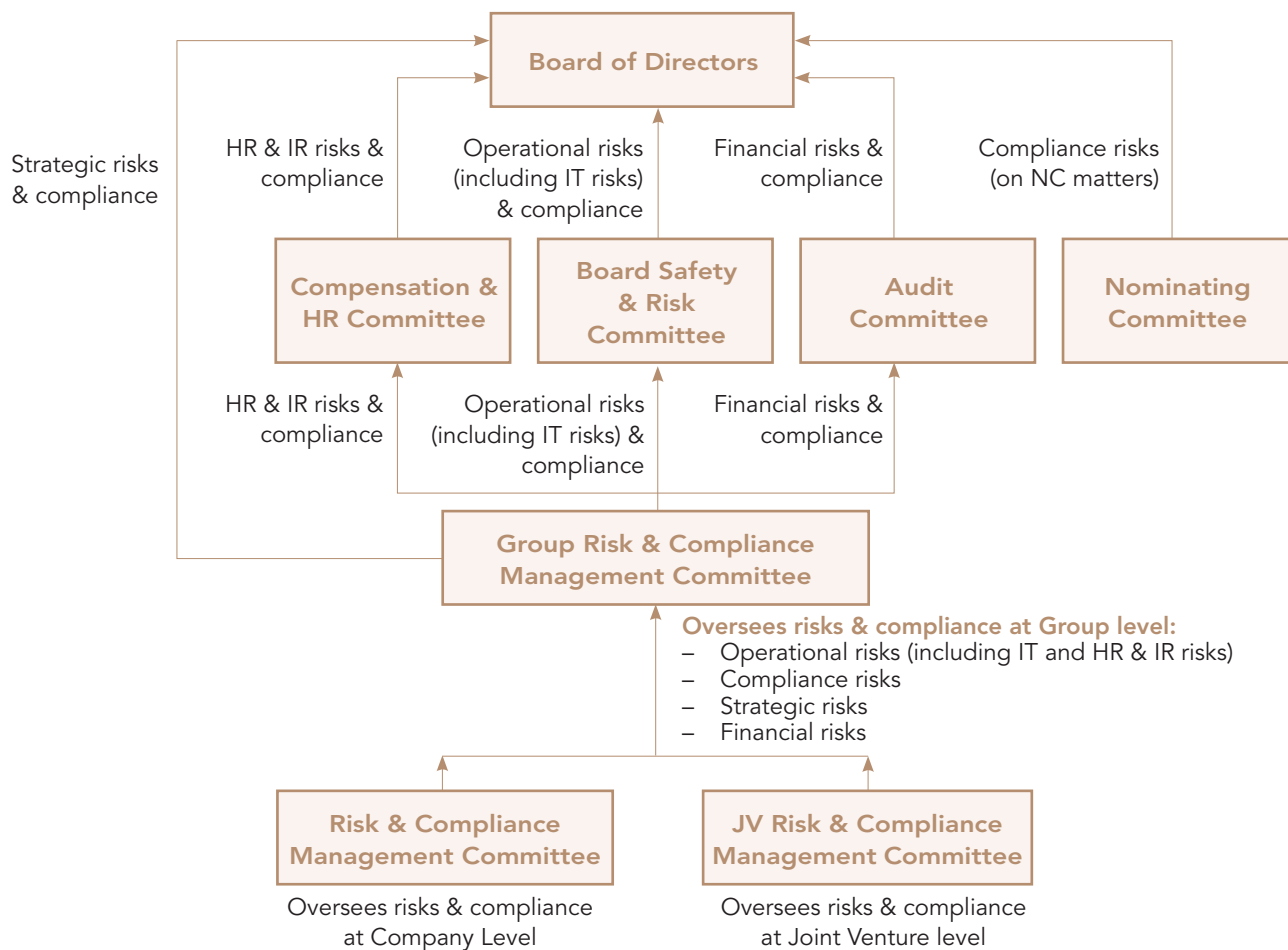
Board's Governance of Risk

The Board has overall responsibility for the governance of risk. The Board, supported by the Board Safety & Risk Committee and the other Board committees, maintains oversight of the key risks of the Group's business. Annually, the Board reviews the adequacy and effectiveness of the risk management and internal control systems, addressing financial, operational, compliance and information technology risks.

Management is responsible for the identification and management of risks, and key risks are proactively identified, addressed and reviewed on an ongoing basis. To ensure the continuing relevance and adequacy of identified risks and the effectiveness of preventive and mitigating measures, the Group's risk registers are reviewed every six months. During these half-yearly reviews, close attention is also paid to the identification of new and emerging risks.

Key risk issues are surfaced by Management to the Board and Board committees for discussion and decision. Upon the occurrence of significant risk events, the Board and/or Board Safety & Risk Committee are promptly informed and updated on developments, to facilitate their review of the effectiveness in managing such incidents and the adequacy of mitigating measures taken by Management.

Group Risk & Compliance Management Framework



CORPORATE GOVERNANCE

Strategic risks pertaining to the Group's business are overseen directly by the Board. The Board Safety & Risk Committee maintains oversight of the operational risks including information technology risks. The Audit Committee has oversight of the financial risks, while the Compensation & HR Committee oversees the human resources & industrial relations risks. The Nominating Committee maintains oversight of compliance risks on matters relating to nominations to, and membership of, the Board and Board committees. The Board and the Board committees oversee compliance with the Code's requirements and relevant laws and regulations under their respective purview, and explain deviations as required by the Code, taking into account relevant obligations under the Listing Manual.

Board Safety & Risk Committee

The Board Safety & Risk Committee comprises five Non-Executive Directors, the majority of whom, including the Chairman, are independent. The members of the Board Safety & Risk Committee are:

Chairman: Mr Manohar Khiatani
 Members: Mr Wee Siew Kim
 Dr Raj Thampuran (appointed on 1 April 2020)
 Mr Mak Swee Wah (appointed on 1 April 2020)
 Mr Chin Yau Seng (appointed on 1 April 2020)

Mr Ng Chin Hwee stepped down as a member of the Board Safety & Risk Committee on 1 April 2020 upon assuming the position of CEO and Executive Director of the Company.

The Board Safety & Risk Committee assists the Board in overseeing the Group's risk management system, framework and policies and ensures that Management maintains a sound system of risk management to safeguard the interests of the Group and SIAEC shareholders. The Board Safety & Risk Committee, in accordance with the Terms of Reference approved by the Board, is responsible for, inter alia, the following:

- reviewing the safety and risk management frameworks, including risk governance structure, policy, risk appetite statements and tolerance levels;
- reviewing the adequacy and effectiveness of the safety and risk management systems and the related disclosures in the annual report;
- overseeing the management of risks associated with the Group's operations, safety and information technology systems and ensuring key risks under its direct purview are managed within acceptable levels;
- overseeing compliance with relevant laws and regulations pertaining to the risks under its direct purview;
- reviewing the Group's risk profile on a regular basis to understand the significant risks facing the Group and how they are mitigated, and advises the Board on the current and future risk exposures; and
- reviewing Management's responsiveness to the risk mitigating actions and reports on any material breaches of risk limits, and the adequacy of the actions.

Risk Management Framework

Management is responsible for the effective implementation of the risk management strategy, policies and processes to facilitate the achievement of the Group's business and strategic objectives, and is guided by the Board and the Board Safety & Risk Committee in formulating the risk management framework, policies and guidelines. The Board has also endorsed Risk Appetite Statements to provide guidance to Management on the approach to managing key risks. The Risk & Compliance Management Committee oversees the management of key risks at the Company level, while the Joint Ventures Risk & Compliance Management Committee oversees the management of the key risks of subsidiary, joint venture and associated companies. Both Committees report to the Group Risk & Compliance Management Committee (chaired by the CEO), which has oversight of the risks faced by the Group.

CORPORATE GOVERNANCE

The risk management framework sets out the policies, processes and procedures for identifying, evaluating and managing risks. The Company advocates a continuous and iterative risk management process, which was developed with reference to the principles and guidelines of the ISO 31000 risk management standards and the Code. The risks identified are wide-ranging, covering strategic, financial, operational, information technology, compliance and human resources & industrial relations risks.

Details of the key elements of the Risk Management Framework can be found on the Company's website².

Crisis Management and Business Continuity

As part of our continuing efforts to enhance the robustness of our crisis management plans, a Company-wide crisis management exercise is conducted yearly. Crisis management and communication plans and procedures are regularly reviewed and refined, to ensure that responses in a crisis are coordinated and effective. Incidents that had taken place in the aviation and related industries are reviewed and learning points applied to strengthen the Company's crisis management processes. To address the increasing cyber security threat globally, the Company has set up a group within the Crisis Directorate to manage IT-related crisis. On an ongoing basis, business units and support divisions test business continuity plans to ensure their preparedness and the effectiveness of responses to disruptions of critical business functions.

As part of its risk-mitigating measures, the Group regularly reviews the scope, type and adequacy of its insurance coverage, taking into account matters including the availability of cover and the probability and impact of potential risks.

Risk Management Assurance

On a yearly basis, the risk management system is audited by the Internal Audit Department of SIA ("SIA Internal Audit"), the Company's parent company, to ensure the adequacy and effectiveness of risk controls, and compliance of risk management framework and procedures by the divisions in the organisation. Additionally, the Group has in place a formal programme of control self-assessments, whereby Management and line personnel are involved in the ongoing assessment and improvement of risk management and controls.

Annually, the CEO, the Chief Financial Officer ("CFO") and the Chairman of each Risk Committee provide the Board Safety & Risk Committee with a written assurance on the adequacy and effectiveness of the risk management system. Periodically, external consulting firms are engaged to conduct an independent assessment of the Group's risk management system, framework and processes, and to benchmark them against best practices in the industry.

Risk Appetite Statements

The following risk appetite statements outline the amount of risk the Group is willing to take in achieving its business objectives:

Strategic

- SIAEC pursues diversified growth in the aircraft MRO business to mitigate the risk of over-reliance on any single segment.
- In addition to the Singapore hub, SIAEC also grows our presence overseas to capture growth opportunities in those markets and diversify our revenue sources.
- To maintain competitiveness, SIAEC continually invests in infrastructure, equipment, technology, systems and training to develop capabilities, optimise operations and maintain a highly skilled and productive workforce.
- SIAEC forms strategic partnerships with airlines, aerospace original equipment manufacturers and other relevant companies, to gain long-term access to key markets, technologies and capabilities.

² http://www.siaec.com.sg/pdf/SIAEC_risk_management_framework.pdf

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- SIAEC will continue to strengthen our business portfolio by pursuing value-accretive opportunities in new markets and businesses, whilst maintaining a disciplined and robust investment approval process, and ensuring a prudent approach in managing the associated risks.

Regulatory

- SIAEC is fully committed to complying with applicable laws and regulatory requirements, and conducting business with integrity, transparency and honesty.

Safety, Health & Environment

- Safety is our top priority and of paramount importance to the continuing operations of SIAEC. There is no compromise on safety and this message is continuously reinforced in our daily work and training.
- Conscientious efforts are made to embed continued safety vigilance and safety culture amongst all staff. This includes providing a safe work environment, encouraging active reporting of safety matters, continuous learning and improvement whilst maintaining the highest standard of quality and safety in aircraft maintenance.
- SIAEC is committed to operate in an environmentally responsible manner and continually explores sustainable solutions.

Managing Strategic Risks

The Group's strategic risks include geo-political forces, varying competitive landscapes, changing customer demands, evolving regulatory and operating environments and technological advancements. Uncertainties surrounding the global economy, rapid geo-political developments, competition in our core business segments and new technologies continue to impact the Group. These risks are monitored constantly throughout the year, together with global and business trends. Strategy meetings are held by the Group semi-annually to formulate and fine-tune business strategies and responses, which will support business objectives, while addressing strategic risks and identified trends.

The Group has an established process to evaluate strategic initiatives which include commercial partnership, investment and divestment decisions. These decisions on strategic initiatives are guided by the Investment Committee and the Board. This ensures that value-accretive opportunities are pursued through a disciplined and robust investment approval process, while ensuring a prudent approach in managing the associated risks. In evaluating strategic initiatives, the Group performs thorough due diligence, feasibility studies and sensitivity analyses and as required, will engage the counsel and expertise of external advisors from multiple fields. These strategic initiatives are also monitored to ensure that they continue to meet the Group's business objectives and where required, the Group will augment its strategic initiatives to respond to changes in the business landscape.

Compliance with Regulations

SIAEC is fully committed to complying with applicable laws and regulatory requirements, and conducting business with integrity, transparency and honesty. The Company has a zero-tolerance policy towards bribery and corruption. There are policies and procedures in place against violation of regulations, which sets out standards of ethical conduct for all employees covering topics such as anti-bribery and corruption; giving and receiving of corporate gifts and concessionary offers; competition laws; interested person transactions; personal data protection; dealings in securities and employee conduct, work ethics and conflicts of interests ("Compliance Controls"). To reinforce the foregoing, recurrent mandatory e-learning programmes have been put in place for staff and the completion rates are closely monitored and reported to the Management Committee.

In addition to regular training, the Company has an established whistle-blowing programme which provides the means for internal and external stakeholders to provide confidential feedback or raise concerns about possible improprieties in any matter. More information on the whistle-blowing programme is set out in the section on the "Group's Whistle-Blowing Policy" on page 62 of this Annual Report.

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The Company also requires our suppliers, including their subcontractors or service providers, to adhere to applicable laws and regulations. Our suppliers have to comply with the Company's suppliers' code of conduct which is enforced through purchase orders and agreements.

Safety Management

With the Group's business in aircraft MRO, aviation and workplace safety are key risks facing the Group. Safety and quality are key focus areas for the management of these operational risks. The Company is committed to building and maintaining a strong and effective safety and quality management system, in compliance with regulatory requirements and in accordance with best practices in the MRO industry.

The Company's Aviation Safety Management System ("ASMS") adopts the requirements and guidelines set by the International Civil Aviation Organisation and the Civil Aviation Authority of Singapore. A Safety, Health, Environment and Quality Council ("Council"), chaired by the CEO, oversees the ASMS. The Council monitors safety and quality performance on a quarterly basis to determine the effectiveness of safety and quality systems, and to identify emerging trends.

Additionally, the Management Committee regularly reviews aviation and workplace safety issues and incidents to ensure accountability and prompt follow-up at the operational level. Every quarter, the Board Safety & Risk Committee reviews reports on safety and quality performance and lapses to ensure that Management undertakes prompt and effective remedial actions to address shortcomings and prevent recurrence.

Pursuit of Excellence and Safety are core values of the Company. Through ongoing and new training programmes and campaigns, staff are regularly engaged on the priority of maintaining high standards of safety and quality at the workplace.

To reinforce the training on safety, the Company has set up the Safety Promotion Centre. In 2019, the Maintenance Line Operations Safety Assessment programme was initiated to enlist operational staff to participate in the identification of operational issues. Observations gathered are analysed and action plans developed to address the issues identified.

Operating in a highly regulated industry, the Group is subject to regular audits conducted by airworthiness authorities and customer airlines on its adherence to mandated standards of safety and quality. The Company holds approvals from 25 airworthiness authorities worldwide, including the Civil Aviation Authority of Singapore, the Federal Aviation Administration and the European Union Aviation Safety Agency. These authorities, as well as the Company's customers, conducted over 200 audits on the operations of the Company to affirm the adherence to operational and safety standards.

Managing the Effects of the COVID-19 Pandemic

The COVID-19 pandemic has posed unprecedented challenges to the aviation industry. The Group is monitoring and assessing the situation closely and proactively implementing measures to mitigate the impact. Some of the key measures undertaken include (a) aligning with the SIA Group's pandemic response plan to protect our staff; (b) activating and reviewing business continuity plans to protect and minimise disruptions to operations, including making rapid adjustments to the Group's operations in response to the evolving situation; (c) taking actions to mitigate the adverse financial impact and protect jobs; and (d) working closely with our partners and customers to jointly overcome the challenges during this difficult period.

With more staff telecommuting, the Group is mindful of the associated cyber security risks. Besides providing staff with the necessary IT support to work from home, appropriate cyber security measures have also been implemented to protect our data and IT systems. Regular reminders are sent to staff to maintain vigilance and adopt good information security practices against the risks of hacking and phishing attacks.

CORPORATE GOVERNANCE

Board Safety & Risk Committee's activities during the financial year

During FY2019/20, the Board Safety & Risk Committee held four meetings, and also undertook, inter alia, the following:

- (a) Reviewed the top risks under its purview;
- (b) Reviewed the salient risk management activities of the Company, subsidiary, joint venture and associated companies in managing the top risks under its purview;
- (c) Reviewed the results of the half-yearly risk reviews to understand the significant risks facing the Group;
- (d) Reviewed the adequacy and effectiveness of the risk management system, including the assurance provided by Management, and the related disclosures in the annual report;
- (e) Reviewed the Risk Appetite Statements; and
- (f) Reviewed the safety and quality performance, and the actions to address lapses.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Audit Committee

The Audit Committee comprises five Non-Executive Directors, the majority of whom, including the Chairman, are independent. The members of the Audit Committee are:

Chairman: Mr Chew Teck Soon
Members: Mr Manohar Khiatani
Mrs Christina Ong
Dr Raj Thampuran
Mr Chin Yau Seng

Neither the Chairman of the Audit Committee nor any of its members is a former partner or director of the Company's existing auditing firm. None of the Chairman or members of the Audit Committee have any financial interest in the Company's existing auditing firm. At least two members of the Audit Committee (including the Chairman) have recent and relevant accounting or related financial management expertise or experience.

The Audit Committee, in accordance with the Terms of Reference approved by the Board, is responsible for, inter alia, the following:

- the integrity of financial statement preparation and reporting;
- risk management and internal controls in relation to financial reporting and other financial-related risks;
- review of the assurance from the CEO and CFO on the financial records and financial statements;
- recommendation to the Board on the proposals to shareholders on the appointment and removal of external auditors;

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- internal audit scope, adequacy, effectiveness, resources, performance, independence and results of work;
- external audit qualifications, scope, adequacy, effectiveness, independence, terms of engagement, engagement fees and results of work;
- compliance with legal, regulatory and company policies in relation to financial reporting and other financial-related risks;
- fraud risk management;
- whistle-blowing policies, processes and reporting; and
- interested person transactions.

The Audit Committee reviews the quality, integrity, reliability and fairness of the Group's financial statements and information (including the relevance and consistency of the accounting principles adopted and the significant financial reporting issues and judgments) presented by Management. In the discharge of its duties, it meets regularly (and at least annually) with the external and internal auditors separately, and without the presence of Management, pursuant to the provisions of the Code.

External Audit

The Audit Committee oversees the Group's relationship with its auditors. It recommends to the Board the selection, appointment, reappointment and/or removal of the external auditors, and the remuneration and terms of engagement thereof. On an annual basis, the Audit Committee evaluates the performance and effectiveness of the external auditors. It also reviews the independence and objectivity of the external auditors, and assesses the nature, extent and costs of non-audit services provided by the external auditors. Such performance and effectiveness evaluation is used by the Audit Committee to consider and recommend the appointment, re-appointment or removal of the Company's external auditors, the terms of engagement and audit fee. The annual re-appointment of the external auditors is subject to shareholder approval at the Company's AGM.

Internal Audit

The internal audit function is designed to provide reasonable assurance about the adequacy, effectiveness and efficiency of operations controls; the reliability of financial information processes; compliance with applicable laws and regulations; and compliance with policies and procedures of the Company, its subsidiaries and joint venture and associated companies.

The Company's internal audit function is undertaken by SIA Internal Audit pursuant to an agreement between the Company and SIA. The Head of Internal Audit reports directly to the AC and the appointment of the Head of Internal Audit is reviewed by the AC. The Audit Committee approves the engagement, evaluation and compensation of the internal audit team.

Annually, the Audit Committee evaluates the adequacy and effectiveness of the internal audit function, the continuation of the engagement of SIA Internal Audit for performance of the internal audit function as well as the fee payable to them. In situations where the audit work to be carried out by SIA Internal Audit could give rise to potential conflicts of interest, such as audit work relating to transactions between the Company and SIA, the Audit Committee may authorise such audit work to be carried out by an independent third party as it deems appropriate.

SIA Internal Audit is provided with unfettered access to all of the Company's documents, records, properties and personnel, including access to the Audit Committee, and has appropriate standing within the Company. All significant audit findings and recommendations made by SIA Internal Audit are reported to the Audit Committee. Significant issues are discussed at the Audit Committee meetings. SIA Internal Audit follows up on all recommendations to ensure that Management has implemented the recommendations in a timely manner, and reports the results to the Audit Committee every quarter.

CORPORATE GOVERNANCE

SIA Internal Audit is a member of the Singapore chapter of the Institute of Internal Auditors (“IIA”) and carries out its function according to the Standards for the Professional Practice of Internal Auditing set by the IIA. SIA Internal Audit is staffed by persons with the relevant qualifications and experience. Information technology audits are managed by internal auditors who are Certified Information System Auditors. The professional competence of SIA Internal Audit is maintained or upgraded through training programmes, conferences and seminars that provide updates on auditing techniques and regulations. Quality assessment reviews are carried out at least once in 5 years by external qualified professionals. The last review was completed in FY2019/20. The quality assessment review concluded that the Internal Audit function is adequate and conforms materially with the IIA Standards.

INTERNAL CONTROLS

Adequacy and Effectiveness

The Company’s internal control structure consists of policies and procedures established to provide reasonable assurance that transactions undertaken are aligned with the Company’s objectives. These internal controls include the Compliance Controls; approval limits for every banking and finance transaction which are set out in financial policies; and also include without limitation the controls encapsulated in the following policies and programme. The Board is supported by the Audit Committee in the review of the adequacy and effectiveness of the Group’s system of internal controls.

Group’s Whistle-Blowing Policy

The Group’s whistle-blowing policy encourages employees, vendors and third parties to report improprieties, malpractices and misconduct. There is a confidential line of communication to report concerns about possible improprieties to a Whistle-Blowing Committee which ensures the independent investigation of, and follow-up of such matters. Reports can be lodged by calling the hotline at +65 93875667 or via email at Ethics_Hotline@singaporeair.com.sg. All information received is treated confidentially to protect the identity of whistle-blowers. Anonymous disclosures are accepted. Employees who have reported in good faith will be protected from reprisal. The Audit Committee reviews all whistle-blowing complaints at its quarterly meetings to ensure timely, independent and thorough investigation. Our internal processes ensure that there is independent investigation of any reported incidents and appropriate follow-through actions, including an established disciplinary inquiry process to handle employee misconduct. The outcome of each investigation is reported to the Audit Committee. The Company also publicly discloses the existence of whistle-blowing communication channels on our corporate website, and communicates these clearly to employees.

Control Self-Assessment

A Control Self-Assessment (“CSA”) programme, established since FY2003/04, provides a tangible control framework that establishes control ownership among functional managers and staff in their areas of responsibilities. The self-assessments made by functional managers provide the assurance that key controls to address the financial, operational, compliance and information technology risks identified to be relevant and material to the Company’s operations are working. Internal audits complement the CSA programme by providing an independent and objective assessment of the processes and controls which may have a material financial impact on the Company. SIA Internal Audit and CSA results are reviewed by the Audit Committee.

CORPORATE GOVERNANCE

Securities Transactions and Privy Lists

As prescribed in the Listing Manual, the Company has adopted a policy and guidelines for dealings in the Company's securities (the "Policy and Guidelines"), which are posted on the Company's intranet for easy access by employees. The heads of divisions and departments are responsible for ensuring that the Policy and Guidelines are brought to the attention of employees who do not have ready intranet access.

The current Policy and Guidelines restrict Directors and employees from trading in the Company's securities during the period two weeks prior to the announcement of the Group's results for the first three quarters of the financial year, and one month prior to the announcement of full-year results or whenever they are in possession of and privy to any material unpublished price and/or trade sensitive information relating to the Group.

Pursuant to the Listing Manual, the Group has put in place a policy relating to the maintenance of a list(s) of persons who are privy to unpublished materially price sensitive and/or trade sensitive information. Persons who are included in the privy persons list will be reminded not to trade in the Company's securities while in possession of unpublished materially price sensitive and/or trade sensitive information.

The Company Secretary issues reminders of the requirements under the policy and the relevant laws and regulations to the Directors, Management and employees. A Director is required to notify the Company of his/her interest in the Company's securities within two business days after (a) the date on which he becomes a Director; (b) the date on which he acquires an interest in the Company's securities; or (c) the date he/she becomes aware of a change thereto. The Company will file such disclosure with SGX-ST within one business day of receiving notification from the Director.

The Policy and Guidelines also remind employees and Directors to avoid trading in the Company's securities for short-term considerations and to be mindful of the insider trading prohibitions under the Securities and Futures Act, Chapter 289 of Singapore when trading in the Company's or any other related corporation's securities.

Audit Committee's activities during the financial year

The Audit Committee met four times during the financial year with Management and the internal and external auditors of the Company. The attendance of individual Directors at these meetings is shown on page 36 of this Annual Report.

In the course of the financial year, the Audit Committee performed the following key duties in accordance with its Terms of Reference:

(a) Financial Reporting

The Audit Committee reviewed the quarterly and annual financial statements and financial announcements required by the Listing Manual for recommendation to the Board for approval. The review focused on changes in significant accounting policies, consistency of principles and practices adopted, major judgmental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with significant financial reporting standards, compliance with the Listing Manual and other legal requirements. The Audit Committee kept itself apprised of changes in financial reporting standards and issues which have a direct impact on the consolidated financial statements of the Group through regular updates by the external auditors.

CORPORATE GOVERNANCE

(b) External Audit

The Audit Committee discussed with the external auditors the audit plan, and the report on the audit of the year-end financial statements, and reviewed the external auditors' management letter and Management's responses thereto. The external auditors did not raise any significant issues in the year-end audit of the financial statements which have an impact on the previously announced interim financial statements.

The Audit Committee discussed with Management and the external auditors the key areas of Management's estimates and judgment applied in the preparation of the financial statements, the most significant of which have been highlighted as Key Audit Matters ("KAMs") in the Independent Auditors' Report for the year ended 31 March 2020. Please refer to pages 89 to 96 of this Annual Report for the Independent Auditors' Report. The Audit Committee's commentary on the KAMs is as follows:

Key Audit Matters	How the Audit Committee reviewed these matters and what decisions were made
Classification of investments in subsidiaries, associates and joint venture	The Audit Committee reviewed the intent and substance of all material investments and considered Management's basis for classification of investments and the findings of the external auditors, and was satisfied that the classification is appropriate.
Impairment risk on property, plant and equipment and right-of-use assets	<p>The Audit Committee reviewed and considered the approach and methodology applied to the relevant valuation models, the key assumptions used, actions taken by Management to manage and drive performance improvements and the forecasted effects from the global COVID-19 pandemic up to the date of the Directors' Statement as set out on pages 80 to 88 of this Annual Report.</p> <p>The Audit Committee considered the findings of the external auditors, including their assessments and appropriateness of their key assumptions.</p> <p>The Audit Committee was satisfied that impairment has been adequately provided for in the consolidated financial statements as at the date of the Directors' Statement as set out on pages 80 to 88 of this Annual Report.</p>
Recognition of revenue and profits on long-term contracts	The Audit Committee reviewed the recognition of revenue and profits on long-term contracts and the findings of the external auditors, including the accounting treatment of materials provided for those MRO service that is recognised as one performance obligation, and the revenue recognition policies of significant joint ventures and associated companies, and was satisfied that revenue of the Company and the Group had been appropriately accounted for in the consolidated financial statements.
Risk of counterparty credit default	<p>The Audit Committee reviewed and considered Management's credit risk assessment and noted that Management has recognised an increase default risk of its customers with the severe impact of the COVID-19 pandemic on the aviation industry. The Audit Committee also reviewed the approach and methodology applied by Management in the recognition of expected credit losses from trade debtors and customer contract assets, and arrangements taken to reduce default losses.</p> <p>The Audit Committee considered the findings of the external auditors, including the probability of default from major customers, and their assessment of the appropriateness of key assumptions applied.</p> <p>The Audit Committee was satisfied that the recognition of expected credit losses had been adequately accounted for in the consolidated financial statements as at the date of the Directors' Statement as set out on pages 80 to 88 of this Annual Report.</p>

CORPORATE GOVERNANCE

The Audit Committee considered the external auditors' objectivity and independence from Management and the Company and reviewed the quality and scope of work as well as the fees paid to the external auditors. It included the assessment of the nature, extent and costs of non-audit services provided by the external auditors. Fees of \$346,000 were paid to the external auditors of the Group during the year for audit and non-audit services. Of this, fees for non-audit services amounted to \$26,000. The Audit Committee is of the opinion that the amount of fees paid for non-audit services did not compromise the external auditors' independence.

The Audit Committee considered the information provided by the external auditors under the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority in evaluating the performance and effectiveness of the external auditors.

After evaluating the above, the Audit Committee recommended, and the Board endorsed, the terms of engagement and the audit fee for the year ended 31 March 2020 and the re-appointment of KPMG for shareholders' approval at the 2020 AGM.

The Company has complied with Rules 712 and 716 of the Listing Manual in relation to its engagement of auditors for the year ended 31 March 2020.

(c) Internal Audit

The Audit Committee reviewed the scope of internal audit work and its audit programmes, the major findings during the year and Management's responses thereto. In relation to audit activities conducted during the financial year, the internal auditors had unfettered access to the Group's documents, records, properties and personnel, as well as the Audit Committee. The Audit Committee is of the opinion that the internal audit function is independent, effective and adequately resourced, and has appropriate standing within the Company.

(d) Internal Controls and Risk Management

The Audit Committee reviewed the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls.

In line with its responsibilities under the Company's Group Risk and Compliance Management structure, the Audit Committee provided oversight to the work of the Group Risk and Compliance Management Committee in respect of financial and the related compliance risks, and internal controls. The Audit Committee has found no significant evidence to suggest that the financial risks and the related compliance risks, which the Group considers relevant and material to its operations, are not being satisfactorily managed.

The Board has received assurances from:

- (i) the CEO and the CFO that the financial records have been properly maintained and the consolidated financial statements give a true and fair view of the Group's operations and finances; and
- (ii) the CEO, the CFO and the Chairman of each Risk Committee that the Group's risk management system and internal controls, addressing the risks (including financial, operational, compliance and information technology risks) which the Group considers relevant and material to its operations, were adequate and effective as at 31 March 2020.

CORPORATE GOVERNANCE

Based on the Group's risk management system and internal controls established and maintained by the Company; the review of the Group's risk management policies and practices; work performed by the internal and external auditors; the reviews performed by Management and the relevant Board committees; and the above assurances received from the CEO, the CFO and the Chairman of each Risk Committee, the Board is of the opinion that the Group's risk management system and internal controls, addressing the risks (including financial, operational, compliance and information technology risks) which the Group considers relevant and material to its operations, were adequate and effective as at 31 March 2020. The Audit Committee concurs with the Board in its opinion. The Board has found no significant evidence to suggest that these risks are not being satisfactorily managed.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

(e) Interested Person Transactions ("IPTs")

Internal Audit regularly audits the IPTs entered into by the Group to verify the accuracy and completeness of the IPT disclosure and ensure compliance with the SGX-ST reporting requirements under Chapter 9 of the Listing Manual. The Audit Committee, assisted by the internal auditors, reviewed the IPTs in compliance with the Listing Manual and the Shareholders' Mandate obtained at the last AGM. The Shareholders Mandate defines the levels and procedures to obtain approval for such transactions. As required by the Listing Rules, details of the IPTs entered into by the Group are disclosed on page 193 of this Annual Report.

Pursuant to the Listing Rules, where any IPT requires shareholders' approval, the interested person will abstain from voting and the decision will be made by disinterested shareholders. The Board has adopted a policy that there should be no loans to Directors, except for loans to fund expenditure to defend Directors in legal or regulatory proceedings, as permitted under the Companies Act. As at 31 March 2020, there were no loans granted to Directors.

(f) Whistle-Blowing

During the financial year, the Group's whistle-blowing programme was updated. The Audit Committee had reviewed and was satisfied with the adequacy of the revised whistle-blowing programme instituted by the Company which encourages and provides staff and others, channels to raise concerns, in confidence, about possible improprieties in matters of financial reporting or other matters. All whistle-blower reports were investigated by the internal audit function and reviewed by the Audit Committee at its quarterly meetings to ensure independent investigation and adequate resolution.

(g) Others

The Audit Committee has explicit authority to investigate any matter within its Terms of Reference, and has full access to and co-operation from Management. The Audit Committee also has full discretion to invite any Director or executive officer to attend its meetings, and has been given adequate resources to discharge its functions. The Audit Committee met with the internal and external auditors separately and without the presence of Management every quarter.

CORPORATE GOVERNANCE

TECHNOLOGY ADVISORY COMMITTEE

Established in 2020, the Technology Advisory Committee includes eminent business leaders and industry experts. Collectively, the members' expertise covers a range of topics relating to high performance computing, infrastructure technology, internet of things, robotics and aeronautics. The members of the Technology Advisory Committee are:

Chairman: Dr Raj Thampuran (Director of the Company)
Members: Mr Ng Chin Hwee (Director and CEO of the Company, appointed on 1 April 2020)
Mr George Wang (SVP IT, Singapore Airlines Limited)
Mr Quek Tong Boon (Chief Scientific Advisor, Ministry of Trade and Industry)
Mr Yeo Kiat Seng (Associate Provost, Singapore University of Technology and Design)
Mr Peter Ho (CEO, Hope Technik)
Dr Alan H. Epstein (Professor Emeritus, Massachusetts Institute of Technology)

Mr Png Kim Chiang stepped down as a member of the Technology Advisory Committee on 1 April 2020 upon his retirement as CEO and Executive Director of the Company.

The Technology Advisory Committee, constituted with its own Terms of Reference, complements the existing five Board committees, namely the Audit Committee, the Nominating Committee, the Compensation & HR Committee, the Board Safety & Risk Committee and the Board Committee. It shares perspectives on emerging trends and opportunities in technologies, provides advice and feedback on technological and digital concepts in relation to the business and operations of the Company, advises on major technology-related projects and provides guidance on the approach to technology-led innovation and digitalisation, amongst others.

BOARD COMMITTEE

The Board Committee deputises for the Board on routine matters to facilitate day-to-day administration and to expedite decisions on such matters, including the opening of bank accounts, affixing the Company's seal on documents requiring the Company's seal, authorising specific officers to sign certain documents on behalf of the Company and approving nominations to the boards of key Group companies and appointments of the Company's corporate representatives. The Board Committee also approves capital expenditures from \$1.5 million to \$5.0 million. Approvals of values below \$1.5 million are referred to the Senior Management Committee. The members of the Board Committee are:

Members: Mr Tang Kin Fei
Mr Goh Choon Phong

There is no Chairman for the Board Committee as the members do not meet in person. Papers seeking the Board Committee's approval are circulated and resolutions approved by the Board Committee are reported to the Board at the following Board meeting.

The Board Committee has relieved the Board of routine day-to-day matters that require Board approval. The swiftness of the Board Committee's deliberation and decision-making enables the Company to deal with these matters expeditiously in its daily operations.

CORPORATE GOVERNANCE

MANAGEMENT COMMITTEES

Management oversees specific areas of the Group's operations and businesses through various committees, holding meetings with varying frequencies, from daily, weekly, bi-weekly to monthly. These include the Senior Management Committee, the Management Committee, the Staff Committee, the Investment Committee, the Partnership Review Committee, the Group Risk & Compliance Management Committee, the Risk & Compliance Management Committee and the Joint Ventures Risk & Compliance Management Committee.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Shareholders' Right to Participate Effectively at Meetings

All shareholders enjoy specific rights under the Constitution and the relevant laws and regulations. The Company is fully committed to the fair and equitable treatment of all shareholders. It recognises that the release of timely, regular and relevant information regarding the Group's performance, progress and prospects aids shareholders in their investment decisions. The Company ensures that all material information is disclosed on a timely, comprehensive, accurate and transparent basis via SGXNet, and is also posted on the Company's website at www.siaec.com.sg. Such material information includes its financial results, Annual Reports and other information of interest to shareholders and investors.

Shareholders are informed of general meetings through notices sent to all shareholders, notices published in the newspapers and electronic releases via the SGXNet. The general meeting procedures provide shareholders the opportunity to participate effectively, vote, raise questions relating to each resolution tabled for approval and openly communicate their views to the Directors, in accordance with the established rules and procedures at the Company's AGM. Under the multiple proxies regime introduced pursuant to the Companies (Amendment) Act 2014, "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund ("CPF") Board are allowed to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at shareholder meetings.

Separate Resolutions

At shareholder meetings, every proposal on each distinct issue requiring approval is tabled as a separate resolution with the necessary information provided to enable shareholders to exercise their votes on an informed basis. In the event that there are resolutions which are interdependent and linked, the Board will explain the reasons and material implications in the notice of the meeting. For detailed information and explanatory notes on resolutions proposed for the 2020 AGM, please refer to the 'Notice of AGM' in this Annual Report, which is also found on the Company's website. For resolutions on the re-election of Directors, information on their background, their contributions to the Company, and their Board and Board committee positions is provided in the Annual Report.

CORPORATE GOVERNANCE

Conduct of Meetings

Since 2012, the Company had adopted electronic poll voting by shareholders for greater transparency in the voting process. An independent external consultant is also appointed as scrutineer for the electronic poll voting process. Prior to the commencement of the general meeting of shareholders, the scrutineer would review the proxies and the proxy process. A proxy verification process agreed upon with the scrutineer is also in place. The scrutineer briefs the shareholders on the electronic poll voting process at the start of the general meeting. Votes cast for, or against, each resolution are tallied and displayed live-on-screen immediately after each poll conducted at the meeting. The Company maintains an audit trail of all votes cast at the general meeting of shareholders. Each share is entitled to one (1) vote.

Provision 11.4 of the Code provides that a company's constitution should allow for absentia voting at general meetings of shareholders. Currently, shareholders can vote by proxy but not in absentia. The Company will consider amending its Constitution if the Board is of the view that there is justifiable demand for absentia voting, and after the Company has evaluated and put in place the necessary measures to facilitate such voting. Notwithstanding the Company's deviation from Provision 11.4 of the Code, shareholders are treated fairly and equitably and have the opportunity to communicate their views on matters affecting the Company. Where shareholders are unable to attend general meetings, they may appoint proxies to attend, speak and vote on their behalf.

After the general meeting of shareholders, the voting results of the general meeting (including total numbers and percentage of votes cast for and against each resolution) and the name of the independent scrutineer are also promptly announced on SGXNet on the same day.

Board and Management Attendance at General Meetings

The AGMs and/or extraordinary general meetings are principal forums for dialogue with shareholders. At each AGM, the CEO delivers a presentation to update shareholders on key developments in the MRO industry and measures being taken by the Company to address these developments as well as its strategic direction. The presentation is posted on SGXNet and the Company's website. Shareholders are encouraged to participate in such meetings by raising relevant questions or seeking clarification on the motions tabled at these meetings. The Chairman, Directors, Management and external auditors are in attendance at these meetings to address questions from shareholders. Where appropriate, Directors, such as the respective Board committee chairmen, will directly answer queries on matters related to their roles, and shareholders are given an opportunity to interact with the Directors and Senior Management after general meetings.

Forthcoming 2020 AGM to be Convened and Held by Electronic Means

In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of the financial year ended 31 March 2020, will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the AGM.

CORPORATE GOVERNANCE

Minutes of General Meetings

Minutes of shareholders' meetings, which record substantial and relevant comments and queries from shareholders and responses from the Board and Management, are prepared by the Company Secretary and published on the Company's corporate website as soon as practicable.

Dividends

The Company aims to pay a sustainable dividend over time, consistent with long-term growth prospects. Dividends to be paid will be at the discretion of the Board, which takes into account, inter alia, the Company's profitability, capital structure, projected capital requirements, investments plans and cash requirements. The past four years' dividend payouts and the current year's proposed dividend are set out in the "Five-Year Financial Summary of the Group" section of the Annual Report. The current year's final dividend of 5.0 cents per ordinary share proposed by the Board is subject to the approval of the shareholders at the forthcoming 2020 AGM.

Disclosures, Ongoing Communication and Access

The Company adopts transparent, accountable and effective communication practices to enhance standards of corporate governance, and aims to provide clear and continuous disclosure of its corporate governance practices through efficient use of technology. All announcements are made available on the Company's website immediately after they are released on SGXNet to ensure fair, equal and prompt dissemination of material information (including materially price sensitive and trade sensitive information). The following information is made available on the Company's website and/or SGXNet on a timely basis:

- (a) Board of Directors and Key Executives' profiles;
- (b) Notices of shareholder meetings, proxy forms and minutes of general meetings;
- (c) Annual Reports;
- (d) Letters and circulars to shareholders;
- (e) Company announcements;
- (f) Press releases;
- (g) Financial results; and
- (h) Analysts and media briefing presentations.

CORPORATE GOVERNANCE

The Company holds analysts and media briefings for its mid-year and full-year results to explain the financial performance as well as our strategy and key business developments. The CEO and key management representatives also meet with investors to share the same information following the release of the mid-year and full-year results. At other times, meetings between senior management and analysts/investors are held to facilitate their understanding of the Company's business.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company regularly engages its stakeholders, namely, its employees, customers, shareholders, joint venture partners and suppliers, to understand and address their interests and concerns. Regular communications with its stakeholders enable the Company to identify emerging trends, issues and concerns. The Company conducts an annual materiality assessment process which includes the identification of key stakeholders critical to the business or are affected by the Company's operations, and the issues that are important to them. The identified issues are then prioritised, taking into account considerations such as the interests and expectations of the Company's stakeholders, the Group's top risks, as well as the Company's policies and processes.

Please refer to the Sustainability Report on the Company's website for further details.

Dedicated Public Affairs & Investors' Relations ("PRIR") Team

The PRIR team is the Company's corporate liaison and the team is responsible for the dissemination of corporate information and ongoing engagements with the Company's stakeholders. Open dialogue with the Company's stakeholders is valued and the contact details of the PRIR team are available on the Company's website for stakeholders to submit their feedback and raise any questions.

The Company also has procedures in place for addressing and responding to stakeholders' needs in a timely manner. Upon receiving queries and feedback, the PRIR team will consult the relevant subject matter expert before responding appropriately to the feedback. Communications with the Company's stakeholders are conducted in an open, transparent manner and in compliance with SGX-ST requirements. There is a dedicated investor relations section on the Company's website where current and past annual reports, quarterly financial results, corporate presentations and other information considered to be of interest to stakeholders are readily available.

Our PRIR team may be contacted at siaec_comms@singaporeair.com.sg.

STATISTICAL HIGHLIGHTS

	2019/20	2018/19	% Change
FINANCIAL STATISTICS ^{R1}			
Financial Results (\$ million)			
Revenue	994.1	1,020.9	- 2.6
Expenditure	926.4	964.1	- 3.9
Operating profit	67.7	56.8	+ 19.2
Profit before taxation	204.5	179.1	+ 14.2
Profit attributable to owners of the parent	193.8	160.9	+ 20.4
Financial Position (\$ million)			
Equity attributable to owners of the parent	1,628.8	1,528.6	+ 6.6
Total assets	2,005.5	1,845.2	+ 8.7
Return on equity holders' funds (%) ^{R2}	12.3	10.7	+ 1.6 pts
Value added (\$ million)	770.1	722.2	+ 6.6
Per Share Data (cents)			
Earnings after tax – basic ^{R3}	17.30	14.38	+ 20.3
Earnings after tax – diluted ^{R4}	17.26	14.35	+ 20.3
Net asset value ^{R5}	145.4	136.6	+ 6.4
Dividends (cents per share)			
Interim dividend	3.0	3.0	-
Final dividend	5.0 [#]	8.0	- 37.5
PRODUCTIVITY AND EMPLOYEE DATA			
Average number of employees	6,761	6,644	+ 1.8
Revenue per employee (\$)	147,041	153,657	- 4.3
Value added per employee (\$)	113,904	108,698	+ 4.8

proposed

Notes:

R1 SIA Engineering Company's financial year is from 1 April to 31 March. Throughout this report, all financial figures are in Singapore Dollars, unless stated otherwise.

R2 Return on equity holders' funds is the profit attributable to owners of the parent expressed as a percentage of the average equity attributable to owners of the parent.

R3 Earnings after tax per share (basic) is computed by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue excluding treasury shares.

R4 Earnings after tax per share (diluted) is computed by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue excluding treasury shares, after adjusting for the dilutive effect on the vesting of all outstanding performance shares, restricted shares and deferred shares granted to employees.

R5 Net asset value per share is computed by dividing the equity attributable to owners of the parent by the number of ordinary shares in issue excluding treasury shares at 31 March.



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FINANCIAL REVIEW

EARNINGS

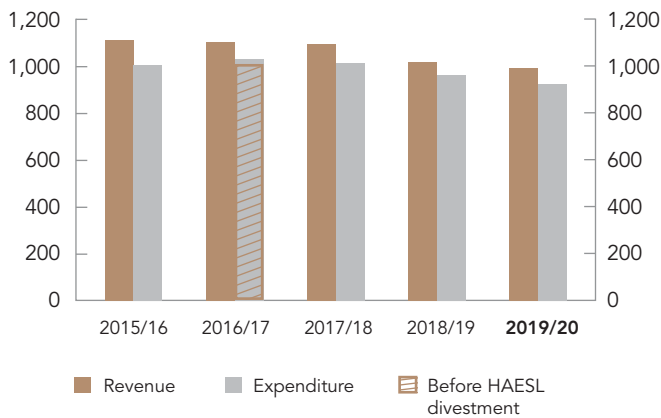
Group revenue at \$994.1 million was \$26.8 million (-2.6%) lower than last year. Expenditure decreased \$37.7 million (-3.9%) year-on-year to \$926.4 million, mainly due to lower material and subcontract services costs in line with lower workload, as well as lower staff costs and departmental expenses. Operating profit of \$67.7 million was \$10.9 million (+19.2%) higher year-on-year.

The Group posted a profit attributable to owners of the parent of \$193.8 million in 2019/20, \$32.9 million (+20.4%) higher than that in 2018/19.

Basic earnings per share for the Group increased by 2.92 cents (+20.3%) to 17.30 cents.

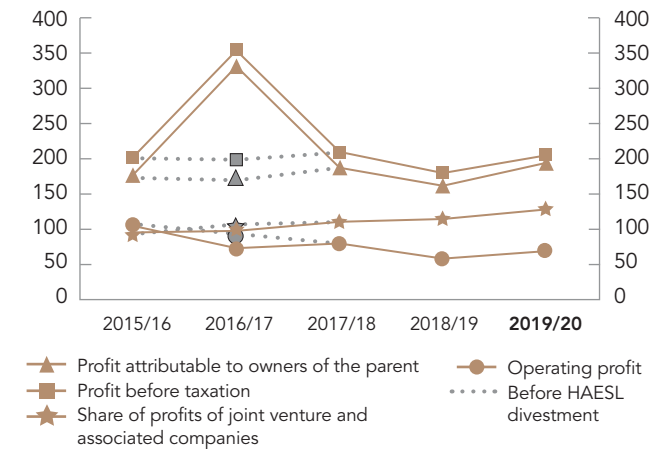
GROUP REVENUE AND EXPENDITURE

(\$ million)

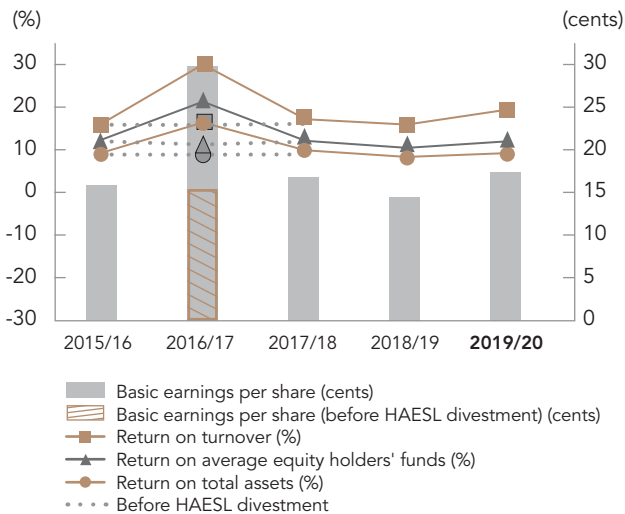


GROUP OPERATING PROFIT, PROFIT BEFORE TAXATION AND PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

(\$ million)



GROUP PROFITABILITY RATIOS



Profitability ratios of the Group are as follows:

	2019/20 %	2018/19 %	Change % points
Return on turnover	19.5	15.8	+ 3.7
Return on average equity holders' funds	12.3	10.7	+ 1.6
Return on total assets	9.7	8.7	+ 1.0

FINANCIAL REVIEW

REVENUE*

The Group's revenue composition is as follows:

	2019/20 \$ million	2018/19 \$ million	Change	
			\$ million	%
Airframe and line maintenance				
– Airframe overhaul and line maintenance	879.3	891.2	– 11.9	– 1.3
– Fleet management programme	88.4	100.2	– 11.8	– 11.8
	967.7	991.4	– 23.7	– 2.4
Engine and component	26.4	29.5	– 3.1	– 10.5
Total	994.1	1,020.9	– 26.8	– 2.6

Revenue decreased \$26.8 million (-2.6%) to \$994.1 million. Airframe overhaul and line maintenance revenue decreased mainly due to lower material revenue in line with lower material costs and flight cancellations by airline customers in the fourth quarter due to the COVID-19 pandemic. Fleet management programme revenue decreased primarily due to the cessation of contracts. Engine and component revenue decreased \$3.1 million (-10.5%).

* Revenue from Company and subsidiary companies. Please refer to Note 37 Segment Information of the Financial Statements for the group revenue inclusive of revenue of joint venture and associated companies.

EXPENDITURE

A breakdown of the Group's expenditure is as follows:

	2019/20 \$ million	2018/19 \$ million	Change	
			\$ million	%
Staff costs	481.4	488.7	– 7.3	– 1.5
Material costs	128.5	145.2	– 16.7	– 11.5
Subcontract costs	110.1	118.3	– 8.2	– 6.9
Overheads	206.4	211.9	– 5.5	– 2.6
Total	926.4	964.1	– 37.7	– 3.9

Expenditure decreased \$37.7 million or 3.9%. Material and subcontract costs decreased in line with lower workload. Staff costs were \$7.3 million (-1.5%) lower; excluding grants from government support schemes, staff costs would have increased 3.3%. Overheads were lower primarily due to lower departmental expenses and an exchange gain of \$2.8 million compared to an exchange loss of \$1.0 million. This was partially offset by higher provision for doubtful debts made in view of the weakened financial positions of our airline customers and the write-down some of our rotables to fair value.

OPERATING PROFIT

The Group's operating profit by segment is as follows:

	2019/20 \$ million	2018/19 \$ million	Change	
			\$ million	%
Airframe and line maintenance	71.2	59.8	+ 11.4	+ 19.1
Engine and component	(3.5)	(3.0)	– 0.5	– 16.7
Total	67.7	56.8	+ 10.9	+ 19.2

Contributions from the airframe and line maintenance segment increased as decrease in revenue was negated by cost reductions and government grants. The engine and component segment's operating loss at \$3.5 million was \$0.5 million (-16.7%) higher than the loss incurred last year.

FINANCIAL REVIEW

SHARE OF PROFITS OF ASSOCIATED AND JOINT VENTURE COMPANIES

Share of profits of associated and joint venture companies increased by \$14.0 million (+12.3%) to \$127.9 million, with \$18.1 million higher contributions from the engine and component segment and \$4.1 million lower contributions from the airframe and line maintenance segment. Higher contributions from the engine and component segment were mainly due to the writeback of tax provisions, as compared to a one-time tax charge last year.

ESA's engine shipments were 135 in 2019/20, compared with 136 in 2018/19. SAESL's engine shipments were 270 in 2019/20, compared with 282 in 2018/19.

TAXATION

The Group's tax provision was \$14.0 million for the financial year 2019/20, \$4.1 million (-22.7%) lower than the tax provision of \$18.1 million in the prior year.

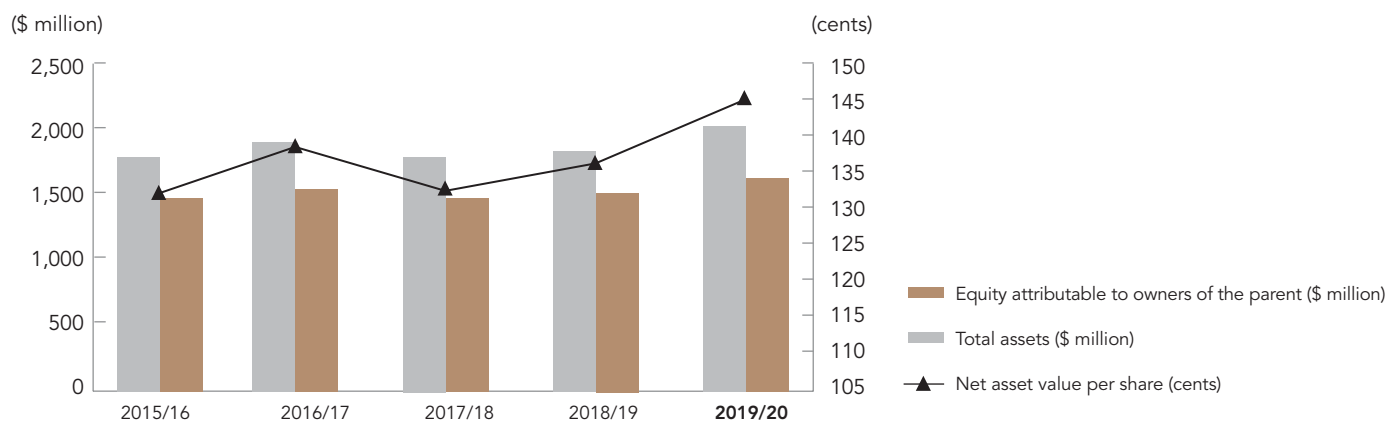
FINANCIAL POSITION

Equity attributable to owners of the parent was \$1,628.8 million as at 31 March 2020, an increase of \$100.2 million (+6.6%). The increase was mainly due to profits earned for the year and a gain in foreign currency translation reserve as a result of the strengthening of the US dollar, partially offset by the payment of the 2018/19 final dividend and the 2019/20 interim dividend.

As of 31 March 2020, total Group assets amounted to \$2,005.5 million, \$160.3 million (+8.7%) higher than a year ago, partly due to the recognition of right-of-use assets. The recognition of right-of-use assets arose from the capitalisation of the present value of future lease payments for all leases under the new accounting standard, IFRS 16 Leases, which was adopted from 1 April 2019. With low borrowings and strong cash position, the Group is in a healthy financial position to weather the COVID-19 pandemic. Nonetheless, given the fluidity of the situation, the Group will remain vigilant and continue to monitor events closely and take appropriate measures as and when needed. Net asset value per share of the Group at 145.4 cents was 8.8 cents (+6.4%) higher compared to 31 March 2019.

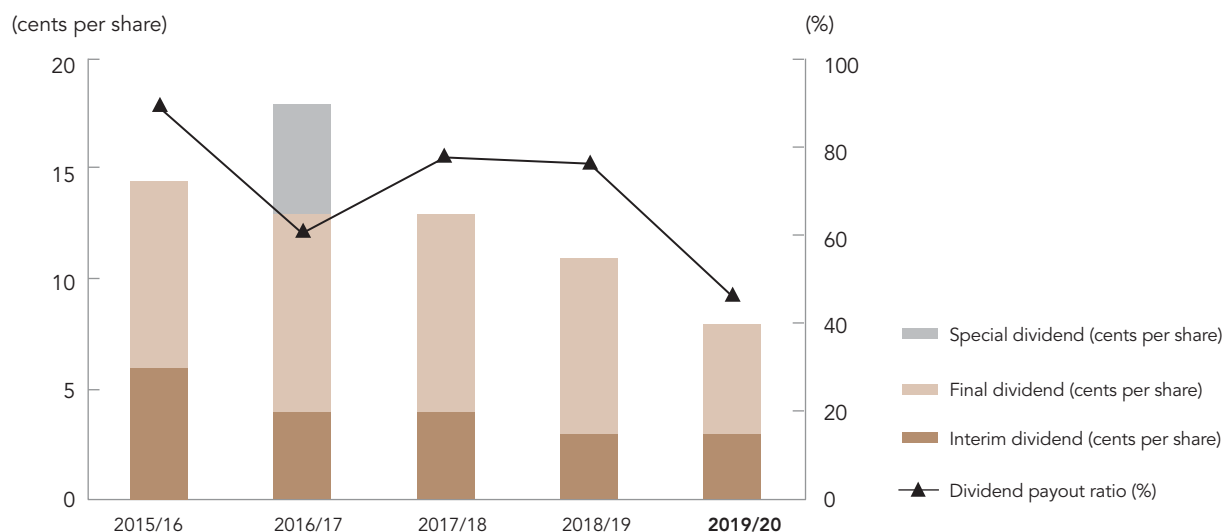
FINANCIAL REVIEW

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT, TOTAL ASSETS AND NET ASSET VALUE PER SHARE



DIVIDENDS

An interim dividend of 3.0 cents per share, amounting to \$33.6 million, was paid on 22 November 2019. In recommending the final ordinary dividend, the Board has considered the profits earned during the year and the need to conserve cash given the severity of the COVID-19 pandemic and the uncertain recovery timeline. Accordingly, the Board is recommending a final ordinary dividend of 5.0 cents per share for 2019/20. The final ordinary dividend (amounting to approximately \$56.0 million), if approved by shareholders during the Annual General Meeting to be held on 17 July 2020, will be paid on 7 August 2020. This translates to a payout of approximately 46.3 percent.



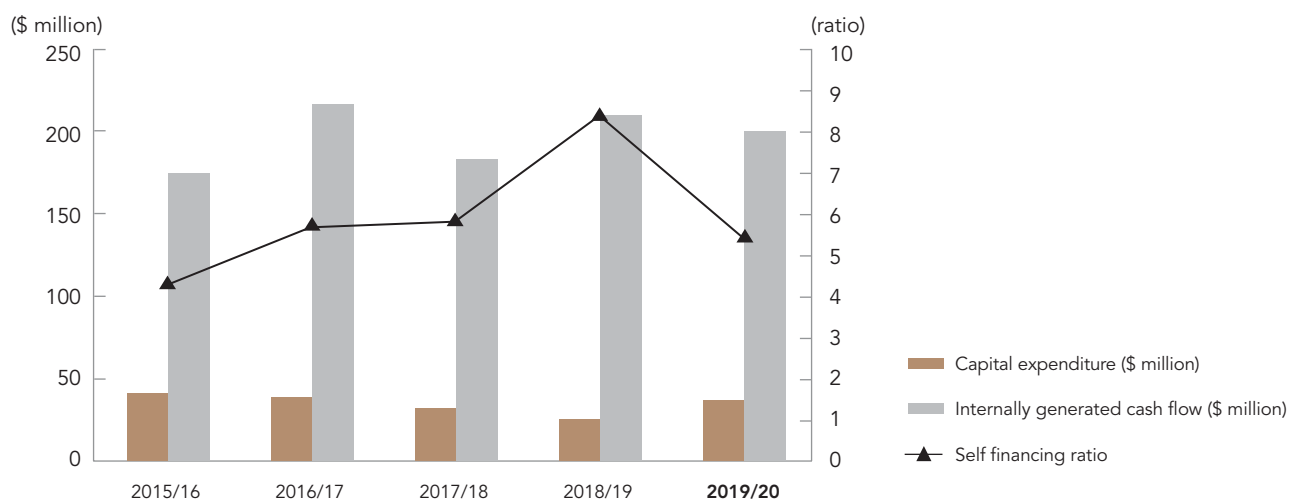
FINANCIAL REVIEW

CAPITAL EXPENDITURE AND CASH FLOW

Capital expenditure by the Group increased by \$11.8 million (+47.2%) to \$36.8 million in 2019/20. Approximately 37% of the expenditure was spent on plant, equipment and tooling projects, while 3% was on office equipment.

Internally generated cash flow decreased \$9.5 million (-4.5%) to \$199.5 million. The self-financing ratio of cash flow to capital expenditure was 5.4 times, compared to 8.4 times in the year before.

CAPITAL EXPENDITURE, INTERNALLY GENERATED CASH FLOW AND SELF – FINANCING RATIO



STAFF STRENGTH AND INDICES

The Group's average staff strength and staff productivity are as follows:

	2019/20	2018/19	% change
Revenue per employee (\$)	147,041	153,657	- 4.3
Value added per employee (\$)	113,904	108,698	+ 4.8
Staff costs per employee (\$)*	74,996	73,560	+ 2.0
Average number of employees	6,761	6,644	+ 1.8

* Staff costs exclude wage support from government support schemes

FINANCIAL REVIEW

STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION (IN \$ MILLION)

	2019/20	2018/19
Revenue	994.1	1,020.9
Less:		
Purchase of goods and services	(364.6)	(421.9)
Value added on operations	629.5	599.0
Add:		
Interest income	10.4	8.0
Surplus on disposal of property, plant and equipment	2.5	1.1
Loss on liquidation of an associated company	(0.2)	–
Surplus on disposal of a subsidiary company	–	0.3
Loss on disposal of an associated company	–	(0.1)
Share of profits of associated and joint venture companies, net of tax	127.9	113.9
Total value added available for distribution	770.1	722.2
Applied as follows:		
To employees		
– Salaries and other staff costs*	507.0	488.7
To government		
– Corporate taxes	14.0	18.1
– Wage support from government support schemes	(25.6)	–
To suppliers of capital		
– Interest charges	3.8	0.9
– Interim and proposed dividends	89.6	123.2
– Non-controlling interests	(3.3)	0.1
Retained for future capital requirements		
– Depreciation	72.8	49.5
– Amortisation of intangible assets	3.3	4.0
– Impairment for property, plant and equipment	4.3	–
– Retained profit	104.2	37.7
Total value added	770.1	722.2
Value added per \$ revenue (\$)	0.77	0.71
Value added per \$ employment cost (\$)*	1.52	1.48
Value added per \$ investment in property, plant and equipment (\$)	1.01	0.91

* Staff costs exclude wage support from government support schemes

DIRECTORS' STATEMENT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

In our opinion:

- (a) the financial statements set out on pages 97 to 192 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 March 2020, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS"); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

1. DIRECTORS OF THE COMPANY

The Directors in office at the date of this statement are as follows:

Tang Kin Fei	Chairman (Independent)
Goh Choon Phong	(Non-independent)
Ng Chin Hwee	(Non-independent, Chief Executive Officer from 1 April 2020)
Manohar Khatani	(Independent)
Chew Teck Soon	(Independent)
Christina Hon Kwee Fong (Christina Ong)	(Independent)
Raj Thampuran	(Independent)
Wee Siew Kim	(Independent)
Chin Yau Seng	(Non-independent)
Mak Swee Wah	(Non-independent, from 1 April 2020)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangements to which the Company was a party, whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed under "Directors' Interests in Ordinary Shares, Share Options and Debentures" and "Equity Compensation Plans of the Company" in this statement. Directors of the Company who are employees of the Company's immediate holding company, Singapore Airlines Limited ("SIA"), or its subsidiaries, also participate in SIA's Equity Compensation Plans, as disclosed in this statement.

DIRECTORS' STATEMENT

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES

The following Directors who held office at the end of the financial year had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), interests (direct and deemed) in the following ordinary shares, awards and debentures of the Company and of related corporations:

Name of Director	Direct interest		Deemed interest	
	1.4.2019/ date of appointment	31.3.2020	1.4.2019/ date of appointment	31.3.2020
Interest in Singapore Airlines Limited ("SIA")				
<u>Ordinary shares</u>				
Goh Choon Phong	981,379	1,132,149	–	–
Ng Chin Hwee	410,968	480,108	–	–
Manohar Khiatani	–	–	4,000 ⁽¹⁵⁾	4,000 ⁽¹⁵⁾
Chew Teck Soon	37,000 ⁽¹⁾	44,000 ⁽¹⁾	–	–
Chin Yau Seng	82,669	121,684	–	–
Png Kim Chiang	1,000	1,000	2,000	2,000
<u>Conditional award of Restricted Share Plan ("RSP") shares⁽²⁾</u>				
Goh Choon Phong				
– Base Awards	60,000	75,000	–	–
– Final Awards (Pending Release)	78,300	55,800	–	–
Ng Chin Hwee				
– Base Awards	30,000	36,000	–	–
– Final Awards (Pending Release)	39,150	27,900	–	–
Chin Yau Seng				
– Base Awards	19,500	26,000	–	–
– Final Awards (Pending Release)	29,368	21,063	–	–
<u>Conditional award of Performance Share Plan ("PSP") shares⁽³⁾</u>				
Goh Choon Phong				
– Base Awards	222,750	235,250	–	–
Ng Chin Hwee				
– Base Awards	89,100	96,100	–	–
Chin Yau Seng				
– Base Awards	32,400	44,000	–	–
<u>Conditional award of deferred restricted shares⁽⁴⁾</u>				
Goh Choon Phong				
– Base Awards	57,460	44,600	–	–
Ng Chin Hwee				
– Base Awards	28,230	20,820	–	–
Chin Yau Seng				
– Base Awards	14,480	11,910	–	–
<u>Conditional award of transformation restricted shares⁽⁵⁾</u>				
Goh Choon Phong				
– Base Awards	66,083	80,295	–	–
– Final Awards (Pending Release)	–	41,500	–	–
Ng Chin Hwee				
– Base Awards	30,839	37,471	–	–
– Final Awards (Pending Release)	–	15,500	–	–
Chin Yau Seng				
– Base Awards	17,622	21,412	–	–
– Final Awards (Pending Release)	–	8,850	–	–
<u>\$600 million 3.16% Notes due 2023</u>				
Tang Kin Fei	\$250,000	\$250,000	–	–

DIRECTORS' STATEMENT

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (continued)

Name of Director	Direct interest		Deemed interest	
	1.4.2019/ date of appointment	31.3.2020	1.4.2019/ date of appointment	31.3.2020
Interest in SIA Engineering Company Limited				
<u>Ordinary shares</u>				
Tang Kin Fei	–	–	20,000	20,000
Ng Chin Hwee	10,000 ⁽⁶⁾	10,000 ⁽⁶⁾	–	–
Png Kim Chiang	819,418 ⁽⁷⁾	979,846 ⁽⁸⁾	–	–
<u>Conditional award of RSP shares⁽⁹⁾</u>				
Png Kim Chiang				
– Base Awards	118,400	168,200	–	–
– Final Awards (Pending Release)	138,810	147,115	–	–
<u>Conditional award of deferred RSP shares⁽¹⁰⁾</u>				
Png Kim Chiang				
– Base Awards	–	66,843	–	–
<u>Conditional award of PSP shares⁽¹¹⁾</u>				
Png Kim Chiang				
– Base Awards	214,443	273,440	–	–
Interest in Singapore Telecommunications Limited				
<u>Ordinary shares</u>				
Tang Kin Fei	30,190	30,190	190	190
Goh Choon Phong	1,610	1,610	–	–
Ng Chin Hwee	2,840	2,840	1,360	1,360
Chew Teck Soon	47,190 ⁽¹⁾	52,190 ⁽¹⁾	–	–
Raj Thampuran	600	600	–	–
Png Kim Chiang	1,610	1,610	1,360	1,360
Interest in Singapore Technologies Engineering Limited				
<u>Ordinary shares</u>				
Tang Kin Fei	100,000	100,000	50,000	50,000
Goh Choon Phong	6,000	6,000	–	–
Chew Teck Soon	4,000 ⁽¹⁾	4,000 ⁽¹⁾	–	–
Christina Ong	1	1	–	–
Interest in Mapletree Commercial Trust				
<u>Units</u>				
Ng Chin Hwee	–	48,800	–	–
Chew Teck Soon	20,000 ⁽¹⁾	20,000 ⁽¹⁾	–	–
Interest in Mapletree North Asia Commercial Trust				
<u>Units</u>				
Png Kim Chiang	260,000 ⁽¹²⁾	–	–	–
Interest in Mapletree Global Student Accommodation Private Trust				
<u>Units</u>				
<u>Class A (USD)</u>				
Goh Choon Phong	4,823	4,823	–	–
Ng Chin Hwee	1,600	1,600	–	–
<u>Class B (GBP)</u>				
Goh Choon Phong	4,823	4,823	–	–
Ng Chin Hwee	1,600	1,600	–	–

DIRECTORS' STATEMENT

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (continued)

Name of Director	Direct interest		Deemed interest	
	1.4.2019/ date of appointment	31.3.2020	1.4.2019/ date of appointment	31.3.2020
Interest in Mapletree Industrial Trust				
<u>Units</u>				
Tang Kin Fei	24,000	24,000	–	–
Ng Chin Hwee	–	18,100	–	–
Interest in Mapletree Logistics Trust				
<u>Units</u>				
Tang Kin Fei	20,000	20,000	–	–
Ng Chin Hwee	2,000	2,000	–	–
Chew Teck Soon	–	10,000 ⁽¹⁾	–	–
Interest in Mapletree Treasury Services Limited				
<u>\$700 million 3.95% Perpetual Bonds</u>				
Tang Kin Fei	\$500,000	\$500,000	–	–
Interest in Mapletree US & EU Logistics Private Trust				
<u>Units</u>				
<u>(USD)</u>				
Ng Chin Hwee	185	185	–	–
Christina Ong	185	185	–	–
Wee Siew Kim	300	300	–	–
<u>(EUR)</u>				
Ng Chin Hwee	185	185	–	–
Christina Ong	185	185	–	–
Wee Siew Kim	300	300	–	–
Interest in Olam International Limited				
<u>Ordinary shares</u>				
Ng Chin Hwee	2,000	2,000	–	–
<u>\$350 million 5.8% Fixed Rate Notes due 2019</u>				
Tang Kin Fei	\$500,000	\$500,000	–	–
Interest in Ascendas Hospitality Trust⁽¹³⁾				
<u>Units</u>				
Manohar Khiatani	52,000	–	–	–
Interest in Ascendas Real Estate Investment Trust				
<u>Units</u>				
Chew Teck Soon	40,000 ⁽¹⁾	46,400 ⁽¹⁾	–	–
Png Kim Chiang	108,000 ⁽¹²⁾	–	–	–
Interest in StarHub Ltd				
<u>Ordinary shares</u>				
Chew Teck Soon	13,000 ⁽¹⁾	13,000 ⁽¹⁾	–	–

DIRECTORS' STATEMENT

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (continued)

Name of Director	Direct interest		Deemed interest	
	1.4.2019/ date of appointment	31.3.2020	1.4.2019/ date of appointment	31.3.2020
Interest in Astrea IV Pte. Ltd.				
<u>\$242 million Class A-1 4.35% Secured Fixed Rate Bonds due 2028</u>				
Chin Yau Seng	\$8,000	\$133,000	–	–
Interest in Astrea V Pte. Ltd.				
<u>\$315 million Class A-1 3.85% Secured Fixed Rate Bonds due 2029</u>				
Ng Chin Hwee	–	\$5,000	–	–
<u>US\$140 million Class B 5.75% Secured Fixed Rate Bonds due 2029</u>				
Ng Chin Hwee	–	US\$200,000	–	–
Interest in Temasek Financial (IV) Private Limited				
<u>\$500 million 2.7% Notes due 2023</u>				
Chew Teck Soon	\$6,000	\$6,000	–	–
Interest in CapitaLand Limited⁽¹⁴⁾				
<u>Ordinary shares</u>				
Goh Choon Phong	–	35,000	–	–
Manohar Khiatani	–	36,582	–	40,000 ⁽¹⁵⁾
Chew Teck Soon	–	4,500 ⁽¹⁾	–	–
<u>Unvested Restricted shares to be delivered after 2020</u>				
Manohar Khiatani	–	73,165 ⁽¹⁶⁾⁽¹⁷⁾	–	–
<u>Contingent award of Performance shares to be delivered after 2021</u>				
Manohar Khiatani (88,039 shares)	–	0 to 176,078 ⁽¹⁸⁾	–	–
Interest in CapitaLand Commercial Trust⁽¹⁴⁾				
<u>Units</u>				
Goh Choon Phong	–	6,700	–	–
Manohar Khiatani	–	30,000	–	30,000 ⁽¹⁵⁾
Interest in CapitaLand Mall Trust⁽¹⁴⁾				
<u>Units</u>				
Manohar Khiatani	–	–	–	40,000 ⁽¹⁵⁾
Ascott Residence Trust⁽¹⁴⁾				
<u>Units</u>				
Manohar Khiatani	–	82,498	–	–

DIRECTORS' STATEMENT

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (continued)

Notes:

1. Held in the name of DBS Nominees (Private) Limited.
2. The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the achievements against targets over the one-year performance period relating to the awards granted from year 2016 onwards. For awards granted prior to 2016, the awards are contingent on the achievements against targets over the two-year performance period relating to the relevant awards.
3. The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the achievements against targets over the three-year performance periods relating to the relevant awards.
4. The Deferred Share Award of fully-paid ordinary shares will vest at the end of three years from the date of the grant of the award. At the end of the vesting period, an additional number of shares equivalent to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period) will vest.
5. The initial Transformation Share Award of fully-paid ordinary shares will vest after a one-year performance period. At the end of the one-year performance period, a final award will be determined based on the initial award multiplied by an achievement factor.
6. Held in the name of DBS Nominees (Private) Limited.
7. 819,000 ordinary shares are held in the name of DBS Nominees (Private) Limited.
8. 969,000 ordinary shares are held in the name of DBS Nominees (Private) Limited.
9. The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the achievements against targets over the one-year performance period relating to the awards granted from year 2016 onwards. For awards granted prior to 2016, the awards are contingent on the achievements against targets over the two-year performance period relating to the relevant awards.
10. The actual number of Deferred RSP Final Awards of fully paid ordinary shares which includes the sum of share dividend yields declared during the vesting period, will vest at the end of three years after the grant date.
11. The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the achievements against targets over the three-year performance periods relating to the relevant awards.
12. Held in the name of DBS Nominees (Private) Limited.
13. Following the completion of the combination of Ascendas Hospitality Trust ("AHT") and Ascott Residence Trust, AHT has been delisted with effect from 3 January 2020.
14. CapitaLand Limited and its subsidiaries became related corporations during the financial year.
15. Held jointly with spouse in the name of DBS Nominees (Private) Limited.
16. Being the unvested two-thirds of the award.
17. An additional number of shares of a total value equal to the value of the accumulated dividends/distributions which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the RSP, will also be released on the final vesting.
18. The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in ordinary shares or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2020.

Mr Mak Swee Wah, who was appointed as a director of the Company on 1 April 2020, did not have any interests in the Company's shares as at 21 April 2020.

DIRECTORS' STATEMENT

4. EQUITY COMPENSATION PLANS OF THE COMPANY

The Company has in place, the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP").

At the date of this statement, the Compensation & HR Committee administering the RSP and PSP comprises the following directors:

Tang Kin Fei – Chairman
Goh Choon Phong
Wee Siew Kim

Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

Details of the RSP and PSP are disclosed in Note 12 to the financial statements.

At the Extraordinary General Meeting of the Company held on 21 July 2014, shareholders approved the adoption of the SIAEC RSP 2014 and SIAEC PSP 2014.

Under the RSP and PSP, a base number of conditional share awards ("Base Award") is granted to eligible participants annually, dependent on position level and individual performance. Depending on the achievement of pre-determined targets over a one-year performance period* for the RSP and a three-year performance period for the PSP, the Compensation & HR Committee will determine an achievement factor which will then be applied to the Base Award to determine the final number of RSP shares and PSP shares to be awarded at the end of the respective performance periods ("Final Award"). The achievement factor could range from 0% to 150% for the RSP and from 0% to 200% for the PSP.

One-third of the RSP Final Awards of fully paid ordinary shares will be released to the participants upon vesting. The balance will be released equally over the subsequent two years with fulfilment of service requirements. All the PSP Final Awards of fully paid ordinary shares will be released to the participants at the end of the three-year performance period.

No awards have been granted to controlling shareholders or their associates, or parent group directors or employees under the RSP and PSP.

Mr Png Kim Chiang received 13% of the total shares released under RSP and PSP in 2019/20 during his term as Chief Executive Officer (he retired on 1 April 2020). No other employee received more than 5% of the total shares released in 2019/20.

Deferred Share Awards ("DSA")

As part of the Strategic Transformational Incentive Plan ("STIP"), the DSA is a share award established with the objective of rewarding, motivating and retaining Key Executives who are responsible for strategic and transformational initiatives. The DSA is granted as a contingent share award under the RSP 2014. The final award, which includes the accumulated dividend yield (based on the sum of SIAEC share dividend yields declared with ex-dividend dates occurring during the vesting period), will cliff vest at the end of three years after the grant date, subject to meeting a service-based condition, and provided that individual performance remains satisfactory.

An initial award of DSA was granted during the financial year under consideration in July 2019 as part of 2018/19 STIP.

* For RSP Awards granted prior to 2016/17, based on meeting stated performance conditions over a two-year performance period, 50% of the award will vest. The balance will vest equally over the subsequent two years with fulfilment of service requirements and performance conditions.

DIRECTORS' STATEMENT

5. AUDIT COMMITTEE

At the date of this statement, the Audit Committee comprises the following five non-executive directors, four of whom are independent directors:

Chew Teck Soon – Chairman
 Manohar Khiatani
 Christina Ong
 Raj Thampuran
 Chin Yau Seng

The Audit Committee performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, the SGX-ST Listing Manual and the Code of Corporate Governance which include inter alia the review of the following:

- (i) quarterly and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- (ii) audit scopes, plans and reports (including Key Audit Matters) of the external and internal auditors;
- (iii) adequacy and effectiveness of material controls, including financial, operational, compliance and information technology controls;
- (iv) adequacy and effectiveness of the internal audit function, and the effectiveness, independence and objectivity of the external auditors;
- (v) interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual);
- (vi) whistle-blowing programme instituted by the Company; and
- (vii) any material loss of funds.

The Audit Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system. The Audit Committee also reviewed Management's internal control adequacy representations that is based on the Control Self-Assessment (CSA) System developed. In the review of the audited financial statements of the Group and the Company, the Audit Committee had discussed with Management and the external auditors the accounting principles that were applied and their judgement on the items that might affect the financial statements. Based on the review and discussions with Management and the external auditors, the Audit Committee is of the view that the financial statements are fairly presented in conformity with generally accepted accounting principles in all material aspects.

The Audit Committee has full access to Management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 716 of the SGX-ST Listing Manual.

DIRECTORS' STATEMENT

6. AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board,

TANG KIN FEI

Chairman

NG CHIN HWEE

Chief Executive Officer

8 May 2020

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
SIA ENGINEERING COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of SIA Engineering Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2020, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity of the Group, statement of changes in equity of the Company and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 97 to 192.

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and the consolidated financial performance, consolidated changes in equity of the Group, changes in equity of the Company and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

Classification of investments in subsidiaries, associates and joint venture

Refer to Note 3(d) 'Basis of consolidation' and Note 3(e) 'Subsidiary, associated and joint venture companies' for the relevant accounting policies.

Risk	Our response
<p>The Group has a number of strategic alliances with original equipment manufacturers and airlines by way of joint formation as subsidiaries, associates or joint ventures.</p> <p>The classification is premised on whether the Group has control, significant influence or joint control over the investees. Such an investment classification rests on terms and conditions of shareholders' agreement that govern the investees' operations. In some cases, judgement is needed for an appropriate classification. Any inappropriate classification can have a material or pervasive effect on the financial statements of the Group.</p>	<p>On new investments, we examined the shareholders agreements, reviewed the terms that govern the rights and obligations of the respective investors, including dispute resolution and termination provisions, governance structure and profit-sharing arrangement, so as to establish whether the Group has control, significant influence or joint control over the investees.</p> <p>On existing investments, we inquired of Management if there were any modified terms of arrangement that would change the investment classification previously assessed.</p> <p>We assessed Management's conclusion on the classification of these investments by reference to the applicable financial reporting standards.</p>

Findings

The Group has examined the relevant terms and conditions governing the individual investments. The classification of these investments is consistent with prevailing financial reporting standards.

INDEPENDENT AUDITORS' REPORT

Impairment risk on property, plant and equipment and right-of-use assets (collectively, the "PPE")

Refer to Note 2 'Business impact and financial implications of the COVID-19 pandemic' for COVID-19 business impact, Note 3(m) 'Impairment of non-financial assets' and Note 4 'Significant accounting estimates and critical judgements' for the relevant accounting policies and a discussion of significant accounting estimates.

Risk	Our response
<p>The global COVID-19 pandemic had significantly impacted the aviation industry, with knock-on effect on the MRO industry as at the reporting date. Accordingly, there are impairment indications affecting all the significant cash-generating units ("CGU").</p> <p><u>Airframe and Line Maintenance</u></p> <p>Line Maintenance – With many flights suspended globally, the near-term cash flows from Line Maintenance are negative. The medium-term cash flows projected by Management remain positive, as they assume international flights gradually return. In combining these assumptions to determine the recoverable amount, there is no impairment loss required on PPE deployed in Line Maintenance.</p> <p>Airframe Maintenance – With transformation initiatives underway, the Group's operational and financial performance for Airframe Maintenance had improved during the year, as compared to the previous year. In carrying out the cash flow forecasts, Management has assumed continuing cost synergies and productivity gain to be reaped from these initiatives. On this basis, the recoverable amounts of Airframe Maintenance are in excess of the carrying amounts of PPE deployed in Airframe Maintenance.</p> <p>Fleet Management – Management assesses the economic performance of contracts which existed at the year-end, and found no impairment loss necessary for the carrying amount of PPE deployed in Fleet Management.</p>	<p>We assessed the appropriateness of identification of CGUs and related non-financial assets deployed therein.</p> <p>We reviewed the basis and methodology used to derive the recoverable amounts of the CGUs.</p> <p>We assessed the key assumptions used in the cash flow projections, in particular, the forecast cash flow effects in the near-term brought by COVID-19, impacting the recoverable amounts of these CGUs. Other relevant assumptions include revenue growth rates, operating costs, gross profit margins, discount rates, terminal growth rates, as well as cost synergies and productivity gain unique to the Group.</p> <p>We compared Management assumptions to past historical performance, current developments to the COVID-19 situation, planned productivity and cost initiatives, and other market data for the MRO industry.</p> <p>We stress-tested the assumptions made by Management by reducing the growth estimates over revenue and gross profit margins.</p>

INDEPENDENT AUDITORS' REPORT

Impairment risk on property, plant and equipment and right-of-use assets (collectively, the "PPE") (continued)

Risk	Our response
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Engine and Component

These are held by the Group's equity-accounted investees. No impairment losses on PPE were recognised in the books of these investees during the year. After equity accounting, Management considered whether any additional impairment losses were needed. As there was no objective evidence of any significant financial difficulties faced by these investees, no additional impairment loss on these equity-accounted investees after equity accounting is considered necessary.

The cash flow forecasts prepared by Management to determine the recoverable amounts of these CGUs involve professional judgement, and the assumptions applied thereon are subject to estimation uncertainties.

Findings

The Group has a process of identifying and reviewing the CGUs for impairment testing. The assumptions used in the discounted cash flow projections extend to forecast effects from the global COVID-19 pandemic. The COVID-19 assumptions embedded into the overall recoverable amount computations, in particular, the limiting of negative cash flows from Line Maintenance to the near-term period, appear reasonable given the circumstances up to and as at the balance sheet date. However, any post balance sheet effects that COVID-19 may have on the recoverable amounts of the CGUs in question cannot be, and have not been incorporated into the Group's financial statements given how rapidly events will continue to evolve well after the date of this report.

INDEPENDENT AUDITORS' REPORT

Recognition of revenue and profits on long-term contracts

Refer to Note 3(s) 'Revenue' and Note 4 'Significant accounting estimates and critical judgements' for the relevant accounting policies and a discussion of significant accounting estimates.

Risk	Our response
<p>The Group's contract revenues are derived mainly from airframe maintenance and component overhaul services and fleet management (the "MRO services").</p>	<p>We tested the controls designed and implemented by the Group relating to contract evaluation and authorisation, review and approval of project costing, and verification of input method used to measure revenue.</p>
<p>The MRO services, embedding materials and labour, represent one single performance obligation. Such performance obligations are continuously transferred to customers over time. Revenue is measured using the input method.</p>	<p>We reviewed the contractual terms of customer contracts to identify the performance obligations, and assessed how the fair value of revenue has been recognised and measured.</p>
<p>The input method involves cost and man-hour estimates. Actual man-hours incurred representing revenue may however be subject to negotiation with customers in subsequent periods.</p>	<p>We challenged Management's use of cost and man-hour estimates, and tested them by reference to historical cost experience of comparable contracts. We also checked for the consistent application of the input method used to recognise revenue over time by group entities.</p>
<p>Any variable consideration arising from variation orders are also subject to customers' approval.</p>	<p>We verified the data used in the input method and any variable consideration to relevant supporting documents.</p>
<p>The equity-accounted investees involved in engine and component repairs also use the input method to determine revenue earned over time.</p>	<p>We assessed the Group's disclosure of the nature, timing and fulfilment of performance obligations and the related revenue recognition policies, alongside with the movements in contract assets and contract liabilities.</p>

Findings

We found Management approach towards revenue recognition to be balanced, as revenue-constraint test is applied on revenue earned that is subject to customer negotiation and subsequent approval.

INDEPENDENT AUDITORS' REPORT

Risk of counterparty credit default

Refer to Note 2 'Business impact and financial implications of the COVID-19 pandemic' for COVID-19 business impact, Note 3(l)(v) 'Impairment of financial instruments', and Note 4 'Significant accounting estimates and critical judgements' for the relevant accounting policies.

Risk	Our response
<p>At 31 March 2020, outstanding trade receivables, contract assets and amounts owing by related parties amounted to \$346,617,000, net of credit loss allowance of \$12,784,000.</p>	<p>We reviewed Management's ageing and credit analysis of the Group's trade receivables, customer contract assets and amounts owing by related parties including the credit-impaired ones.</p>
<p>The COVID-19 pandemic has resulted in economic uncertainties and market volatility in the aviation sector. The airlines are the Group's customers with cash conservation as their top priority.</p>	<p>We assessed the Group's measurement of the expected credit losses.</p>
<p>The determination of the credit loss allowances on the outstanding receivables, including an assessment of the customers which are credit-impaired, requires professional judgement. Assumptions applied to estimate the credit loss allowances include customers' past payment trends, adjusted for current market conditions and forward-looking information.</p>	<p>We tested the probability default factor used by Management on certain of its customers, and the allowance loss matrix by age group for the remaining customers, in the determination of the credit loss allowances booked.</p>
	<p>We assessed the adequacy of disclosures in describing the areas of judgement and estimation uncertainties involving recoverability of trade debtors, customer contract assets and amounts owing by related parties.</p>

Findings

The Group has prescribed process to recognise expected credit losses from trade debtors, customer contract assets and amounts owing by related parties. We observed the estimate on expected credit losses formed by Management include the expected effects on the Group's customers caused by the COVID-19 pandemic that have only recently surfaced. Any post balance sheet effects that COVID-19 may have on the recoverability of these counterparty balances, however, cannot be, and have not been incorporated into the Group's financial statements given how rapidly events will continue to evolve well after the date of this report.

INDEPENDENT AUDITORS' REPORT

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for *FY19/20 at a Glance, Chairman's Statement, The Year in Review, Business Segments, Corporate Governance, and Shareholding Statistics* ('the Reports'), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

INDEPENDENT AUDITORS' REPORT

Auditors' responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditors' report is Kenny Tan Choon Wah.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore
8 May 2020

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 31 March 2020 (in thousands of \$)

	Notes	The Group	
		2019/20	2018/19
REVENUE	5	994,146	1,020,896
EXPENDITURE			
Staff costs	6	481,419	488,732
Material costs		128,550	145,152
Depreciation	16, 17	72,831	49,459
Amortisation of intangible assets	18	3,327	3,997
Impairment of property, plant and equipment	16	4,263	–
Company accommodation		22,609	49,756
Subcontract costs		110,114	118,312
Other operating expenses		103,369	108,736
		926,482	964,144
OPERATING PROFIT	7	67,664	56,752
Interest income	8	10,361	8,080
Finance charges		(3,797)	(938)
Surplus on disposal of property, plant and equipment		2,535	1,080
Loss on liquidation of an associated company	20	(197)	–
Surplus on disposal of a subsidiary company	19	–	309
Loss on disposal of an associated company	20	–	(88)
Share of profits of associated companies, net of tax		83,355	73,502
Share of profits of joint venture company, net of tax		44,543	40,366
PROFIT BEFORE TAXATION		204,464	179,063
Taxation expense	9	(13,990)	(18,108)
PROFIT FOR THE FINANCIAL YEAR		190,474	160,955
PROFIT ATTRIBUTABLE TO: OWNERS OF THE PARENT		193,783	160,870
Non-controlling interests		(3,309)	85
		190,474	160,955
BASIC EARNINGS PER SHARE (CENTS)	10	17.30	14.38
DILUTED EARNINGS PER SHARE (CENTS)	10	17.26	14.35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2020 (in thousands of \$)

	The Group	
	2019/20	2018/19
PROFIT FOR THE FINANCIAL YEAR	190,474	160,955
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		
<u>Item that will not be reclassified to profit or loss:</u>		
Actuarial (loss)/gain on remeasurement of defined benefit plan	(1,166)	154
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation	36,139	20,788
Realisation of foreign currency translation reserve on liquidation of an associated company	183	–
Realisation of foreign currency translation reserve on disposal of a subsidiary company	–	(126)
Net fair value adjustment on cash flow hedges	2,052	1,699
Share of other comprehensive income of associated/joint venture companies	(10,276)	(5,420)
	28,098	16,941
Other comprehensive income, net of tax	26,932	17,095
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	217,406	178,050
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: OWNERS OF THE PARENT	219,373	177,083
Non-controlling interests	(1,967)	967
	217,406	178,050

BALANCE SHEETS

As at 31 March 2020 (in thousands of \$)

	Notes	The Group		The Company	
		2020	2019	2020	2019
EQUITY ATTRIBUTABLE TO OWNERS					
OF THE PARENT					
Share capital	12	420,044	420,044	420,044	420,044
Treasury shares	13	(13,689)	(18,020)	(13,689)	(18,020)
Capital reserve	14	2,828	2,913	2,828	2,913
Share-based compensation reserve	14	5,445	5,618	5,445	5,618
Foreign currency translation reserve	14	15,964	(18,222)	–	–
Fair value reserve	14	(8,682)	(906)	3,402	1,350
Equity transaction reserve	14	(4,525)	(4,525)	–	–
General reserve	14	1,211,431	1,141,703	894,470	868,089
		1,628,816	1,528,605	1,312,500	1,279,994
NON-CONTROLLING INTERESTS		32,191	35,424	–	–
TOTAL EQUITY		1,661,007	1,564,029	1,312,500	1,279,994
NON-CURRENT LIABILITIES					
Deferred taxation	15	18,451	23,070	17,847	21,230
Lease liabilities		77,891	–	69,680	–
Long-term bank loan	32	7,335	12,561	–	–
		103,677	35,631	87,527	21,230
		1,764,684	1,599,660	1,400,027	1,301,224
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	16	231,270	260,806	177,048	204,055
RIGHT-OF-USE ASSETS	17	97,059	–	79,172	–
INTANGIBLE ASSETS	18	51,882	46,647	12,760	10,861
SUBSIDIARY COMPANIES	19	–	–	146,966	153,349
ASSOCIATED COMPANIES	20	457,392	404,328	216,719	221,658
JOINT VENTURE COMPANY	21	159,187	154,724	61,867	61,867
PREPAYMENTS AND OTHER DEBTORS	24	10,601	13,833	5,998	–
CURRENT ASSETS					
Trade debtors	22	60,326	81,228	44,088	59,503
Contract assets	23	234,642	183,919	197,456	165,479
Prepayments and other debtors	24	24,696	19,860	17,581	8,412
Immediate holding company	25	53,520	92,040	52,777	91,305
Amounts owing by related parties	26	51,649	30,751	74,987	44,532
Inventories	27	39,443	35,564	25,362	23,265
Short-term deposits	28	480,364	465,762	467,697	435,971
Cash and bank balances	29	39,258	55,813	6,628	31,365
		983,898	964,937	886,576	859,832
Assets held for sale	16	14,227	–	14,227	–
		998,125	964,937	900,803	859,832
Less:					
CURRENT LIABILITIES					
Trade and other creditors	30	177,490	186,038	132,366	149,431
Contract liabilities	23	16,428	33,499	16,384	33,342
Lease liabilities		21,318	–	19,735	–
Amounts owing to related parties	26	680	784	13,545	10,138
Bank loans	32	5,868	6,727	–	–
Tax payable		19,048	18,567	19,276	17,487
		240,832	245,615	201,306	210,398
NET CURRENT ASSETS		757,293	719,322	699,497	649,434
		1,764,684	1,599,660	1,400,027	1,301,224

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2020 (in thousands of \$)

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve
The Group					
Balance at 1 April 2019		420,044	(18,020)	2,913	5,618
Profit for the year		-	-	-	-
Actuarial loss on remeasurement of defined benefit plan		-	-	-	-
Foreign currency translation		-	-	-	-
Realisation of foreign currency translation reserve on liquidation of an associated company		-	-	-	-
Net fair value adjustment on cash flow hedges		-	-	-	-
Share of other comprehensive income of associated/joint venture companies	14	-	-	-	-
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the financial year		-	-	-	-
Share-based compensation expense	12,14	-	-	-	4,073
Share awards released	13,14	-	4,246	-	(4,246)
Treasury shares reissued pursuant to equity compensation plans	13	-	85	(85)	-
Dividends	11	-	-	-	-
Total contributions by and distributions to owners		-	4,331	(85)	(173)
Balance at 31 March 2020		420,044	(13,689)	2,828	5,445

Attributable to Owners of the Parent					Total	Non-controlling interests	Total equity
Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve				
(18,222)	(906)	(4,525)	1,141,703	1,528,605	35,424	1,564,029	
-	-	-	193,783	193,783	(3,309)	190,474	
-	-	-	(820)	(820)	(346)	(1,166)	
34,451	-	-	-	34,451	1,688	36,139	
183	-	-	-	183	-	183	
-	2,052	-	-	2,052	-	2,052	
(448)	(9,828)	-	-	(10,276)	-	(10,276)	
34,186	(7,776)	-	(820)	25,590	1,342	26,932	
34,186	(7,776)	-	192,963	219,373	(1,967)	217,406	
-	-	-	-	4,073	-	4,073	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	(123,235)	(123,235)	(1,266)	(124,501)	
-	-	-	(123,235)	(119,162)	(1,266)	(120,428)	
15,964	(8,682)	(4,525)	1,211,431	1,628,816	32,191	1,661,007	

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2020 (in thousands of \$)

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve
The Group					
Balance at 1 April 2018		420,044	(21,343)	2,789	7,076
Profit for the year		–	–	–	–
Actuarial gain on remeasurement of defined benefit plan		–	–	–	–
Foreign currency translation		–	–	–	–
Realisation of foreign currency translation reserve on disposal of a subsidiary company	19	–	–	–	–
Net fair value adjustment on cash flow hedges		–	–	–	–
Share of other comprehensive income of associated/joint venture companies	14	–	–	–	–
Other comprehensive income for the year, net of tax		–	–	–	–
Total comprehensive income for the financial year		–	–	–	–
Capital contribution		–	–	–	–
Share-based compensation expense	12,14	–	–	–	4,280
Share awards released	13,14	–	3,447	–	(3,447)
Share options lapsed		–	–	–	(2,291)
Treasury shares reissued pursuant to equity compensation plans	13	–	(124)	124	–
Dividends	11	–	–	–	–
Total contributions by and distributions to owners		–	3,323	124	(1,458)
Acquisition of non-controlling interests without change in control	19	–	–	–	–
Total changes in ownership interests in a subsidiary company		–	–	–	–
Balance at 31 March 2019		420,044	(18,020)	2,913	5,618

Attributable to Owners of the Parent					Total	Non-controlling interests	Total equity
Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve				
(38,915)	3,653	(2,377)	1,112,756	1,483,683	31,262	1,514,945	
–	–	–	160,870	160,870	85	160,955	
–	–	–	79	79	75	154	
19,981	–	–	–	19,981	807	20,788	
(126)	–	–	–	(126)	–	(126)	
–	1,699	–	–	1,699	–	1,699	
838	(6,258)	–	–	(5,420)	–	(5,420)	
20,693	(4,559)	–	79	16,213	882	17,095	
20,693	(4,559)	–	160,949	177,083	967	178,050	
–	–	–	–	–	8,785	8,785	
–	–	–	–	4,280	–	4,280	
–	–	–	–	–	–	–	
–	–	–	2,291	–	–	–	
–	–	–	–	–	–	–	
–	–	–	(134,293)	(134,293)	(3,034)	(137,327)	
–	–	–	(132,002)	(130,013)	5,751	(124,262)	
–	–	(2,148)	–	(2,148)	(2,556)	(4,704)	
–	–	(2,148)	–	(2,148)	(2,556)	(4,704)	
(18,222)	(906)	(4,525)	1,141,703	1,528,605	35,424	1,564,029	

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2020 (in thousands of \$)

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
The Company								
Balance at 1 April 2019		420,044	(18,020)	2,913	5,618	1,350	868,089	1,279,994
Profit for the year		-	-	-	-	-	149,995	149,995
Other comprehensive income for the year, net of tax:								
Actuarial loss on remeasurement of defined benefit plan		-	-	-	-	-	(379)	(379)
Net fair value adjustment on cash flow hedges		-	-	-	-	2,052	-	2,052
Total comprehensive income for the financial year		-	-	-	-	2,052	149,616	151,668
Share-based compensation expense	12,14	-	-	-	4,073	-	-	4,073
Share awards released	12,14	-	4,246	-	(4,246)	-	-	-
Treasury shares reissued pursuant to equity compensation plans	13	-	85	(85)	-	-	-	-
Dividends	11	-	-	-	-	-	(123,235)	(123,235)
Total contributions by and distributions to owners		-	4,331	(85)	(173)	-	(123,235)	(119,162)
Balance at 31 March 2020		420,044	(13,689)	2,828	5,445	3,402	894,470	1,312,500

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2018		420,044	(21,343)	2,789	7,076	(349)	824,124	1,232,341
Profit for the year		–	–	–	–	–	175,967	175,967
Other comprehensive income for the year, net of tax:								
Net fair value adjustment on cash flow hedges		–	–	–	–	1,699	–	1,699
Total comprehensive income for the financial year		–	–	–	–	1,699	175,967	177,666
Share-based compensation expense	12,14	–	–	–	4,280	–	–	4,280
Share awards released	12,14	–	3,447	–	(3,447)	–	–	–
Share options lapsed		–	–	–	(2,291)	–	2,291	–
Treasury shares reissued pursuant to equity compensation plans	13	–	(124)	124	–	–	–	–
Dividends	11	–	–	–	–	–	(134,293)	(134,293)
Total contributions by and distributions to owners		–	3,323	124	(1,458)	–	(132,002)	(130,013)
Balance at 31 March 2019		420,044	(18,020)	2,913	5,618	1,350	868,089	1,279,994

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2020 (in thousands of \$)

	Notes	The Group	
		2019/20	2018/19
NET CASH PROVIDED BY OPERATING ACTIVITIES	33	91,027	75,348
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	16	(36,780)	(24,960)
Purchase of intangible assets	18	(6,822)	(14,817)
Proceeds from disposal of property, plant and equipment		6,299	4,276
Proceeds from liquidation of an associated company		5,110	–
Disposal of a subsidiary company, net of cash disposed		–	1,632
Proceeds from disposal of an associated company		–	3,965
Investment in associated companies		(347)	(1,935)
Dividends received from associated companies		45,600	71,941
Dividends received from joint venture company		38,441	36,255
Interest received from deposits		10,888	6,488
NET CASH PROVIDED BY INVESTING ACTIVITIES		62,389	82,845
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	11	(123,235)	(134,293)
Dividends paid by subsidiary companies to non-controlling interests		(1,266)	(3,034)
Acquisition of additional interest in a subsidiary company		–	(4,704)
Proceeds from issuance of share capital by a subsidiary company to non-controlling interests		–	8,785
Finance charges paid		(614)	(938)
Repayment of lease liabilities		(27,548)	–
Proceeds from borrowings		–	408
Repayment of borrowings		(6,776)	(3,758)
NET CASH USED IN FINANCING ACTIVITIES		(159,439)	(137,534)
NET CASH (OUTFLOW)/INFLOW		(6,023)	20,659
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		521,575	499,779
Effect of exchange rate changes		4,070	1,137
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		519,622	521,575
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short-term deposits	28	480,364	465,762
Cash and bank balances	29	39,258	55,813
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		519,622	521,575

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

1. GENERAL

SIA Engineering Company Limited (the “Company”) is a limited liability company incorporated in the Republic of Singapore which is also the place of domicile. The Company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Company is a subsidiary company of Singapore Airlines Limited and its ultimate holding company is Temasek Holdings (Private) Limited, both incorporated in the Republic of Singapore.

The registered office of the Company is at 31 Airline Road, Singapore 819831.

The financial statements of the Group as at 31 March 2020 and for the year then ended comprise the Company and its subsidiary companies (together referred to as the ‘Group’ and individually as ‘Group entities’) and the Group’s interest in equity-accounted investees.

The principal activities of the Company are the provision of airframe maintenance, component overhaul services and fleet management programme, the provision of line maintenance and technical ground handling services and investment holdings. The principal activities of the subsidiary companies are disclosed in Note 19 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 8 May 2020.

2. BUSINESS IMPACT AND FINANCIAL IMPLICATIONS OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has significantly impacted the aviation and MRO industries. The cancellation of many international and regional flights by airlines had an immediate and direct impact on revenue for the Group’s line maintenance business since February 2020. Revenue for fleet technical management was similarly impacted due to reduced flying hours. The airframe maintenance was, however, less affected in the early periods of the pandemic due to scheduled maintenance works that were progressively being carried out. Moving forward, the airframe maintenance and engine and component business units are expected to be impacted by loss of revenue.

In addition to the loss in revenue, other financial impact of COVID-19 incorporated into the financial statements of the Group and the Company for the financial year ended 31 March 2020 extends to the following:

- Additional expected credit loss allowances were recorded on certain airline customers against the Group’s credit-impaired receivables and non-credit-impaired receivables (Refer to Note 22 and Note 36(c) to the financial statements);
- Hedging loss, previously residing in equity, was charged to profit or loss due to the discontinuance of cash flow hedges caused by reduction in forecast receipts denominated in foreign currencies (Refer to Note 14(d) and Note 36(a) to the financial statements); and
- Accrual of government grant receivable up to 31 March 2020 to defray staff costs (Refer to Note 6 to the financial statements).

Impairment tests were conducted on all significant CGUs. No impairment losses were needed for near-term impact of COVID-19 since the long-lived assets deployed in these CGUs were projected to generate sufficient cashflows to recover the investments.

Given the fluidity of the situation, the Group and Company will remain vigilant and continue to monitor events closely and take appropriate measures as and when needed.

The Group’s and the Company’s financial statements continue to be prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group and the Company are consistent to all periods presented in the financial statements and in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS").

(a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with SFRS(I) and IFRS.

All references to SFRS(I)s and IFRSs are subsequently referred to as IFRSs in these financial statements unless otherwise specified.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD"), which is the Company's functional currency and all financial information presented in SGD have been rounded to the nearest thousand (\$'000), unless otherwise stated.

(b) Changes in accounting policies

New standards and amendments

The Group has applied the following IFRSs, amendments to and interpretations of IFRSs for the first time for the annual period beginning on 1 April 2019:

- IFRS 16 *Leases*
- IFRS Interpretation 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to IAS 28)
- *Prepayment Features with Negative Compensation* (Amendments to IFRS 9)
- *Previously Held Interest in a Joint Operation* (Amendments to IFRS 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to IAS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to IAS 23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to IAS 19)

Other than IFRS 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

Adoption of IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group applied IFRS 16 using the modified retrospective approach, with no restatement of comparative information. The Group also applied the practical expedient to grandfather the definition of lease on transition. This means that IFRS 16 is applied to all contracts entered into before 1 April 2019 which have been identified as leases in accordance with IAS 17 and IFRIC 4. In addition, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies (continued)

New standards and amendments (continued)

Adoption of IFRS 16 Leases (continued)

(i) As lessee

The Group measured ROU assets at an amount equal to the lease liabilities arising from the capitalisation of the present value of future lease payments.

In addition, the Group applied the following practical expedients:

- apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- account for equipment and building leases for which the lease term ends within 12 months from 1 April 2019 as short-term leases;
- exclude initial direct costs for the measurement of ROU assets as of 1 April 2019; and
- use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

The Group discounted lease payments using the applicable incremental borrowing rates at 1 April 2019. The rates applied range from 3.0% to 6.8%.

(ii) As lessor

IFRS 16 substantially carries forward the current lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases, and to account for this type of leases using the existing operating lease model.

In the current financial year, the Company entered into a sub-lease with one of its subsidiaries, in which the Company is a lessor. The Company classifies the sub-lease as a finance lease resulting in the recognition of a finance lease receivable. There was no significant impact for other leases in which the Group is a lessor.

The Group has applied IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

(iii) Impact on consolidated income statement

The expenses related to operating leases shown in the Consolidated Income Statement under "Company accommodation" is replaced by depreciation expense for ROU assets and finance charges on lease liabilities.

(iv) Impact on balance sheets

	At 1 April 2019	
	Increase	
	The Group	The Company
<u>Liabilities</u>		
Long-term lease liabilities	81,172,000	72,034,000
Lease liabilities	20,492,000	18,907,000
<u>Assets</u>		
ROU assets	101,664,000	90,941,000

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies (continued)

New standards and amendments (continued)

Adoption of IFRS 16 Leases (continued)

(v) Reconciliation of operating lease commitments

The differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 March 2019 and the lease liabilities recognised in the balance sheet as at 1 April 2019 are as follows:

	The Group \$'000
Operating lease commitments disclosed at 31 March 2019	91,019
Less: Discounting effect using the weighted average borrowing of 3.0% to 6.8%	(11,608)
Less: Low-value leases	(5,903)
Less: Short-term leases	(21,274)
Less: Leases based on variable component	(15,394)
Add: Extension options which are reasonably certain to be exercised	64,824
Lease liabilities recognised as at 1 April 2019	<u>101,664</u>

(c) New standards and interpretations not adopted

New standards and amendments to standards that are effective from the Group's financial year ending 31 March 2021 are as follows:

Description	Effective from
<i>Amendments to References to Conceptual Framework in IFRS Standards</i>	1 April 2020
<i>Definition of a Business</i> (Amendments to IFRS 3)	1 April 2020
<i>Definition of Material</i> (Amendments to IAS 1-1 and IAS 1-8)	1 April 2020
<i>IFRS 17 Insurance Contracts</i>	1 April 2021

(d) Basis of consolidation

Business combinations are accounted for by applying the acquisition method in accordance with IFRS 3 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are recognised as expenses as incurred.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 3(f). When the amount is negative, a bargain purchase gain is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration will be recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settled within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. In such circumstances, adjustments are based on a proportionate amount of the net assets of the subsidiary companies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with associated and joint venture companies are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Subsidiary, associated and joint venture companies

In the Company's separate financial statements, investments in subsidiary, associated and joint venture companies are accounted for at cost less accumulated impairment losses.

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiary companies are included in the consolidated financial statements from the date the control commences until the date the control ceases.

The accounting policies of subsidiary companies have been changed when necessary to align them with policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balance.

An associated company is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

A joint venture company is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group accounts for its investments in associated and joint venture companies using the equity method, initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of associated and joint venture companies, until the date on which significant influence or joint control ceases. Dividends reduce the carrying amounts of the investments.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Subsidiary, associated and joint venture companies (continued)

When the Group's share of losses in an associated or joint venture company equals or exceeds its interest in the associated or joint venture company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated or joint venture company.

The most recently available audited financial statements of the associated and joint venture companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Otherwise an estimate is made for the balances to the end of the accounting period based on historical experience and adjusting for the effects of known significant transactions. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

(f) Intangible assets

Computer software

Acquired computer software is stated at cost less accumulated amortisation and accumulated impairment losses.

Deferred engine development costs

This relates to the Group's share of engine programme assets including development costs made in connection with its participation in aircraft engine development projects with other companies. This is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill that forms part of the carrying amount of an associated or joint venture company is not recognised separately, and therefore, is not tested for impairment separately. Instead, the entire amount of the investment in associated or joint venture company is tested for impairment as a single asset when there is objective evidence that the investment in associated or joint venture company may be impacted.

In the Group's balance sheet, the investments in associates include goodwill on acquisition identified on acquisitions completed on or after 1 April 2001. Goodwill arising from business combinations before 1 April 2001 was previously written-off directly to reserves in the year of acquisition.

Others

Licences were acquired in business combinations and are measured at cost less accumulated amortisation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets (continued)

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

- Computer software 3 – 5 years
- Licences 3 years

For engine programme assets including development costs, amortisation begins only when assets are available for use. These engine programme assets including development costs are amortised on a straight-line basis over a maximum of 44 years, the expected project life from the start of aircraft engine sales through post-sales maintenance service periods.

Advance and progress payments are not amortised. Amortisation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted if appropriate.

(g) Foreign currencies

Foreign currency transactions

Foreign currency transactions are converted into SGD at exchange rates which approximate bank rates prevailing at dates of transactions.

All foreign currency monetary assets and liabilities are translated into SGD using year-end exchange rates. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The foreign currency gain or loss on monetary assets and liabilities is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Foreign currency differences are recognised in profit or loss, except for qualifying cash flow hedges which are deferred to equity.

Foreign operations

For the purpose of the consolidated financial statements, the net assets of the foreign subsidiary, associated and joint venture companies are translated into SGD at the exchange rates ruling at the end of the reporting period. The financial results of foreign subsidiary, associated and joint venture companies are translated monthly into SGD at the prevailing exchange rates. The resulting gains or losses on exchange are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, and translated into SGD at the closing rate at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Foreign currencies (continued)

Foreign operations (continued)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity, except to the extent that the foreign currency differences are allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary company while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associated or a joint venture company while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(h) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment are also capitalised. The accounting policy for borrowing costs is set out in Note 3(u).

When assets are sold or retired, their costs and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in profit or loss.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis at rates which are calculated to write down their costs to their estimated residual values at the end of their operational lives. Operational lives, residual values and depreciation method are reviewed annually, and adjusted prospectively, if appropriate. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised from the date the property, plant and equipment are installed and ready for use.

Advance and progress payments are not depreciated as they are not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

(ii) Depreciation of property, plant and equipment (continued)

Fully depreciated assets are retained in the financial statements until they are no longer in use. No depreciation is charged after assets are depreciated to their residual values.

Property, plant and equipment type	Useful lives	Residual values
Leasehold land and buildings	Shorter of lease period or 30 years	Nil
Plant, equipment and engine overhaul tooling	3 – 15 years	Nil
Aircraft rotatable spares	3 – 15 years	Nil
Office furniture, computer equipment and motor vehicles	1 – 7 years	Nil

(i) Leases – policy applicable under IFRS 16

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

(i) As a lessee

ROU asset

ROU asset is initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimated cost to restore the underlying asset, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

Lease liability

The initial measurement of lease liability is measured at the present value of the unpaid lease payments discounted using the implicit rate in the lease, or if the rate cannot be easily determined, the Group shall use its incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining interest rate from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases – policy applicable under IFRS 16 (continued)

(i) As a lessee (continued)

Lease liability (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected not to separate lease and non-lease components for property leases and has elected to account for these as one single lease component.

Interest expense arising from lease liabilities are included in repayment of leases under cash flow from financing activities in the consolidated statement of cash flows.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term equipment leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases – policy applicable under IFRS 16 (continued)

(ii) As a lessor (continued)

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see Note 3(l)).

(j) Leases – policy applicable under IAS 17

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an agreement.

(i) Finance lease – as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

(ii) Operating lease – as lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

(l) Financial instruments

(i) Recognition and initial measurement

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, in the case of the financial asset or liability not carried at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Financial instruments (continued)

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

For equity investments that are not held for trading, the Group may irrevocably elect on initial recognition to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

- (i) Amortised cost: A non-equity financial asset can be measured at amortised cost if it meets both of the following conditions:
 - The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (ii) FVOCI: A non-equity financial asset can be measured at FVOCI only if it meets both of the following conditions:
 - The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
 - The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (iii) FVTPL: All other financial assets are classified as measured at FVTPL. Financial assets that are held for trading and whose performance is evaluated on a fair value basis, are measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's Management;
- The risks that affect the performance of the business model and how those risks are managed;
- How managers of the portfolio are compensated; and
- The frequency, volume and timing of disposals in prior periods, the reasons for such disposals and its expectations about future activity.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Assessment of whether contractual cash flows are solely payments of principal and interest

For assessment purposes, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contingent events, leverage features, modifications of the time value of money and other limiting terms in the contractual terms of the instrument, which could change the timing or amount of contractual cash flows such that the cash flows of the instrument would not be reflective of solely payments of principal and interest.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities

The Group classifies its financial liabilities, other than loan commitments, as measured at amortised cost.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the sum of the (i) consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income, in respect of equity investment securities designated as at FVOCI, is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition, that is created or retained by the Group, is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(v) Impairment

Expected credit loss ("ECL")

The Group recognises loss allowances for ECL on financial assets measured at amortised cost and contract assets.

Simplified approach

The Group applies the simplified approach to provide for loss allowances for trade debtors, contract assets and amounts owing by related parties to be always measured at an amount equal to lifetime ECL.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

12-month ECL is the portion of lifetime ECL that results from the default events on a financial instrument that are possible within the 12 months after the reporting date. The lifetime ECL is the expected credit loss over the term of the financial instrument, and is the shortfall of the probability weighted net present value of cash flows as compared to the carrying value of the non-equity financial asset.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

(v) Impairment (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether non-equity financial assets that are carried at amortised cost and non-equity financial assets that are carried at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

(vi) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

Designation of hedges

The Group designates certain derivatives as well as non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedge, the economic relationship between the hedge instrument and the hedged item, the effects of credit risk on the hedge, the hedge ratio and the hedge type (cash flow or fair value) at the inception of the hedge.

Designation of a risk component of a hedged item, is permitted provided that it is a separable identifiable component of the item, and the changes in the cash flows or the fair value of the item attributable to changes in the risk component is reliably measurable.

At the inception of the hedge relationship, the Group makes an assessment of whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value, or cash flows of the respective hedged item during the period for which the hedge is designated. For a cash flow hedge of a forecast transaction, the Group also assesses whether the forecast transaction is highly probable to occur and if it presents an exposure to variations in cash flows that could ultimately affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Designation of hedges (continued)

The hedge effectiveness assessment is an assessment of the economic relationship between the hedged item and the hedging instrument, and is therefore only forward looking. There is no prescribed quantitative hedge effectiveness threshold. Hedge effectiveness is the extent to which the fair value of the hedging instrument offset changes in the fair value of the hedged item.

The time value of an option is excluded from the designation of a financial instrument and is accounted for as a cost of hedging. The fair value changes related to time value are recognised in other comprehensive income and depending on the nature of the hedged item, will either be transferred to profit or loss in the same period that the underlying transaction affects profit or loss, or be capitalised into the initial carrying value of a hedged item.

Cash flow hedges

When a derivative is designated in a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the fair value reserve. Any ineffective portion of changes in the fair value of the derivative (i.e. the extent to which changes in the fair value of the hedge instrument are greater than the changes in fair value of the hedged item) is recognised immediately in profit or loss.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of Interbank Offered Rate ("IBOR") reform for the purpose of asserting that the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. The Group will no longer apply the amendments to its highly probable assessment of the hedged item when the uncertainty arising from interest rate benchmark reform with respect to the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued. To determine whether the designated forecast transaction is no longer expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The amount accumulated in equity is retained in other comprehensive income and depending on the nature of the hedged item, will either be transferred to the profit or loss in the same period that the underlying transaction affects the profit or loss or be capitalised in the initial carrying amount of a hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the fair value reserve remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset or its related CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For non-financial assets excluding goodwill and those with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty claims is made for airframe maintenance and component overhaul services based on past experience of the level of repairs.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital, net of any tax effect.

(p) Treasury shares

When shares are reacquired by the Company, the amount of consideration paid which includes directly attributable costs, net of any tax effect, is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued pursuant to equity compensation plans, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in the capital reserve. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

(q) Assets held for sale

Non-current assets that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets classified as held for sale (held for distribution) are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute).

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(r) Taxation

(i) Current income tax

Tax recoverable and tax liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to, respectively, the tax authorities using tax rates enacted or substantively enacted at balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to a business combination, or items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Taxation (continued)

(ii) Deferred tax (continued)

Deferred tax assets and liabilities are not recognised for:

- Temporary differences on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- Temporary differences associated with investments in subsidiary and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

(iii) Indirect taxes

Revenues, expenses and assets are recognised net of the amount of indirect tax except:

- Where the indirect tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the indirect tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of indirect tax included.

The net amount of indirect tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheets.

(s) Revenue

Revenue from services rendered in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue (continued)

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services. The transaction price may be fixed or variable. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

The following policies provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies.

Airframe and line maintenance

Revenue from airframe and line maintenance includes airframe maintenance, line maintenance and fleet management programme.

Revenue from airframe is recognised over time using input method to reflect the progress of the projects completed to date. The progress of the projects is determined based on the number of man-hours incurred to date against the estimated man-hours needed to complete the projects. Billing for airframe services are either on a fixed price or "as incurred basis". The fixed price charges are generally due prior to aircraft redelivery. For services that are charged on "as incurred" basis, they are payable within 30 – 90 days.

Revenue from line maintenance includes aircraft certification and technical ground handling and is recognised over the duration of the services rendered. Invoices are issued bi-monthly or monthly or upon rendering of services. The invoices are payable within 30 – 90 days.

For fleet management programme, billings to customers are based on flying hours and/or fixed contractual prices and revenue is recognised over time when services are being performed. The charges are billed in advance using estimated flying hour or billed in arrears using actual flying hours or upon rendering of services. The invoices are payable within 30 – 90 days.

Engine and component

Revenue from engine and component includes engine and component overhaul and is recognised over time using input method as to reflect the progress of repair services completed to date. Invoices are issued upon rendering of services and are payable within 30 – 90 days.

The Group and Company exercised judgement in applying the estimated variable consideration based on experience with customers. A general provision for expected claims by customers is made based on historical experience. Additionally, the Group and Company make specific provisions at each reporting period for failure to adhere to specific conditions under each customer contract. The Group and Company review their estimates of expected claims at each reporting date and update the amounts of the provisions accordingly.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income from investments

Dividend income from investments is recognised when the Group's right to receive the payment is established.

Interest income from fixed deposits is recognised using the effective interest method.

(u) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(v) Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss, net of these expenses on a systematic basis in the same periods in which the expenses are recognised.

(w) Employee benefits

Equity compensation plans

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered.

The Company has implemented the Restricted Share Plan and Performance Share Plan for the award of fully paid ordinary shares to key senior management and senior executives, after pre-determined performance or service conditions are accomplished.

Details of the plans are disclosed in Note 12 to the financial statements.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share awards are granted. In valuing the share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company and non-vesting performance conditions.

This cost is recognised in profit or loss as share-based compensation expense, with a corresponding increase in the share-based compensation reserve, over the vesting period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date").

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The share-based compensation reserve is transferred to general reserve upon cancellation or expiry of the vested awards. When the awards are released, the share-based compensation reserve is transferred to share capital when new shares are issued, or to treasury shares if the awards are satisfied by the reissuance of treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Employee benefits (continued)

Defined benefit plans

The Group contributes to several defined benefit pension and post employment benefit plans for some of the regular employees. The cost of providing benefits includes the Group's contribution for the year plus any unfunded liabilities under the plans, which is determined separately for each plan. Contributions to the plans over the expected average remaining working lives of the employees participating in the plans are recognised as expense in profit or loss.

Remeasurements comprising actuarial gains and losses, and the return on plan assets are recognised immediately in other comprehensive income in the period in which they arise. All expenses related to the defined benefit plans are recognised as an expense in profit or loss. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Defined contribution plans

As required by law, companies in Singapore make contributions to the Central Provident Fund scheme ("CPF") in Singapore, a defined contribution scheme. Certain of the Group's subsidiary companies outside Singapore make contributions to their respective country's pension schemes. Such contributions are recognised as expenses in the period in which the related services are performed.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(x) Segmental reporting

For management purposes, the Group is organised into operating segments based on the nature of the services provided which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to Management of the Company that regularly reviews the segments' results in order to allocate resources to the segments and to assess the segments' performance.

Where the equity method investment is a reportable segment, the segment information reviewed by Management is the full financial information of the investee (e.g. total revenue, total profit or loss). Accordingly, the segment disclosures are based on the full financial information of the equity-accounted investees. Relevant elimination of the investees' revenue and results are made to reconcile to the Group consolidated results.

The Company and its subsidiaries operate in Singapore, Philippines, Japan and United States of America. The significant operating segments of the Group are airframe and line maintenance, and engine and component. Additional disclosures on each of these segments are shown in Note 37 including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

4. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

(a) ECL provision for trade receivables, contract assets and amounts owing by related parties

The Group uses an allowance matrix by age bracket to measure the ECL of trade receivables, contract assets and amounts owing by related parties. The provision rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the common credit risk characteristics.

The Group also assesses at the end of each reporting period whether there is any objective evidence that the receivables and contract balances from individual customers is credit-impaired based on factors such as insolvency, financial difficulties of the customer or significant delays in repayments.

With the recent COVID-19 pandemic resulting in economic uncertainties and weakened financial positions in the aviation sector, the estimates on ECL have included the expected effects that pandemic may have on the recoverability of the Group's receivables from the airline customers. The carrying amount of the Group's and Company's trade receivables, contract assets and amounts owing by related parties as at 31 March 2020 was approximately \$346,617,000 (2019: \$295,898,000) and \$316,531,000 (2019: \$269,514,000) respectively.

(b) Depreciation of plant, equipment and engine overhaul tooling, and aircraft rotatable spares

The cost of plant, equipment and engine overhaul tooling, and aircraft rotatable spares are depreciated on a straight-line basis over the expected useful lives. Management estimates the useful lives of these assets to be within 3 to 15 years. The carrying amount of the Group's and Company's plant, equipment and tooling and aircraft rotatable spares as at 31 March 2020 was approximately \$92,608,000 (2019: \$110,501,000) and \$77,509,000 (2019: \$93,030,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore future depreciation charges could be revised.

(c) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

4. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS (continued)

(c) Income taxes (continued)

The carrying amounts of the Group's current tax payable and deferred tax liabilities as at 31 March 2020 were approximately \$19,048,000 (2019: \$18,567,000) and \$18,451,000 (2019: \$23,070,000) respectively.

The carrying amounts of the Company's current tax payable and deferred tax liabilities as at 31 March 2020 were approximately \$19,276,000 (2019: \$17,487,000) and \$17,847,000 (2019: \$21,230,000) respectively.

(d) Contract assets

Contract assets pertains to services rendered which have not been billed and is stated at cost plus estimated profit earned, based on the estimated progress of the projects completed and total estimated budgeted cost. Management made reference to labour hours incurred and the physical stage of maintenance, repair and overhaul in estimating the progress of the projects completed and budgeted cost. The carrying amount of the Group's and Company's contract assets as at 31 March 2020 was approximately \$234,642,000 (2019: \$183,919,000) and \$197,456,000 (2019: \$165,479,000) respectively.

(e) Measurement of right-of-use assets and related lease liabilities

The Group and the Company have entered into lease agreements for certain plant and equipment, office furniture and computer equipment and land and buildings. These non-cancellable leases have lease terms of between 1 and 48 years, with some leases containing renewal options. The Group assesses at each lease commencement date whether it is reasonably certain to exercise the extension options. The carrying amount of the Group's and Company's right-of-use assets as at 31 March 2020 was approximately \$97,059,000 and \$79,172,000 respectively. The carrying amount of the Group's and Company's lease liabilities as at 31 March 2020 was approximately \$99,209,000 and \$89,415,000 respectively.

(f) Impairment of non-financial assets

Management performs impairment testing for the following items:

- Intangible assets, relating to deferred engine development costs (refer to Note 18);
- Property, plant and equipment;
- Right-of-use assets; and
- Investments in subsidiary, associated and joint venture companies.

Impairment is recognised when events and circumstances indicate that the non-financial assets may be impaired and the carrying amounts of the non-financial assets exceed the recoverable amounts. Recoverable amount is defined as the higher of the non-financial assets' fair value less costs to sell and its value-in-use. In the case of aircraft rotatable spares, the current fair market value is determined based on an independent valuation, which took into account the expected resale prices in the secondary markets and the service condition of the rotatables.

When value-in-use calculations are undertaken, Management estimates the recoverable amount based on a discounted cash flow model. The cash flows are derived from the budget approved by the Management. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

5. REVENUE (IN THOUSANDS OF \$)

	The Group	
	2019/20	2018/19
Airframe and line maintenance		
– Airframe overhaul and line maintenance	879,339	891,218
– Fleet management programme	88,380	100,212
	967,719	991,430
Engine and component	26,427	29,466
	994,146	1,020,896

(a) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major service line and timing of revenue recognition.

	Airframe overhaul and line maintenance		Fleet management programme		Engine and component		Total	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Primary geographical markets								
East Asia	627,154	611,115	81,225	87,408	12,715	15,059	721,094	713,582
Europe	189,722	208,775	6,256	6,454	2,243	1,388	198,221	216,617
South West Pacific	19,271	32,589	403	6,191	531	440	20,205	39,220
Americas	6,800	10,796	22	7	9,706	11,210	16,528	22,013
West Asia and Africa	36,392	27,943	474	152	1,232	1,369	38,098	29,464
	879,339	891,218	88,380	100,212	26,427	29,466	994,146	1,020,896
Major service line								
Services rendered	879,339	891,218	88,380	100,212	26,427	29,466	994,146	1,020,896
	879,339	891,218	88,380	100,212	26,427	29,466	994,146	1,020,896
Timing of revenue recognition								
Transferred over time	879,339	891,218	88,380	100,212	26,427	29,466	994,146	1,020,896
	879,339	891,218	88,380	100,212	26,427	29,466	994,146	1,020,896

(b) Transaction price allocated to the remaining performance obligations

As at 31 March 2020, the revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date for fleet management programme amounts to approximately \$47,000,000 for financial periods 2020/21 to 2022/23.

As at 31 March 2019, the revenue expected to be recognised in the future related performance obligations that are unsatisfied (or partially satisfied) at the reporting date for fleet management programme amounts to approximately \$78,000,000 for financial periods 2019/20 to 2021/22.

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

6. STAFF COSTS (IN THOUSANDS OF \$)

	The Group	
	2019/20	2018/19
Salary, bonuses and other costs	429,848	436,857
CPF and other defined contributions	47,498	47,572
Share-based compensation expense	4,073	4,303
	481,419	488,732

The Group contributes to unfunded, non-contributory, defined benefit plans for some of the regular employees. Defined benefit expenses for the Group were approximately \$541,000 (2018/19: \$389,000). As these amounts are not material to the total staff costs of the Group for 2019/20 and 2018/19, additional disclosures of the defined benefit plan are not presented. Disclosures relating to share-based compensation expense are in Note 12.

Included as credit in staff costs is \$25,630,000 (2018/19: Nil) from the Singapore Government's COVID-19 measure announced under the Stabilisation and Support Package. This relates principally to cash grant under the Jobs Support Scheme measured at 25% of the qualifying wages recorded by group entities.

7. OPERATING PROFIT (IN THOUSANDS OF \$)

Operating profit for the financial year is arrived at after charging:

	The Group	
	2019/20	2018/19
Net exchange (gain)/loss*	(2,782)	1,091
Provision for obsolete stocks, net	2,271	3,976
Professional fee paid to a firm in which a director is a member	84	359
Audit fees		
– Auditors of the Company	285	264
– Other auditors	35	31
Non-audit fees		
– Auditors of the Company	26	32

* Amount includes a net fair value loss on forward currency contracts used for hedging purposes of approximately \$133,000 (2018/19: net fair value loss of \$1,455,000), which was realised in the current financial year. Disclosures relating to fair value changes on derivative financial instruments are in Note 14.

8. INTEREST INCOME (IN THOUSANDS OF \$)

	The Group	
	2019/20	2018/19
Deposits placed with immediate holding company	9,606	7,583
Deposits placed with banks	755	497
	10,361	8,080

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31 March 2020

9. TAXATION EXPENSE (IN THOUSANDS OF \$)

The major components of income tax expense for the years ended 31 March 2020 and 2019 are as follows:

	The Group	
	2019/20	2018/19
<u>Current tax</u>		
Provision for the financial year	(18,681)	(19,878)
(Under)/Over-provision in respect of prior years	(2)	226
	<u>(18,683)</u>	<u>(19,652)</u>
<u>Deferred tax</u>		
Movement in temporary differences	5,106	1,587
Under-provision in respect of prior years	(413)	(43)
	<u>4,693</u>	<u>1,544</u>
Income tax expense recognised in profit or loss	<u>(13,990)</u>	<u>(18,108)</u>

Deferred tax related to other comprehensive income:

	The Group	
	2019/20	2018/19
Net change in the fair value of derivative financial instruments designated as cash flow hedges	421	348
Actuarial loss on revaluation of defined benefit plans	(78)	–
	<u>343</u>	<u>348</u>

A reconciliation between taxation expense and the product of accounting profit multiplied by the applicable tax rate for the financial years ended 31 March is as follows:

	The Group	
	2019/20	2018/19
Profit before taxation	204,464	179,063
<u>Less: share of results of associated and joint venture companies</u>	<u>(127,898)</u>	<u>(113,868)</u>
	<u>76,566</u>	<u>65,195</u>
Taxation at statutory tax rate of 17.0%	(13,016)	(11,083)
<u>Adjustments</u>		
Income not subject to tax	3,757	347
Deferred tax assets not recognised	(3,560)	(2,871)
Expenses not deductible for tax purposes	(3,596)	(5,708)
Effects of difference in tax rates of other countries	11	(1,496)
(Under)/Over-provision in relation to prior years	(415)	183
Writeback/(provision) of withholding tax expense	786	(437)
Tax incentives	1,861	2,546
Others	182	411
Taxation expense	<u>(13,990)</u>	<u>(18,108)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

10. EARNINGS PER SHARE

	The Group	
	2019/20	2018/19
Profit attributable to owners of the parent (in thousands of \$)	<u>193,783</u>	160,870
Weighted average number of ordinary shares in issue used for computing basic earnings per share*	1,120,012,784	1,118,879,640
Adjustment for dilutive potential ordinary shares	<u>2,915,173</u>	2,508,146
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	<u>1,122,927,957</u>	1,121,387,786
Basic earnings per share (cents)	<u>17.30</u>	14.38
Diluted earnings per share (cents)	<u>17.26</u>	14.35

* The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the effects of dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: performance shares, restricted shares and deferred shares.

11. DIVIDENDS PAID AND PROPOSED (IN THOUSANDS OF \$)

	The Group and Company	
	2019/20	2018/19
Dividends paid:		
Final dividend of 8.0 cents per share in respect of 2018/19 (2018/19: final dividend of 9.0 cents per share in respect of 2017/18)	89,625	100,720
Interim dividend of 3.0 cents per share in respect of 2019/20 (2018/19: 3.0 cents per share in respect of 2018/19)	<u>33,610</u>	33,573
	<u>123,235</u>	134,293

The directors propose a final tax exempt (one-tier) dividend of 5.0 cents per share (2018/19: final tax exempt (one-tier) dividend of 8.0 cents per share), amounting to approximately \$56,016,000 (2018/19: \$89,625,000) to be paid for the financial year ended 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

12. SHARE CAPITAL (IN THOUSANDS OF \$)

	The Group and Company			
	2020	31 March 2019	2020	31 March 2019

Issued and fully paid

Balance at 1 April and 31 March	1,124,116,360	1,124,116,360	420,044	420,044
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The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

During the financial year, the Company's release of share awards granted under the restricted and performance share plans were settled by way of issuance of 1,203,197 (2018/19: 922,983) treasury shares.

Share-based incentive plans

At the Extraordinary General Meeting of the Company held on 21 July 2014, shareholders approved the adoption of the SIAEC RSP 2014 and SIAEC PSP 2014.

The details of the plans are described below:

	Restricted Share Plan	Performance Share Plan	Deferred Share Award
Plan Description	Award of fully-paid ordinary shares of the Company, dependent on position level and individual performance targets set at the start of a one-year performance period based on Group and Company objectives with some degree of stretch.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives for senior management.	Conditional share award of fully-paid ordinary shares of the Company under the Restricted Share Plan ("RSP"), which is the part-settlement of the Strategic and Transformational Initiatives Incentive Plan ("STIP") for senior management.
Performance Conditions	<ul style="list-style-type: none"> Group and Company EBITDA[#] Margin Group and Company Value Added per \$ Employment Cost <p>The above performance conditions are selected as they are the key operational drivers of shareholder value and are aligned to the Group and Company's business objectives.</p>	<ul style="list-style-type: none"> Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE) Return on Equity (ROE) <p>The above performance measures are selected as key measurement of value-creation for shareholders.</p>	None

[#] EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

12. SHARE CAPITAL (IN THOUSANDS OF \$) (continued)

Share-based incentive plans (continued)

	Restricted Share Plan	Performance Share Plan	Deferred Share Award
Vesting Condition	<p><u>Awards granted prior to 2016/17</u> Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest.</p> <p>Balance will vest equally over the subsequent two years with fulfilment of service requirements.</p> <p><u>Awards granted in and after 2016/17</u> Based on meeting stated performance conditions over a one-year performance period, 1/3 of award will vest.</p> <p>Balance will vest equally over the subsequent two years with fulfilment of service requirements.</p>	<p>Vesting based on meeting stated performance conditions over the three-year performance period.</p>	<p>Awards cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition and provided that individual performance remains satisfactory.</p> <p>Additional dividend kicker upon final vesting.</p>
Payout	0% – 150% depending on the achievement of pre-set performance targets over the performance period.	0% – 200% depending on the achievement of pre-set performance targets over the performance period.	100%

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

12. SHARE CAPITAL (IN THOUSANDS OF \$) (continued)

Share-based incentive plans (continued)

The movement of the shares awarded during the financial year is as follows:

RSP

Date of grant	Balance at 1.4.2019/ date of grant	Number of Restricted shares			Balance at 31.3.2020
		Adjustments*	Cancelled	Released	
06.07.2015	162,946	–	–	(162,946)	–
07.07.2016	192,819	–	–	(192,819)	–
07.07.2017	782,930	–	(20,182)	(416,864)	345,884
06.07.2018	871,820	156,930	(43,317)	(368,509)	616,924
05.07.2019	1,176,100	–	(39,000)	–	1,137,100
	3,186,615	156,930	(102,499)	(1,141,138)	2,099,908

* Adjustments at the end of performance period upon meeting stated performance targets and adjustments for number of days in service for retirees.

PSP

Date of grant	Balance at 1.4.2019/ date of grant	Number of Performance shares			Balance at 31.3.2020
		Adjustments*	Cancelled	Released	
07.07.2016	129,044	(63,230)	(3,755)	(62,059)	–
07.07.2017	193,287	–	–	–	193,287
06.07.2018	175,300	–	–	–	175,300
05.07.2019	273,400	–	–	–	273,400
	771,031	(63,230)	(3,755)	(62,059)	641,987

* Adjustments at the end of performance period upon meeting stated performance targets and adjustments for number of days in service for retirees.

DSA

Date of grant	Balance at date of grant	Number of Deferred shares			Balance at 31.3.2020
		Adjustments*	Cancelled	Released	
05.07.2019	173,278	–	–	–	173,278
	173,278	–	–	–	173,278

* Adjustments at the end of performance period upon meeting stated performance targets and adjustments for number of days in service for retirees.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

12. SHARE CAPITAL (IN THOUSANDS OF \$) (continued)

Share-based incentive plans (continued)

Measurement of fair values

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year under the SIAEC RSP, PSP and DSA. The estimate of the fair value of the services received is measured based on a prospective Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

The following table lists the key inputs to the model used for the July 2019 and July 2018 award:

	July 2019 Award			July 2018 Award	
	RSP	PSP	DSA	RSP	PSP
Expected dividend yield (%)	Management's forecast in line with dividend policy				
Expected volatility (%)	18.46	18.46	18.46	16.43	16.43
Risk-free interest rate (%)	1.66 – 1.71	1.67	1.67	1.74 – 2.01	2.01
Expected term (years)	1.00 – 3.00	3.00	3.00	1.00 – 3.00	3.00
Share price at date of grant (\$)	2.89	2.89	2.89	3.11	3.11

For non-market conditions, achievement factors have been estimated based on inputs from the Compensation & HR Committee for the purpose of accrual for the RSP, PSP and DSA until the achievement of the targets can be accurately ascertained.

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the RSP ranges from \$2.61 to \$2.78 (2018/19: \$2.77 to \$2.97), the estimated fair value at date of grant for each share granted under the PSP is \$2.98 (2018/19: \$2.60) and the estimated fair value at date of grant for each share granted under the DSA is \$2.67 (2018/19: Nil).

When estimating the fair value of the compensation cost, market-based performance conditions shall be taken into account. Therefore, for performance share grants with market-based performance conditions, the compensation cost shall be charged to profit or loss on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the remaining service period from date of grant to which the performance period relates, irrespective of whether this performance condition is satisfied.

For performance share grants with non-market conditions, the Company revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to profit or loss and share-based compensation reserve.

Under the RSP, PSP and DSA, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2020, were 2,099,908 (2019: 2,010,515), 641,987 (2019: 497,631) and 173,278 (2019: Nil) for RSP, PSP and DSA respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 2,668,458 (2019: 2,446,425), 1,283,974 (2019: 995,262) and 173,278 (2019: Nil) fully-paid ordinary shares for RSP, PSP and DSA respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

12. SHARE CAPITAL (IN THOUSANDS OF \$) (continued)

Share-based incentive plans (continued)

For the current financial year, the Group has provided approximately \$4,073,000 (2018/19: \$4,303,000) in respect of the RSP, PSP and DSA based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

The amounts recognised in profit or loss for share-based compensation transactions with employees are as follows:

	The Group and Company	
	2019/20	2018/19
Share-based compensation expense		
– Restricted share plan	3,361	3,703
– Performance share plan	581	600
– Deferred share award	131	–
	4,073	4,303

13. TREASURY SHARES (IN THOUSANDS OF \$)

	The Group and Company	
	31 March	
	2020	2019
Balance at 1 April	(18,020)	(21,343)
Treasury shares reissued pursuant to equity compensation plans:		
– RSP/PSP awarded	4,246	3,447
– Loss/(Gain) on reissuance of treasury shares	85	(124)
	4,331	3,323
Balance at 31 March	(13,689)	(18,020)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the financial year 2020 and 2019, the Company did not purchase any treasury shares.

The Company reissued 1,203,197 (2018/19: 922,983) treasury shares pursuant to share-based incentive plans. The number of treasury shares as at 31 March 2020 was 3,802,777 (2019: 5,005,974).

14. OTHER RESERVES (IN THOUSANDS OF \$)

(a) Capital reserve

Capital reserve arises from the gains or losses on the reissuance of treasury shares.

(b) Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share awards granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share awards, and is reduced by the release of share awards.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

14. OTHER RESERVES (IN THOUSANDS OF \$) (continued)

(c) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of financial asset measured at fair value through other comprehensive income ("FVOCI") and the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

	The Group 31 March	
	2020	2019
Balance at 1 April	(906)	3,653
Net gain on fair value adjustment	1,919	244
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	(453)	1,455
Recognised in "other operating expenses" in profit or loss on occurrence of hedging ineffectiveness	586	–
Share of other comprehensive income of joint venture company	(9,828)	(6,258)
Balance at 31 March	<u>(8,682)</u>	<u>(906)</u>

	The Company 31 March	
	2020	2019
Balance at 1 April	1,350	(349)
Net gain on fair value adjustment	1,919	244
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	(453)	1,455
Recognised in "other operating expenses" in profit or loss on occurrence of hedging ineffectiveness	586	–
Balance at 31 March	<u>3,402</u>	<u>1,350</u>

(e) Equity transaction reserve

The reserve represents the effects of changes in ownership interest in subsidiaries when there is no change in control.

(f) General reserve

General reserve comprises mainly retained earnings of the Group and the Company. Included in the Company's general reserve is a difference arising from the restructuring by a joint venture for entities under common control. Movements in the Group's and the Company's reserves are set out in the Statement of Changes in Equity respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

15. DEFERRED TAXATION (IN THOUSANDS OF \$)

Deferred tax relates to the following items:

	The Group				The Company	
	Consolidated balance sheet 31 March		Consolidated income statement		Balance sheet 31 March	
	2020	2019	2019/20	2018/19	2020	2019
<u>Deferred tax liabilities</u>						
Differences in depreciation of property, plant and equipment	21,598	23,955	(2,357)	(1,392)	21,078	23,435
Revaluation of forward currency contracts to fair value	697	276	–	–	697	276
Undistributed profits of a subsidiary company	578	596	(18)	(46)	–	–
Undistributed profits of overseas associated companies	339	1,371	(1,032)	(18)	–	–
Other items	257	258	(1)	1	–	–
<u>Deferred tax assets</u>						
Actuarial loss on revaluation of defined benefit plans	(514)	(436)	–	–	(514)	(436)
Provisions	(3,413)	(2,045)	(1,368)	55	(3,414)	(2,045)
Other items	(1,091)	(905)	83	(144)	–	–
	<u>18,451</u>	<u>23,070</u>			<u>17,847</u>	<u>21,230</u>
Deferred income tax expense			<u>(4,693)</u>	<u>(1,544)</u>		

The Group has tax losses of approximately \$70,544,000 (2019: \$51,430,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised due to uncertainty of their recoverability. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

At the end of the reporting period, deferred tax liability of \$578,000 (2019: \$596,000) has been recognised for taxes that would be payable on the undistributed earnings of one of the Group's subsidiaries.

For the other subsidiaries of the Group, no deferred tax liability has been recognised as the Group has determined that undistributed earnings of these subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to \$11,172,000 (2019: \$11,163,000). The deferred tax liability is estimated to be \$3,352,000 (2019: \$3,349,000).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

16. PROPERTY, PLANT AND EQUIPMENT (IN THOUSANDS OF \$)

	Leasehold land and buildings	Plant, equipment & engine overhaul tooling	Aircraft rotable spares	Office furniture and computer equipment	Motor vehicles	Advance and progress payments [#]	Total
The Group							
Cost or Deemed Cost							
At 1 April 2018	288,167	288,514	140,162	60,282	8,449	3,640	789,214
Additions	332	15,215	1,038	2,250	611	5,514	24,960
Transfers	80	2,845	25	2,234	77	(5,261)	–
Disposals	–	(9,672)	(5,923)	(2,685)	(329)	–	(18,609)
Disposal of a subsidiary company	–	(1,660)	–	(449)	(307)	–	(2,416)
Exchange differences	1,443	1,376	171	94	33	100	3,217
At 31 March 2019	290,022	296,618	135,473	61,726	8,534	3,993	796,366
Additions	884	13,436	8,532	1,150	634	12,144	36,780
Transfers	–	10,573	166	2,951	–	(13,690)	–
Reclassification to assets held for sale	–	–	(58,792)	–	–	–	(58,792)
Disposals	(139)	(15,160)	(4,005)	(451)	(162)	(78)	(19,995)
Exchange differences	2,366	2,751	276	311	104	57	5,865
At 31 March 2020	293,133	308,218	81,650	65,687	9,110	2,426	760,224
Accumulated depreciation and impairment losses							
At 1 April 2018	149,697	221,307	81,831	43,257	5,484	–	501,576
Depreciation	10,109	20,087	10,782	7,647	834	–	49,459
Disposals	–	(9,588)	(2,630)	(2,682)	(282)	–	(15,182)
Disposal of a subsidiary company	–	(1,057)	–	(296)	(177)	–	(1,530)
Exchange differences	287	713	145	65	27	–	1,237
At 31 March 2019	160,093	231,462	90,128	47,991	5,886	–	535,560
Depreciation	10,129	20,119	8,980	6,590	836	–	46,654
Disposals	(139)	(14,245)	(2,904)	(448)	(161)	–	(17,897)
Reclassification to assets held for sale	–	–	(42,722)	–	–	–	(42,722)
Impairment losses	–	–	4,263	–	–	–	4,263
Exchange differences	621	1,950	229	220	76	–	3,096
At 31 March 2020	170,704	239,286	57,974	54,353	6,637	–	528,954
Net book value							
At 31 March 2019	129,929	65,156	45,345	13,735	2,648	3,993	260,806
At 31 March 2020	122,429	68,932	23,676	11,334	2,473	2,426	231,270

Advance and progress payments comprise mainly plant, equipment and engine overhaul tooling (2019: plant, equipment and engine overhaul tooling).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

16. PROPERTY, PLANT AND EQUIPMENT (IN THOUSANDS OF \$) (continued)

	Leasehold land and buildings	Plant, equipment & engine overhaul tooling	Aircraft rotable spares	Office furniture and computer equipment	Motor vehicles	Advance and progress payments [#]	Total
The Company							
Cost or Deemed Cost							
At 1 April 2018	243,452	246,882	134,954	55,816	6,181	499	687,784
Additions	–	11,843	974	1,202	525	4,764	19,308
Transfers	–	733	–	2,123	33	(2,889)	–
Disposals	–	(18,552)	(5,434)	(2,581)	(256)	–	(26,823)
At 31 March 2019	243,452	240,906	130,494	56,560	6,483	2,374	680,269
Additions	–	10,962	8,084	884	462	11,675	32,067
Transfers	–	10,024	–	2,949	–	(12,973)	–
Reclassification to assets held for sale	–	–	(58,792)	–	–	–	(58,792)
Disposals	–	(12,932)	(3,635)	(305)	(122)	–	(16,994)
At 31 March 2020	243,452	248,960	76,151	60,088	6,823	1,076	636,550
Accumulated depreciation and impairment losses							
At 1 April 2018	140,367	196,083	77,369	40,664	4,160	–	458,643
Depreciation	8,304	14,193	10,523	6,617	539	–	40,176
Disposals	–	(17,646)	(2,152)	(2,581)	(226)	–	(22,605)
At 31 March 2019	148,671	192,630	85,740	44,700	4,473	–	476,214
Depreciation	8,304	14,212	8,741	5,580	599	–	37,436
Reclassification to assets held for sale	–	–	(42,722)	–	–	–	(42,722)
Impairment losses	–	–	4,263	–	–	–	4,263
Disposals	–	(12,716)	(2,546)	(305)	(122)	–	(15,689)
At 31 March 2020	156,975	194,126	53,476	49,975	4,950	–	459,502
Net book value							
At 31 March 2019	94,781	48,276	44,754	11,860	2,010	2,374	204,055
At 31 March 2020	86,477	54,834	22,675	10,113	1,873	1,076	177,048

Advance and progress payments comprise mainly plant, equipment and engine overhaul tooling (2019: plant, equipment and engine overhaul tooling).

Reclassification to assets held for sale

During the year, certain aircraft rotatable spares were classified as held for sale as the Company had decided to sell these aircraft rotatable spares following the cessation of certain inventory management contracts. The sale is expected to be completed within one year.

	The Company
	31 March 2020
Balance as at 1 April	–
Reclassification from property, plant and equipment	16,070
Disposal during the year	(1,843)
Balance as at 31 March	14,227

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

16. PROPERTY, PLANT AND EQUIPMENT (IN THOUSANDS OF \$) (continued)

Impairment losses

In the financial year ended 31 March 2020, an impairment loss of approximately \$4,263,000 (2018/19: Nil) was recognised on certain aircraft rotatable spares that were reclassified to assets held for sale, to be measured at lower of carrying amount and fair value less costs to sell according to the Group's accounting policy in Note 3(q). The fair value determined was based on an independent valuation, which took into account the expected resale prices in the secondary markets and the service condition of the rotatables.

The fair value of rotatables fall under level 3 of fair value hierarchy.

17. RIGHT-OF-USE ASSETS (IN THOUSANDS OF \$)

Carrying amount of right-of-use assets recognised and the movements during the year are as follows.

	Land and buildings	Plant and equipment	Office furniture and computer equipment	Total
The Group				
At 1 April 2019	98,351	3,113	200	101,664
Additions	21,920	248	128	22,296
Lease termination	(1,230)	–	–	(1,230)
Depreciation	(25,066)	(1,060)	(51)	(26,177)
Exchange differences	481	15	10	506
At 31 March 2020	94,456	2,316	287	97,059

	Land and buildings	Plant and equipment	Office furniture and computer equipment	Total
The Company				
At 1 April 2019	88,462	2,479	–	90,941
Additions	21,090	–	124	21,214
Derecognition of right-of-use assets*	(9,949)	–	–	(9,949)
Depreciation	(22,336)	(696)	(2)	(23,034)
At 31 March 2020	77,267	1,783	122	79,172

* Derecognition of the right-of-use assets during 2020 was as a result of entering into a finance sub-lease.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

18. INTANGIBLE ASSETS (IN THOUSANDS OF \$)

	Computer software	Deferred engine development costs	Other intangible assets	Advance and progress payments	Total
The Group					
Cost					
At 1 April 2018	44,201	61,856	4,213	4,731	115,001
Additions	405	10,325	–	4,087	14,817
Transfers	1,145	–	–	(1,145)	–
Reclassification to prepayments	–	(34,158)	–	–	(34,158)
Disposal of a subsidiary company	(113)	–	(4,213)	–	(4,326)
Exchange differences	39	2,497	–	–	2,536
At 31 March 2019	45,677	40,520	–	7,673	93,870
Additions	331	3,105	–	3,386	6,822
Transfers	1,490	–	–	(1,490)	–
Disposals	(411)	–	–	–	(411)
Exchange differences	93	2,336	–	–	2,429
At 31 March 2020	47,180	45,961	–	9,569	102,710
Accumulated amortisation					
At 1 April 2018	39,672	3,418	4,213	–	47,303
Amortisation	2,066	1,931	–	–	3,997
Disposal of a subsidiary company	(109)	–	(4,213)	–	(4,322)
Exchange differences	36	209	–	–	245
At 31 March 2019	41,665	5,558	–	–	47,223
Amortisation	1,778	1,549	–	–	3,327
Disposal	(383)	–	–	–	(383)
Exchange differences	93	568	–	–	661
At 31 March 2020	43,153	7,675	–	–	50,828
Net book value					
At 31 March 2019	4,012	34,962	–	7,673	46,647
At 31 March 2020	4,027	38,286	–	9,569	51,882

Impairment testing of deferred engine development costs

This relates to the Group's share of engine programme assets including development costs made in connection with its participation in aircraft engine development projects with other companies. An impairment test has been performed and no impairment loss was deemed necessary following the review.

The recoverable amount of the cash-generating unit (the aircraft engine development project) has been determined based on value in use calculations using cash flow projections from the business plan provided by the programme manager for the next 44 years (2018/19: 43 years). The pre-tax discount rate applied to cash flow projections is 8% (2018/19: 8%).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

18. INTANGIBLE ASSETS (IN THOUSANDS OF \$) (continued)

Impairment testing of deferred engine development costs (continued)

The calculations of value in use are most sensitive to the following assumptions:

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Number and timing of engine sales – Number and timing of engine sales represent the projected number of aircraft engines expected to be sold each year upon the completion of engine development. Projected engine sales are based on current aircraft orders and expectations of market development.

	Computer software	Advance and progress payments	Total
The Company			
Cost			
At 1 April 2018	42,303	4,121	46,424
Additions	308	4,063	4,371
Transfers	955	(955)	–
At 31 March 2019	43,566	7,229	50,795
Additions	77	3,386	3,463
Transfers	1,490	(1,490)	–
Disposals	(402)	–	(402)
At 31 March 2020	44,731	9,125	53,856
Accumulated amortisation			
At 1 April 2018	38,076	–	38,076
Amortisation	1,858	–	1,858
At 31 March 2019	39,934	–	39,934
Amortisation	1,536	–	1,536
Disposals	(374)	–	(374)
At 31 March 2020	41,096	–	41,096
Net book value			
At 31 March 2019	3,632	7,229	10,861
At 31 March 2020	3,635	9,125	12,760

19. SUBSIDIARY COMPANIES (IN THOUSANDS OF \$)

	The Company 31 March	
	2020	2019
Unquoted shares, at cost	153,349	153,349
Accumulated impairment loss	(6,383)	–
	146,966	153,349

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

19. SUBSIDIARY COMPANIES (IN THOUSANDS OF \$) (continued)

(a) Composition of the Group

The subsidiary companies at 31 March are as follows:

Name of Company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2020	2019	2020	2019
NexGen Network (1) Holding Pte. Ltd. *	Investment holding	Singapore	11,463	11,463	100	100
NexGen Network (2) Holding Pte. Ltd. *	Investment holding	Singapore	56,177	56,177	100	100
SIA Engineering (USA), Inc. #	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	1,358	1,358	100	100
SIAEC Global Private Limited *	Investment holding	Singapore	@	@	100	100
SIA Engineering Japan Corporation ##	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Japan	4,060	4,060	100	100
Singapore Aero Support Services Pte. Ltd. *	Maintenance, repair and overhaul of aircraft and cabin components/systems	Singapore	12,445	12,445	100	100
Heavy Maintenance Singapore Services Pte. Ltd. *	Provide airframe maintenance and component overhaul services	Singapore	24,575	24,575	65	65
SIA Engineering (Philippines) Corporation ^	Provide airframe maintenance and component overhaul services	Philippines	27,175	27,175	65	65
Additive Flight Solutions Pte. Ltd. *	Additive manufacturing of aircraft cabin parts and tooling for the aerospace industry	Singapore	2,400	2,400	60	60
Aerospace Component Engineering Services Pte. Limited *	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	10,934	10,934	51	51

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

19. SUBSIDIARY COMPANIES (IN THOUSANDS OF \$) (continued)

(a) Composition of the Group (continued)

Name of Company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2020	2019	2020	2019
Aviation Partnership (Philippines) Corporation [^]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Philippines	2,762	2,762	51	51
Aircraft Maintenance Services Australia Pty. Ltd. [^]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	-	-	-	-

* Audited by KPMG LLP, Singapore

[^] Audited by member firms of KPMG International in the respective countries

@ Cost of investment and issued and paid-up share capital is \$2

Not required to be audited under the law in the country of incorporation

Not required to be audited in the current financial year

- During the year, the Company conducted an impairment review based on the expected recoverable amount of the investment in a subsidiary company due to its continued losses since operation in September 2018. An impairment loss of \$6,383,000 was offset against the cost of investment at 31 March 2020 to reflect its recoverable amount, estimated based on a forecasted 10-year cashflow discounted at 7%.
- In the prior year, the Company invested approximately \$1,354,000 in SIA Engineering Japan Corporation ("SIAEJ").
- In the prior year, the Company invested approximately \$13,344,000 in Heavy Maintenance Singapore Services Pte. Ltd. ("HMSS"), under the terms of the shareholder's agreement.
- In the prior year, the Company incorporated a subsidiary, Additive Flight Solutions Pte. Ltd. ("AFS"). As at 31 March 2019, the Company had a total capital contribution in AFS of approximately \$2,400,000. The Company holds 60% stake in AFS.
- In the prior year, the Group completed the restructuring of one of its subsidiary companies, Singapore Jamco Services Private Limited ("SJS"). As part of the restructuring, the Company acquired an additional 20% interest in SJS. Consequently, SJS became a wholly-owned subsidiary. On 1 April 2019, SJS was renamed Singapore Aero Support Services Pte. Ltd..
- In the prior year, the Company sold 100% interest in Aircraft Maintenance Services Pty. Ltd. ("AMSA") for a cash consideration of approximately \$4,377,000. AMSA ceased to be a subsidiary of SIAEC from 20 December 2018, with the completion of divestment.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

19. SUBSIDIARY COMPANIES (IN THOUSANDS OF \$) (continued)

(a) Composition of the Group (continued)

Acquisition of non-controlling interests in 2019

The following summarises the effect of the change in the group's ownership interest in SJS on the equity attributable to owners of the Company.

	31 March 2019
Consideration paid for acquisition of non-controlling interests	4,704
Decrease in equity attributable to non-controlling interests	(2,556)
Decrease in equity attributable to owners of the Company	<u>2,148</u>

Disposal of a subsidiary company in 2019

The value of assets and liabilities of AMSA disposed, and the effects of the disposal were:

	As at date of disposal
Property, plant and equipment	886
Intangible assets	4
Trade and other debtors	2,849
Inventories	109
Cash and bank balances	2,745
Total assets	<u>6,593</u>
Less: Trade and other creditors	(2,186)
Net assets disposed	<u>4,407</u>
Surplus on disposal:	
Cash received	4,377
Net assets disposed	(4,407)
Realisation of foreign currency translation reserve	126
Exchange difference	213
Surplus on disposal	<u>309</u>

(b) Interest in subsidiary companies with material non-controlling interests ("NCI")

The Group has the following subsidiary companies that have NCI that are material to the Group:

Name	Principal place of business/Country of incorporation	Operating Segment	Ownership interests held by NCI	
			2020 %	2019 %
SIA Engineering (Philippines) Corporation	Philippines	Airframe and line maintenance	35	35
Aerospace Component Engineering Services Pte. Limited	Singapore	Engine and component	49	49

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

19. SUBSIDIARY COMPANIES (IN THOUSANDS OF \$) (continued)

(c) Summarised financial information about subsidiary companies with material NCI

Summarised financial information before intercompany eliminations of subsidiary companies with material NCI are as follows:

	SIA Engineering (Philippines) Corporation 31 March		Aerospace Component Engineering Services Pte. Limited 31 March	
	2020	2019	2020	2019

Summarised balance sheet

Current

Assets	24,064	27,031	18,963	18,343
Liabilities	(20,189)	(20,052)	(2,644)	(3,689)
Net current assets	3,875	6,979	16,319	14,654

Non-Current

Assets	44,176	41,218	7,233	5,725
Liabilities	(10,812)	(12,561)	(1,683)	(312)
Net non-current assets	33,364	28,657	5,550	5,413
Net assets	37,239	35,636	21,869	20,067

	SIA Engineering (Philippines) Corporation		Aerospace Component Engineering Services Pte. Limited	
	2019/20	2018/19	2019/20	2018/19

Summarised statement of comprehensive income

Revenue	45,732	49,731	22,140	25,005
Profit before income tax	175	4,630	1,882	1,930
Taxation	(175)	(553)	(316)	(352)
Profit after tax	–	4,077	1,566	1,578
Other comprehensive income	(282)	2	–	–
Total comprehensive income	(282)	4,079	1,566	1,578

Other summarised information

Net cash flow from operations	13,805	6,187	1,416	1,234
Acquisition of significant property, plant and equipment	(2,614)	(1,213)	(1,061)	(702)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

20. ASSOCIATED COMPANIES (IN THOUSANDS OF \$)

	The Group		The Company	
	2020	2019	2020	2019
Unquoted shares, at cost	219,437	224,376	219,437	224,376
Share of post-acquisition reserves	319,750	278,062	–	–
Share of other comprehensive income	455	903	–	–
Goodwill written-off to reserves	(24,398)	(24,398)	–	–
Translation adjustment	(55,314)	(72,077)	–	–
Impairment loss	(2,538)	(2,538)	(2,718)	(2,718)
	457,392	404,328	216,719	221,658

The associated companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2020	2019	2020	2019
Boeing Asia Pacific Aviation Services Pte. Ltd. ^{^^^++}	Provide engineering, material management and fleet support solutions	Singapore	50,965	50,965	49.0	49.0
Eagle Services Asia Private Limited ^{##++}	Repair and overhaul of aircraft engines	Singapore	71,588	71,588	49.0	49.0
Fuel Accessory Service Technologies Pte Ltd ^{##+}	Repair and overhaul of engine fuel components and accessories	Singapore	5,071	5,071	49.0	49.0
Moog Aircraft Services Asia Pte. Ltd. ^{**}	Repair and overhaul services for flight control systems	Singapore	6,561	6,561	49.0	49.0
PT Jas Aero-Engineering Services ^{^^^++}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	3,675	3,675	49.0	49.0
Southern Airports Aircraft Maintenance Services Company Limited ^{****+}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	1,117	1,117	49.0	49.0

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

20. ASSOCIATED COMPANIES (IN THOUSANDS OF \$) (continued)

Name of company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2020	2019	2020	2019
Component Aerospace Singapore Pte. Ltd. ##+	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	2,853	2,853	46.4	46.4
JAMCO Aero Design & Engineering Private Limited *****	Provide turnkey solutions for aircraft interior modifications	Singapore	767	767	45.0	45.0
Panasonic Avionics Services Singapore Pte. Ltd.®	Provide line maintenance and repair services of in-flight entertainment systems	Singapore	2,685	2,685	42.5	42.5
Goodrich Aerostructures Service Center-Asia Pte. Ltd. ###+	Repair and overhaul of aircraft nacelles, thrust reversers and pylons	Singapore	37,220	37,220	40.0	40.0
Pan Asia Pacific Aviation Services Limited *	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	3,224	3,224	40.0	40.0
Safran Electronics & Defense Services Asia Pte. Ltd. *****	Provide avionics maintenance, repair and overhaul services	Singapore	11,004	11,004	40.0	40.0
Safran Landing Systems Services Singapore Pte. Ltd. *****	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	13,971	13,971	40.0	40.0
Asian Surface Technologies Pte Ltd ^++	Repair and overhaul of aircraft engine fan blades	Singapore	2,718	2,718	39.2	39.2
International Aerospace Tubes – Asia Pte. Ltd. ###+	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	–	5,286	–	33.3
Turbine Coating Services Pte Ltd ##+	Repair and overhaul of aircraft engine turbine airfoils	Singapore	5,671	5,671	24.5	24.5

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

20. ASSOCIATED COMPANIES (IN THOUSANDS OF \$) (continued)

Name of company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2020	2019	2020	2019
Line Maintenance Partnership (Thailand) Company Limited ####+	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Thailand	340	–	49.0	–
GE Aviation, Overhaul Services – Singapore Pte. Ltd. ####+	Repair and servicing of aircraft and spacecraft (including aircraft engines and other parts)	Singapore	7	–	49.0	–

@	Audited by KPMG LLP, Singapore
#	Audited by PriceWaterhouseCoopers, Taiwan
##	Audited by PriceWaterhouseCoopers, Singapore
###	Not required to be audited in the current financial year
*	Audited by BDO Limited, Hong Kong
**	Audited by Ernst & Young LLP, Singapore
***	Audited by Deloitte & Touche, Vietnam
****	Audited by Mazars LLP, Singapore
*****	Audited by Grant Thornton LLP, Singapore
^	Audited by RSM Chio Lim, Singapore
^^	Audited by Ernst & Young LLP, Indonesia
^^^	Audited by Deloitte & Touche, Singapore
+	Financial year end 30 November
++	Financial year end 31 December

1. During the year, the Company invested approximately \$340,000 in Line Maintenance Partnership (Thailand) Company Limited, under the terms of the shareholder's agreement.
2. During the year, the Company invested approximately \$7,000 in GE Aviation, Overhaul Services – Singapore Pte. Ltd., under the terms of the shareholder's agreement.
3. During the year, the Company completed the dissolution of International Aerospace Tubes – Asia Pte. Ltd. Accordingly, proceeds of \$5,110,000 was received and loss of \$197,000 was recognised.
4. In the prior year, the Company invested approximately \$1,935,000 in Moog Aircraft Services Asia Pte. Ltd. ("MASA") under terms of the shareholders' agreement.
5. In the prior year, the Group completed the sale of 20% share of Jamco Singapore Private Limited ("JS"). A loss on disposal of \$88,000 was recorded in the consolidated income statement and JS ceased to be an associated company.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

20. ASSOCIATED COMPANIES (IN THOUSANDS OF \$) (continued)

The carrying amount of the material investment is as follows:

	The Group 31 March	
	2020	2019
Eagle Services Asia Private Limited ("ESA")	228,440	189,014
Other associated companies	228,952	215,314
	457,392	404,328

The activities of ESA complement the Group's activities.

Dividends of approximately \$13,258,000 (2018/19: \$27,640,000) were received from ESA.

Summarised financial information in respect of ESA is as follows:

	31 March	
	2020	2019
Summarised balance sheet		
<u>Funds employed:</u>		
Current assets	657,468	425,257
Non-current assets	162,181	140,603
	819,649	565,860
Current liabilities	(331,348)	(163,241)
Non-current liabilities	(22,097)	(16,876)
	466,204	385,743
<u>Financed by:</u>		
Shareholders' equity	466,204	385,743
	466,204	385,743
	2019/20	2018/19

Summarised statement of comprehensive income

Revenue	1,617,810	1,358,170
Profit after taxation from continuing operations	86,135	73,189
Total comprehensive income	86,135	73,189

The summarised financial information presented is extracted from the last audited financial statements available and unaudited management financial statements of ESA, prepared in accordance with SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

20. ASSOCIATED COMPANIES (IN THOUSANDS OF \$) (continued)

A reconciliation of the summarised financial information to the carrying amounts of ESA is as follows:

	The Group 31 March	
	2020	2019
Group's share of 49% of net assets	228,440	189,014

Aggregate information about the Group's investment in associated companies that are not individually material are as follows:

The Group's share of the assets and liabilities comprises:

	31 March	
	2020	2019

Summarised balance sheet

Funds employed:

Current assets	258,244	239,896
Non-current assets	87,213	72,659
	345,457	312,555
Current liabilities	(97,953)	(91,491)
Non-current liabilities	(21,563)	(8,761)
	225,941	212,303

Financed by:

Shareholders' equity	225,941	212,303
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The Group's share of the results is as follows:

	2019/20	2018/19
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Summarised statement of comprehensive income

Profit after tax from continuing operations	41,149	37,639
Other comprehensive income	(447)	(27)
Total comprehensive income	40,702	37,612

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

21. JOINT VENTURE COMPANY (IN THOUSANDS OF \$)

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Unquoted shares, at cost	61,867	61,867	61,867	61,867
Share of post-acquisition reserves	121,023	114,921	-	-
Share of other comprehensive income	(12,085)	(2,256)	-	-
Translation adjustment	(11,618)	(19,808)	-	-
	159,187	154,724	61,867	61,867

The joint venture company at 31 March is as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2020	2019	2020	2019
Singapore Aero Engine Services Private Limited [@]	Repair and overhaul of aircraft engines	Singapore	61,867	61,867	50.0	50.0

@ Audited by KPMG LLP, Singapore, financial year end of 31 December

The carrying amount of the investment is as follows:

	The Group 31 March	
	2020	2019
Singapore Aero Engine Services Private Limited ("SAESL")	159,187	154,724

The Group has 50% (2019: 50%) interest in the ownership and voting rights in SAESL. The activities of SAESL complement the Group's activities. The Group jointly controls SAESL with other partners under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

Dividends of approximately \$38,441,000 (2018/19: \$36,255,000) were received from SAESL.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

21. JOINT VENTURE COMPANY (IN THOUSANDS OF \$) (continued)

Summarised financial information in respect of SAESL is as follows:

	31 March	
	2020	2019
Summarised balance sheet		
<u>Funds employed:</u>		
Cash and short-term deposits	23,402	28,580
Other current assets	957,000	754,060
Total current assets	980,402	782,640
Non-current assets	324,941	318,672
Total assets	1,305,343	1,101,312
Current liabilities	(680,755)	(528,620)
Non-current liabilities	(306,214)	(263,244)
Total liabilities	(986,969)	(791,864)
Net assets	318,374	309,448
<u>Financed by:</u>		
Shareholders' equity	318,374	309,448
	2019/20	2018/19

Summarised statement of comprehensive income

Revenue	2,914,549	2,112,985
Depreciation and amortisation	(30,632)	(22,316)
Interest income	79	71
Interest expense	(10,294)	(7,622)
Profit before tax	94,872	87,215
Taxation	(5,787)	(6,482)
Profit after taxation	89,085	80,733
Other comprehensive income	(19,657)	(12,516)
Total comprehensive income	69,428	68,217

The summarised financial information presented is extracted from the last audited financial statements available and unaudited management financial statements of SAESL, prepared in accordance with SFRS(I).

A reconciliation of the summarised financial information to the carrying amounts of SAESL is as follows:

	The Group 31 March	
	2020	2019
Group's share of 50% of net assets	159,187	154,724

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

22. TRADE DEBTORS (IN THOUSANDS OF \$)

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Trade debtors, net	60,326	81,228	44,088	59,503

The table below is an analysis of trade debtors as at 31 March:

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Not past due and not impaired	28,519	38,085	19,961	23,740
Past due but not impaired	31,807	43,143	24,127	35,763
	60,326	81,228	44,088	59,503
Impaired trade debtors – collectively assessed	1,719	2,373	658	1,961
Less: Accumulated impairment losses	(1,719)	(2,373)	(658)	(1,961)
	–	–	–	–
Impaired trade debtors – individually assessed	6,231	–	3,713	–
Less: Accumulated impairment losses	(6,231)	–	(3,713)	–
	–	–	–	–
Total trade debtors, net	60,326	81,228	44,088	59,503

Aging of trade debtors that are past due but not impaired

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Less than 30 days	11,575	19,902	6,729	14,319
30 days to 60 days	12,389	18,506	11,227	17,032
61 days to 90 days	1,716	1,705	1,062	1,480
More than 90 days	6,127	3,030	5,109	2,932
	31,807	43,143	24,127	35,763

Trade debtors are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless on the date the impairment loss is recognised, the Group ascertains the amount to be uncollectible whereby it would be reduced directly. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debtor is credit-impaired. Individual trade debt is written off when Management deems the amount not to be collectible.

As at 31 March 2020, trade debtors in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 67% (2019: 59%) for the Group and 81% (2019: 76%) for the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

23. CONTRACT BALANCES (IN THOUSANDS OF \$)

The following table provides information about contract assets and contract liabilities from contracts with customers:

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Contract assets	234,642	183,919	197,456	165,479
Contract liabilities	(16,428)	(33,499)	(16,384)	(33,342)

Contract assets relate to the Group's and Company's rights to consideration for work completed but not billed at the reporting date. Included in contract assets are services rendered to immediate holding company of approximately \$87,617,000 (2019: \$56,917,000) and \$87,336,000 (2019: \$56,598,000) for the Group and Company respectively, and services rendered to fellow subsidiaries of the immediate holding company of approximately \$25,378,000 (2019: \$26,893,000) and \$28,869,000 (2019: \$25,800,000) for the Group and Company respectively. The contract assets are transferred to trade debtors when the rights become unconditional. This usually occurs when the Group and Company invoice the customers.

During the year, the Group made a provision for impairment of \$712,000 (2019: Nil) on contract assets that have been assessed as credit-impaired.

The contract liabilities primarily relate to the advance consideration received from customers for fixed price package contracts for which revenue is recognised over time over the performance of the checks.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Contract assets 31 March		Contract liabilities 31 March	
	2020	2019	2020	2019
The Group				
(a) Revenue recognised that was included in the contract liability balance at the beginning of the year	-	-	32,174	64,503
(b) Increases due to cash received, excluding amounts recognised as revenue during the year	-	-	(14,137)	(64,322)
(c) Contract assets recognised	212,313	209,590	-	-
(d) Transfer from contract assets to trade debtors	(161,677)	(221,511)	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

23. CONTRACT BALANCES (IN THOUSANDS OF \$) (continued)

	Contract assets 31 March		Contract liabilities 31 March	
	2020	2019	2020	2019
The Company				
(a) Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	31,904	64,459
(b) Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	(13,987)	(64,165)
(c) Contract assets recognised	161,953	149,597	–	–
(d) Transfer from contract assets to trade debtors	(128,635)	(163,847)	–	–

24. PREPAYMENTS AND OTHER DEBTORS (IN THOUSANDS OF \$)

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
<u>Current assets</u>				
Prepayments	10,411	11,138	2,558	1,997
Other debtors	14,285	8,722	15,023	6,415
	24,696	19,860	17,581	8,412
<u>Non-current assets</u>				
Prepayments	10,601	13,833	–	–
Other debtors	–	–	5,998	–
	10,601	13,833	5,998	–

As at 31 March 2020, included in other debtors are deposits of approximately \$1,599,000 (2019: \$1,491,000) and \$380,000 (2019: \$324,000) for the Group and Company respectively. As at 31 March 2019, included in other debtors are fair value gain of forward contracts of approximately \$159,000 for the Group and Company.

The contract/notional amounts of the forward currency contracts as at 31 March 2019 were approximately \$47,551,000 for the Group and the Company. These contracts were entered into by the Company's immediate holding company, on behalf of the Group and the Company.

Included in prepayments is an amount of approximately \$15,094,000 (2019: \$19,468,000) held by a wholly-owned subsidiary company's programme partner to be used for settlement of the Group's share of future net financial obligations to the programme over a period of approximately 4 years (2019: 5 years).

Included in other debtors is finance lease receivables of \$8,865,000 (2019: Nil) for the Company. Refer to Note 31(b).

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25. IMMEDIATE HOLDING COMPANY (IN THOUSANDS OF \$)

The amounts due from the immediate holding company, which are carried at amortised cost, are unsecured, trade-related, interest-free and are repayable based on agreed trade terms. The Group has an arrangement with its immediate holding company to settle the net amounts due to or from each other in cash, based on the agreed terms.

The Group's receivables and payables from/(to) immediate holding company that are offset are as follows:

	The Group 31 March 2020			The Company 31 March 2020		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	115,023	(61,503)	53,520	114,280	(61,503)	52,777
Payables	(61,503)	61,503	–	(61,503)	61,503	–

	31 March 2019			31 March 2019		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	142,227	(50,187)	92,040	141,492	(50,187)	91,305
Payables	(50,187)	50,187	–	(50,187)	50,187	–

26. AMOUNTS OWING BY/(TO) RELATED PARTIES (IN THOUSANDS OF \$)

The amounts owing by/(to) related parties of the Group are unsecured, trade-related, interest-free and are repayable based on agreed trade terms. The Group has an arrangement with its related parties to settle the net amounts due to or from each other in cash, based on the agreed terms.

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Amounts owing by related parties				
– Fellow subsidiaries	31,328	22,506	28,738	19,253
– Subsidiaries	–	–	25,974	17,501
– Joint venture/associated companies	19,647	3,071	19,601	2,604
– Others	674	5,174	674	5,174
	51,649	30,751	74,987	44,532
Amounts owing to related parties				
– Fellow subsidiaries	(58)	–	–	–
– Subsidiaries	–	–	(12,923)	(9,354)
– Joint venture/associated companies	(622)	(784)	(622)	(784)
	(680)	(784)	(13,545)	(10,138)

NOTES TO THE FINANCIAL STATEMENTS

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26. AMOUNTS OWING BY/(TO) RELATED PARTIES (IN THOUSANDS OF \$) (continued)

The Group's receivables and payables from/(to) related parties that are offset are as follows:

	The Group 31 March 2020			The Company 31 March 2020		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Amounts owing by related parties						
– Fellow subsidiaries	31,328	–	31,328	28,738	–	28,738
– Subsidiaries	–	–	–	27,100	(1,126)	25,974
– Joint venture/associated companies	19,647	–	19,647	19,601	–	19,601
– Others	674	–	674	674	–	674
	<u>51,649</u>	<u>–</u>	<u>51,649</u>	<u>76,113</u>	<u>(1,126)</u>	<u>74,987</u>
Amounts owing to related parties						
– Fellow subsidiaries	(58)	–	(58)	–	–	–
– Subsidiaries	–	–	–	(13,202)	279	(12,923)
– Joint venture/associated companies	(622)	–	(622)	(622)	–	(622)
	<u>(680)</u>	<u>–</u>	<u>(680)</u>	<u>(13,824)</u>	<u>279</u>	<u>(13,545)</u>
	The Group 31 March 2019			The Company 31 March 2019		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Amounts owing by related parties						
– Fellow subsidiaries	22,506	–	22,506	19,253	–	19,253
– Subsidiaries	–	–	–	18,022	(521)	17,501
– Joint venture/associated companies	3,071	–	3,071	2,604	–	2,604
– Others	5,174	–	5,174	5,174	–	5,174
	<u>30,751</u>	<u>–</u>	<u>30,751</u>	<u>45,053</u>	<u>(521)</u>	<u>44,532</u>
Amounts owing to related parties						
– Subsidiaries	–	–	–	(9,577)	223	(9,354)
– Joint venture/associated companies	(784)	–	(784)	(784)	–	(784)
	<u>(784)</u>	<u>–</u>	<u>(784)</u>	<u>(10,361)</u>	<u>223</u>	<u>(10,138)</u>

Amounts owing by related parties are stated after deducting impairment losses. During the year, the Group and Company made a full impairment loss of \$4,122,000 (2019: Nil) on an amount owing by a related party as it has been assessed as credit-impaired.

NOTES TO THE FINANCIAL STATEMENTS

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27. INVENTORIES (IN THOUSANDS OF \$)

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Aircraft and component spares	30,660	29,429	23,875	23,140
Consumable stores and stocks	8,783	6,135	1,487	125
Total inventories at lower of cost and net realisable value	39,443	35,564	25,362	23,265

Inventories are stated after deducting provision for stock obsolescence. An analysis of the provision for stock obsolescence is as follows:

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Balance at 1 April	22,857	21,030	22,201	20,581
Charge to profit or loss, net	2,271	3,976	2,015	3,379
Provision utilised during the year	(4,535)	(2,149)	(4,304)	(1,759)
Balance at 31 March	20,593	22,857	19,912	22,201

28. SHORT-TERM DEPOSITS (IN THOUSANDS OF \$)

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Deposits placed with the immediate holding company	466,177	434,461	466,177	434,461
Fixed deposits placed with banks	14,187	31,301	1,520	1,510
	480,364	465,762	467,697	435,971

The surplus funds of the Group's working capital requirements are placed in short-term deposits with the immediate holding company and external financial institutions for varying periods depending on the immediate cash requirements of the Group. These deposits earn interest ranging from 0.20% to 3.30% (2018/19: 0.33% to 3.30%) per annum and can be withdrawn on demand. The interest rates are repriced at varying periods ranging from 1 to 12 months (2019: 1 to 12 months).

As at 31 March 2020, short-term deposits in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 22% (2019: 21%) for the Group and 21% (2019: 18%) for the Company.

NOTES TO THE FINANCIAL STATEMENTS

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29. CASH AND BANK BALANCES

These balances are placed in current accounts earning interest at floating rates based on daily bank deposit rates ranging from 0.0% to 1.0% (2019: 0.0% to 1.0%) per annum.

As at 31 March 2020, cash and bank balances in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 24% (2019: 55%) for the Group and 75% (2019: 81%) for the Company.

30. TRADE AND OTHER CREDITORS (IN THOUSANDS OF \$)

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Trade	24,249	33,128	856	18,640
Accruals	151,835	150,177	130,919	129,537
Provision for warranty claims	1,406	2,733	591	1,254
	177,490	186,038	132,366	149,431

These amounts are non-interest bearing.

As at 31 March 2020, included in trade and other creditors are fair value loss of forward contracts of approximately \$1,991,000 (2019: Nil) for the Group and Company.

The contract/notional amounts of the forward currency contracts as at 31 March 2020 were approximately \$60,611,000 for the Group and the Company. These contracts were entered into by the Company's immediate holding company, on behalf of the Group and the Company.

As at 31 March 2020, trade and other creditors in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 3% (2019: 8%) for the Group and 5% (2019: 9%) for the Company.

An analysis of the provision for warranty claims is as follows:

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Balance at 1 April	2,733	1,730	1,254	381
Charge to profit or loss, net	(680)	1,179	(325)	983
Provision utilised during the year	(647)	(176)	(338)	(110)
Balance at 31 March	1,406	2,733	591	1,254

NOTES TO THE FINANCIAL STATEMENTS

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31. LEASES (IN THOUSANDS OF \$)

(a) As lessee

As disclosed in Note 3(b), the Group and the Company have adopted IFRS 16 on 1 April 2019. The lease payments have been recognised as ROU assets and lease liabilities on the balance sheet.

The Group and the Company have entered into lease agreements for certain plant and equipment, office furniture and computer equipment and land and buildings. These non-cancellable leases have lease terms of between 1 and 48 years. There are no restrictions placed upon the Group or the Company by these lease arrangements.

The land and building leases were entered into many years ago. Previously, those leases were classified as operating leases under IAS 17.

During 2020, one of the leased properties has been sub-let by the Group. The lease and sub-lease expire in August 2035 and December 2021 respectively. One of the leased properties has also been sub-let by the Company. The lease and sub-lease expire in March 2023.

Information about leases for which the Group is a lessee is presented in Note 17.

Amounts recognised in consolidated income statement

	The Group 2019/20
2019/20 – Leases under IFRS 16	
Finance charges	3,183
Income from sub-leasing ROU assets	(93)
Expenses relating to variable lease payments not included in the measurement of lease liabilities	1,342
Expenses relating to short-term leases	2,130
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>326</u>
2018/19 – Operating leases under IAS 17	
Lease expense included under company accommodation	9,550
Sub-lease income	<u>(119)</u>

Amounts recognised in statement of cash flows

	The Group 2019/20
Total cash outflow for leases	<u>27,548</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

31. LEASES (IN THOUSANDS OF \$) (continued)

(a) As lessee (continued)

Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options, and if so, these extension options are included in the measurement of lease liabilities. The Group also reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liabilities of \$91,000.

2019 – Operating leases under IAS 17

	The Group 31 March 2019	The Company 31 March 2019
Within one year	15,450	12,332
After one year but less than five years	28,004	23,197
More than five years	47,565	37,267
	91,019	72,796

(b) As lessor

Finance lease

The Company sub-leased their hangar to a subsidiary. The remaining sub-lease term for the hangar is approximately three years.

Under IAS 17, the Group did not have any finance leases as lessor.

Future minimum lease receivables under finance lease are as follows:

	The Company 31 March 2020
Within one year	2,867
After one year but less than five years	5,998
	8,865

Operating lease

At the Group level, a subsidiary leased out its property for a remaining lease term of approximately two years.

The Company leased their hangar to a subsidiary for lease term of ten years. The lease rental is fixed throughout the lease term and is non-cancellable.

NOTES TO THE FINANCIAL STATEMENTS

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31. LEASES (IN THOUSANDS OF \$) (continued)

(b) As lessor (continued)

Operating lease (continued)

Future minimum lease receivables under non-cancellable operating leases are as follows:

2020 – Operating leases under IFRS 16

	The Group 31 March 2020	The Company 31 March 2020
Within one year	91	4,650
After one year but less than five years	68	24,622
More than five years	–	12,619
	<u>159</u>	<u>41,891</u>

32. BANK LOANS (IN THOUSANDS OF \$)

	2020	The Group 31 March 2019
<u>Current liabilities</u>		
Current portion of long-term bank loan	4,401	5,304
Revolving credit facilities	1,467	1,423
	<u>5,868</u>	<u>6,727</u>
<u>Non-current liability</u>		
Long-term bank loan	<u>7,335</u>	12,561

The revolving credit facilities denominated in United States dollars taken by a subsidiary company are unsecured and bears interest at an average floating rate of 3.20% (2019: 4.00% to 4.06%) per annum. The current revolving credit facilities shall be repayable within 12 months after the reporting date.

The long-term bank loan denominated in United States dollars taken by a subsidiary company is unsecured and bears interest at an average floating rate of 3.20% (2019: 4.26%) per annum, re-priced quarterly. This loan is repayable by 29 April 2022.

NOTES TO THE FINANCIAL STATEMENTS

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33. CASH FLOW FROM OPERATING ACTIVITIES (IN THOUSANDS OF \$)

	The Group	
	2019/20	2018/19
Profit before taxation	204,464	179,063
Adjustments for:		
Interest income	(10,361)	(8,080)
Finance charges	3,797	938
Impairment loss allowance	10,883	222
Depreciation	72,831	49,459
Amortisation of intangible assets	3,327	3,997
Impairment of property, plant and equipment	4,263	–
Share of profits of associated and joint venture companies, net of tax	(127,898)	(113,868)
Surplus on disposal of property, plant and equipment	(2,535)	(1,080)
Loss on liquidation of an associated company	197	–
Surplus on disposal of a subsidiary company	–	(309)
Loss on disposal of an associated company	–	88
Exchange differences	(2,782)	1,091
Share-based compensation expense	4,073	4,280
Operating profit before working capital changes	160,259	115,801
Decrease/(Increase) in debtors	18,311	(7,579)
(Increase)/Decrease in contract assets	(51,435)	11,748
Increase in inventories	(3,879)	(1,475)
(Decrease)/Increase in creditors	(9,901)	13,798
(Decrease)/Increase in contract liabilities	(17,071)	1,199
Decrease/(Increase) in amounts owing by immediate holding company	37,994	(48,457)
(Increase)/Decrease in amounts owing by related parties, net	(25,123)	11,524
Cash generated from operations	109,155	96,559
Income taxes paid	(18,128)	(21,211)
Net cash provided by operating activities	91,027	75,348

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

33. CASH FLOW FROM OPERATING ACTIVITIES (IN THOUSANDS OF \$) (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 April 2019	Proceeds	Repayments	Interest payments	Non-cash changes			31 March 2020
					Interest expense	Additions/ Adjustments	Foreign exchange movement	
Long-term lease liabilities	81,172	-	-	-	-	(3,750)	469	77,891
Lease liabilities	20,492	-	(27,548)	-	3,183	24,816	375	21,318
Long-term bank loan	12,561	-	-	(596)	596	(5,671)	445	7,335
Bank loans	6,727	-	(6,776)	(18)	18	5,671	246	5,868
	120,952	-	(34,324)	(614)	3,797	21,066	1,535	112,412

	1 April 2018	Proceeds	Repayments	Interest payments	Non-cash changes			31 March 2019
					Interest expense	Additions/ Adjustments	Foreign exchange movement	
Long-term bank loan	17,297	-	-	(875)	875	(5,355)	619	12,561
Bank loans	4,620	408	(3,758)	(63)	63	5,355	102	6,727
	21,917	408	(3,758)	(938)	938	-	721	19,288

34. CAPITAL EXPENDITURE COMMITMENTS (IN THOUSANDS OF \$)

The Group and the Company have commitments for capital expenditure, with an aggregate value of approximately \$44,504,000 (2019: \$59,303,000) for the Group and \$36,505,000 (2019: \$50,399,000) for the Company.

In addition, the Group's share of a joint venture company's purchase commitments for capital expenditure totalled approximately \$11,394,000 (2019: \$6,163,000).

As covered in Note 2 to the financial statements, the Group and the Company will review the need and timing of these commitments to conserve cash where prudent to ride through the strong headwind of COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

35. FINANCIAL INSTRUMENTS (IN THOUSANDS OF \$)

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities in the balance sheet by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

	Financial assets at amortised cost	Derivatives used for hedging at fair value	Financial liabilities at amortised cost	Total
The Group				
31 March 2020				
<u>Assets</u>				
Trade debtors	60,326	–	–	60,326
Contract assets	234,642	–	–	234,642
Other debtors	14,285	–	–	14,285
Immediate holding company	53,520	–	–	53,520
Amounts owing by related parties	51,649	–	–	51,649
Short-term deposits	480,364	–	–	480,364
Cash and bank balances	39,258	–	–	39,258
Total financial assets	934,044	–	–	934,044
Assets held for sale				14,227
Total non-financial assets				1,057,245
Total assets				2,005,516
<u>Liabilities</u>				
Trade and other creditors	–	1,991	175,499	177,490
Contract liabilities	–	–	16,428	16,428
Amounts owing to related parties	–	–	680	680
Bank loans	–	–	5,868	5,868
Long-term bank loan	–	–	7,335	7,335
Total financial liabilities	–	1,991	205,810	207,801
Total non-financial liabilities				136,708
Total liabilities				344,509

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

35. FINANCIAL INSTRUMENTS (IN THOUSANDS OF \$) (continued)

(a) Classification of financial instruments (continued)

	Financial assets at amortised cost	Derivatives used for hedging at fair value	Financial liabilities at amortised cost	Total
The Group				
31 March 2019				
<u>Assets</u>				
Trade debtors	81,228	–	–	81,228
Contract assets	183,919	–	–	183,919
Other debtors	8,563	159	–	8,722
Immediate holding company	92,040	–	–	92,040
Amounts owing by related parties	30,751	–	–	30,751
Short-term deposits	465,762	–	–	465,762
Cash and bank balances	55,813	–	–	55,813
Total financial assets	918,076	159	–	918,235
Total non-financial assets				927,040
Total assets				1,845,275
<u>Liabilities</u>				
Trade and other creditors	–	–	186,038	186,038
Contract liabilities	–	–	33,499	33,499
Amounts owing to related parties	–	–	784	784
Bank loans	–	–	6,727	6,727
Long-term bank loan	–	–	12,561	12,561
Total financial liabilities	–	–	239,609	239,609
Total non-financial liabilities				41,637
Total liabilities				281,246

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

35. FINANCIAL INSTRUMENTS (IN THOUSANDS OF \$) (continued)

(a) Classification of financial instruments (continued)

	Financial assets at amortised cost	Derivatives used for hedging at fair value	Financial liabilities at amortised cost	Total
The Company				
31 March 2020				
<u>Assets</u>				
Trade debtors	44,088	–	–	44,088
Contract assets	197,456	–	–	197,456
Other debtors	15,023	–	–	15,023
Immediate holding company	52,777	–	–	52,777
Amounts owing by related parties	74,987	–	–	74,987
Short-term deposits	467,697	–	–	467,697
Cash and bank balances	6,628	–	–	6,628
Total financial assets	858,656	–	–	858,656
Assets held for sale				14,227
Total non-financial assets				728,450
Total assets				1,601,333
<u>Liabilities</u>				
Trade and other creditors	–	1,991	130,375	132,366
Contract liabilities	–	–	16,384	16,384
Amounts owing to related parties	–	–	13,545	13,545
Total financial liabilities	–	1,991	160,304	162,295
Total non-financial liabilities				126,538
Total liabilities				288,833
31 March 2019				
<u>Assets</u>				
Trade debtors	59,503	–	–	59,503
Contract assets	165,479	–	–	165,479
Other debtors	6,256	159	–	6,415
Immediate holding company	91,305	–	–	91,305
Amounts owing by related parties	44,532	–	–	44,532
Short-term deposits	435,971	–	–	435,971
Cash and bank balances	31,365	–	–	31,365
Total financial assets	834,411	159	–	834,570
Total non-financial assets				677,052
Total assets				1,511,622
<u>Liabilities</u>				
Trade and other creditors	–	–	149,431	149,431
Contract liabilities	–	–	33,342	33,342
Amounts owing to related parties	–	–	10,138	10,138
Total financial liabilities	–	–	192,911	192,911
Total non-financial liabilities				38,717
Total liabilities				231,628

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

35. FINANCIAL INSTRUMENTS (IN THOUSANDS OF \$) (continued)

(b) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	The Group and the Company 31 March 2020			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs, other than quoted price (Level 2)	Significant unobservable inputs (Level 3)	
Recurring fair value measurements				
<u>Financial liability</u>				
Derivative financial instruments				
Currency hedging contracts	–	1,991	–	1,991
	–	1,991	–	1,991

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

35. FINANCIAL INSTRUMENTS (IN THOUSANDS OF \$) (continued)

(b) Fair values (continued)

Financial instruments carried at fair value (continued)

Fair value hierarchy (continued)

	The Group and the Company 31 March 2019			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs, other than quoted price (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements				
<u>Financial asset</u>				
Derivative financial instruments				
Currency hedging contracts	–	159	–	159
	–	159	–	159

Level 2 fair value measurements

The Group and Company have carried all derivative instruments at their fair values.

The fair value of forward currency contracts is determined by reference to current forward exchange rates for contracts with similar maturity profiles.

Financial instruments whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the following financial assets and financial liabilities are reasonable approximations of their fair values due to their short-term nature: cash and bank balances, short-term deposits, amounts owing by/to related parties, immediate holding company, loans, contract assets and liabilities, trade and other debtors and creditors.

The carrying amount of the long-term loan is reasonable approximations of fair value as the loans are floating rate loans that re-price to market interest rate quarterly.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF \$)

The Group operates principally in Singapore and generates revenue mainly in Singapore dollars. The Group also has investments in subsidiary, associated and joint venture companies that operate in seven countries. The Group's operations carry certain financial risks, including the effects of changes in foreign exchange rates and interest rates. The Group's risk management approach is to moderate the effects of such volatility on its financial performance. The Group's policy permits the use of derivatives to hedge specific exposures.

As derivatives are used for the purpose of risk management, they do not expose the Group to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, and expected future cash flows being hedged. Moreover, counterparty credit risk is generally restricted to any hedging gain from time to time, and not the principal amount hedged. Therefore the possibility of material loss arising in the event of non-performance by a counterparty is considered to be unlikely.

The Audit Committee provides oversight to the work of the Group Risk Management Committee in respect of financial risks.

(a) Foreign currency risk

The Group has transactional currency exposures arising from operating revenues and expenses that are denominated in a currency other than the respective functional currencies of Group entities, primarily, Singapore dollars ("SGD"), Philippine Pesos ("PHP"), Japanese Yen ("JPY") and United States dollars ("USD"). The foreign currencies in which these transactions are denominated are mainly United States dollars. For the financial year ended 31 March 2020, these accounted for 14% of total revenue (2018/19: 24%) and 6% of total operating expenses (2018/19: 7%). The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group and Company also hold cash and cash equivalents in foreign currencies other than the functional currencies of the Group, denominated mainly in USD, for working capital purposes. At the end of the reporting period, such USD balances amounted to approximately \$111,013,000 (2019: \$127,526,000) and \$104,730,000 (2019: \$105,281,000) for the Group and the Company respectively.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for Singapore dollars. The Group also uses forward foreign currency contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell United States dollars at predetermined forward rates, depending on forecast requirements, with settlement dates that range up to one year for the Company and up to 3 years for a joint venture. The Group uses forward contracts purely as a hedging tool. It does not take positions in currencies with a view to make speculative gains from currency movements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF \$) (continued)

(a) Foreign currency risk (continued)

Cash flow hedges

The Company enters into forward currency contracts to hedge against foreign currency risk for a portion of the forecast net cash generation of USD in the next 12 months. The Company sets aside USD in short-term deposits to hedge against foreign currency risk on highly probable forecast transactions. These transactions pertain to USD capital injections in an associated company.

The cash flow hedges of the expected inflows and outflows in USD in the next 12 months and the highly probable USD capital injections in an associated company were assessed to be highly effective and at 31 March 2020, a net fair value gain before tax of \$4,099,000 (2018/19: net fair value gain before tax of \$1,626,000) with a related deferred tax asset \$697,000 (2019: deferred tax asset of \$276,000), were included in fair value reserve in respect of these contracts.

The cash flows arising from the foreign currency contracts are expected to occur and enter into the determination of profit or loss in the next financial year, and in the case of a joint venture, in the next 3 years.

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective, hence there will be no impact on profit before taxation from the cash flow hedges.

The following table details the sensitivity to a 1% weakening or strengthening of SGD exchange rate against the USD with all other variables held constant. The sensitivity analysis includes only the USD currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rate.

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
<u>Effect of weakening of SGD against USD</u>				
Profit before taxation ^{R1}	1,331	1,469	1,220	1,225
Equity ^{R2}	(626)	(474)	(626)	(474)
<u>Effect of strengthening of SGD against USD</u>				
Profit before taxation ^{R1}	(1,331)	(1,469)	(1,220)	(1,225)
Equity ^{R2}	626	474	626	474

R1 Sensitivity analysis on significant outstanding USD denominated monetary items.

R2 Sensitivity analysis on outstanding USD hedging contracts.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF \$) (continued)

(a) Foreign currency risk (continued)

Foreign currency hedging effectiveness

The effectiveness of the foreign currency hedges has been determined based on forecast foreign currency receipts using projections approved by Management covering a 12-month period. During the year, the Group reclassified \$586,000 (2019: Nil) of foreign currency hedging loss from fair value reserve to profit or loss, as it was in an over-hedged position which resulted from lowering expected collections from customers and dividend brought about by the COVID-19 pandemic.

The calculation of foreign currency hedging effectiveness is sensitive to and is derived from forecasted foreign currency receipts that have high probability to occur.

(b) Interest rate risk

The Group's exposure to market risk for changes in the interest rates relates primarily to the Group's short-term deposits with the immediate holding company and banks and other interest-bearing financial assets and financial liabilities.

As at 31 March 2020, other than those short-term deposits and borrowings, the Group has a floating rate long-term bank loan which is re-priced quarterly.

Interest rate sensitivity analysis

At the end of the reporting period, if the floating rates had been 10 basis points lower/higher with all other variables held constant, the Group's profit before tax would have been approximately \$29,000 (2019: \$28,000) higher/lower, arising mainly as a result of lower/higher interest expense on the floating rate loan.

(c) Credit and Counterparty risk

Credit risk

The Group's and Company's maximum exposure to credit risk in the event that counterparties fail to perform their contractual obligations as at 31 March 2020 in relation to each class of recognised financial assets are as follows:

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Trade debtors	60,326	81,228	44,088	59,503
Contract assets	234,642	183,919	197,456	165,479
Other debtors	14,285	8,722	15,023	6,415
Immediate holding company	53,520	92,040	52,777	91,305
Amounts owing by related parties	51,649	30,751	74,987	44,532
Short-term deposits	480,364	465,762	467,697	435,971
Cash and bank balances	39,258	55,813	6,628	31,365
	934,044	918,235	858,656	834,570

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF \$) (continued)

(c) Credit and Counterparty risk (continued)

Surplus funds are invested in interest-bearing bank deposits and deposits with immediate holding company. Counterparty risks are managed by limiting aggregated exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counterparties.

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors. Concentrations of credit risk with respect to trade debtors are limited to the entities comprising the Group's customer base. The Group carefully assesses the financial strength of its customers and where appropriate, obtains collaterals, including bank guarantees and letters of credit, from customers. In addition, the Group monitors the receivable balances on an ongoing basis, providing for doubtful accounts whenever risks are identified. At 31 March 2020, the only trade debtor exceeding 30% of the Group's trade debtors was an amount of approximately \$53,520,000 (2019: \$92,040,000) due from its immediate holding company, Singapore Airlines Limited.

The COVID-19 pandemic has significantly weakened the financial positions of airline customers. The Group's credit risk assessment is based on circumstances and information available as of the reporting date. The Group has provided for the necessary impairments on the recoverability of receivables and amounts owing by related parties from these airline customers. Such assessment extends to airline customers that are credit-impaired. For non-credit impaired customers, Management applied its best estimate on the expected credit loss allowances.

Expected credit loss assessment for trade receivables, contract assets and amounts owing by related parties

The Group and Company use an allowance matrix by age bracket to measure the ECLs of trade receivables, contract assets and amounts owing by related parties from individual customers.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the common credit risk characteristics.

The following table provides information about the exposure to credit risk and ECLs for trade receivables, contract assets and amounts owing by related parties as at 31 March 2020 and 31 March 2019:

	Weighted average loss rate	The Group 31 March 2020 Gross carrying amount	Impairment loss allowance
Less than 30 days	1.29%	312,339	(4,025)
30 days to 60 days	6.27%	24,690	(1,547)
61 days to 90 days	39.75%	5,303	(2,108)
More than 90 days	29.90%	17,069	(5,104)
		359,401	(12,784)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF \$) (continued)

(c) Credit and Counterparty risk (continued)

Expected credit loss assessment for trade receivables, contract assets and amounts owing by related parties
(continued)

	Weighted average loss rate	The Group 31 March 2019 Gross carrying amount	Impairment loss allowance
Less than 30 days	0.16%	267,367	(435)
30 days to 60 days	0.79%	19,861	(157)
61 days to 90 days	2.64%	2,650	(70)
More than 90 days	20.39%	8,393	(1,711)
		298,271	(2,373)

	Weighted average loss rate	The Company 31 March 2020 Gross carrying amount	Impairment loss allowance
Less than 30 days	0.42%	264,754	(1,104)
30 days to 60 days	2.26%	24,725	(558)
61 days to 90 days	30.36%	6,166	(1,872)
More than 90 days	16.88%	29,379	(4,959)
		325,024	(8,493)

	Weighted average loss rate	The Company 31 March 2019 Gross carrying amount	Impairment loss allowance
Less than 30 days	0.06%	231,453	(144)
30 days to 60 days	0.76%	18,434	(141)
61 days to 90 days	0.91%	7,474	(68)
More than 90 days	11.39%	14,114	(1,608)
		271,475	(1,961)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF \$) (continued)

(c) Credit and Counterparty risk (continued)

Expected credit loss assessment for trade receivables, contract assets and amounts owing by related parties
(continued)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables, contract assets and amounts owing by related parties in accordance with the simplified approach set out in IFRS 9:

Lifetime ECL	The Group			Total
	Not credit-impaired Collectively assessed	Individually assessed	Credit- impaired Individually assessed	
Balance at 1 April 2018	2,225	–	–	2,225
Charged during the year	222	–	–	222
Provision utilised during the year	(74)	–	–	(74)
Balance at 31 March 2019	2,373	–	–	2,373
(Written back)/charged during the year	(182)	–	11,065	10,883
Provision utilised during the year	(472)	–	–	(472)
Balance at 31 March 2020	1,719	–	11,065	12,784

Lifetime ECL	The Company			Total
	Not credit-impaired Collectively assessed	Individually assessed	Credit- impaired Individually assessed	
Balance at 1 April 2018	1,992	–	–	1,992
Charged during the year	7	–	–	7
Provision utilised during the year	(38)	–	–	(38)
Balance at 31 March 2019	1,961	–	–	1,961
(Written back)/charged during the year	(1,303)	–	7,835	6,532
Balance at 31 March 2020	658	–	7,835	8,493

Loss rates are based on actual credit loss experience over the past three years adjusted for current conditions and the Group's view of economic conditions impacted by COVID-19 pandemic over the expected lives of the receivables when these factors have a significant impact to the credit loss. No scalar factors have been applied for the financial year ended 31 March 2020 and 31 March 2019.

Immediate holding company

The Group and Company performed an individual assessment of the expected credit risk on the outstanding receivables and contract assets owing from the immediate holding company. The latest performance and financial position of the immediate holding company including its ability to raise funds from the capital market and financial institutions, together with the overall viability of the holding company's operations were evaluated by the Company. Other external credit-default risk factors appraised by credit-rating agencies were also considered. Through such assessments, the ECL for immediate holding company has been assessed to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF \$) (continued)

(c) Credit and Counterparty risk (continued)

Other financial assets

Other financial assets comprise other debtors, amounts owing by immediate holding company, short-term deposits and cash and bank balances. The Group considers its other financial assets to have low credit risk and the amount of allowance is insignificant.

Counterparty risk

The Group determines concentrations of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposure of balances that exceed 5% of the financial assets of the Group and the Company as at 31 March:

	The Group				The Company			
	Outstanding balance 31 March		Percentage of total financial assets 31 March		Outstanding balance 31 March		Percentage of total financial assets 31 March	
	2020	2019	2020	2019	2020	2019	2020	2019

Counterparty profiles

By industry:

Airlines	813,808	776,460	87%	85%	810,299	758,697	94%	91%
Financial institutions	51,324	87,109	5%	9%	8,148	32,875	1%	4%
Others	54,628	45,944	6%	5%	25,187	36,583	3%	4%
	919,760	909,513	98%	99%	843,634	828,155	98%	99%

By region:

East Asia	776,921	772,834	83%	84%	744,966	715,218	87%	86%
Europe	101,541	105,906	11%	12%	74,914	97,443	9%	12%
South West Pacific	3,754	5,025	0%	1%	1,104	1,876	0%	0%
Americas	35,620	12,564	4%	1%	21,403	1,331	2%	0%
West Asia and Africa	1,924	13,184	0%	1%	1,247	12,287	0%	1%
	919,760	909,513	98%	99%	843,634	828,155	98%	99%

By Moody's credit

ratings:

Investment grade

(A to Aaa)

Non-rated

	49,018	82,576	5%	9%	8,149	32,875	1%	4%
	870,742	826,937	93%	90%	835,485	795,280	97%	95%
	919,760	909,513	98%	99%	843,634	828,155	98%	99%

(d) Liquidity risk

The Group monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and credit facilities from financial institutions. As at 31 March 2020, the Group had at its disposal, cash and short-term deposits amounting to approximately \$519,622,000 (2019: \$521,575,000). In addition, the Group had available short-term credit facilities of approximately \$21,503,000 (2019: \$27,271,000).

The Group's holding of cash and short-term deposits, together with credit facilities and net cash flow from operations, are expected to be sufficient for working capital purposes as well as future capital commitments.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF \$) (continued)

(d) Liquidity risk (continued)

The maturity profile of the financial liabilities of the Group and the Company is set out below. The amounts disclosed in the table are the contractual undiscounted cash flows, including estimated interest payments.

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
The Group							
2020							
<u>Financial liabilities</u>							
Trade and other creditors	177,490	-	-	-	-	-	177,490
Contract liabilities	16,428	-	-	-	-	-	16,428
Amounts owing to related parties	680	-	-	-	-	-	680
Lease liabilities	29,478	24,761	21,213	3,455	2,944	32,351	114,202
Bank loans	6,748	-	-	-	-	-	6,748
Long-term bank loan	245	5,962	1,467	-	-	-	7,674
Total undiscounted financial and lease liabilities	231,069	30,723	22,680	3,455	2,944	32,351	323,222
2019							
<u>Financial liabilities</u>							
Trade and other creditors	186,038	-	-	-	-	-	186,038
Contract liabilities	33,499	-	-	-	-	-	33,499
Amounts owing to related parties	784	-	-	-	-	-	784
Bank loans	6,733	-	-	-	-	-	6,733
Long-term bank loan	549	5,922	5,714	1,396	-	-	13,581
Total undiscounted financial liabilities	227,603	5,922	5,714	1,396	-	-	240,635
The Company							
2020							
<u>Financial liabilities</u>							
Trade and other creditors	132,366	-	-	-	-	-	132,366
Contract liabilities	16,384	-	-	-	-	-	16,384
Amounts owing to related parties	13,545	-	-	-	-	-	13,545
Lease liabilities	27,564	23,116	19,888	2,825	2,496	23,388	99,277
Total undiscounted financial and lease liabilities	189,859	23,116	19,888	2,825	2,496	23,388	261,572
2019							
<u>Financial liabilities</u>							
Trade and other creditors	149,431	-	-	-	-	-	149,431
Contract liabilities	33,342	-	-	-	-	-	33,342
Amounts owing to related parties	10,138	-	-	-	-	-	10,138
Total undiscounted financial liabilities	192,911	-	-	-	-	-	192,911

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

37. SEGMENT INFORMATION (IN THOUSANDS OF \$)

For management purposes, the Group is organised into business units based on the nature of the services provided and has the reportable operating segments as follows:

- The airframe and line maintenance segment provides airframe maintenance, line maintenance, and fleet management programme. These services include scheduled routine maintenance and overhaul, specialised and non-routine maintenance, modification and refurbishment programs. Line maintenance provides aircraft certification and technical ground handling services such as push-back and towing, and the provision of aircraft ground support equipment and rectification work. Fleet management programme encompasses fleet technical management and inventory technical management services, which include the provision of comprehensive engineering and MRO solutions that can be customised to provide maintenance support to airlines.
- The engine and component segment provides component overhaul and engine repair and overhaul services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

With the increased significance of the associated and joint venture companies to the Group due to the strategic direction to expand the breadth of MRO capabilities, Management has re-presented the segment results and revenue to better reflect the increased contribution of the associated and joint venture companies towards the Group's performance. The businesses operated by these equity-accounted investees form part of the Group's reportable segments.

This represents a change to the operating segments reported in the previous financial year. The previously reported segment results for the year ended 31 March 2019 have been restated to be comparable with the revised segmentation approach as required by IFRS 8 *Operating Segments*.

All other unallocated items will be disclosed in the consolidated financial statements.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Segment liabilities are not available as the information is not used by Management to make operating decisions.

Transfer prices between operating segments are on agreed terms between the operating segments.

The Group's businesses are organised and managed separately according to the nature of the services provided. The following tables present revenue and profit information regarding operating segments for the financial years ended 31 March 2020 and 31 March 2019 and certain assets information of the operating segments as at those dates.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

37. SEGMENT INFORMATION (IN THOUSANDS OF \$) (continued)

Operating Segments

	Notes	Airframe and line maintenance	Engine and component	Total segments	Elimination and adjustments	Per consolidated financial statements
2019/20						
SEGMENT REVENUE						
External revenue						
Company and subsidiaries		967,719	26,427	994,146	–	994,146
Associated companies	(a)	140,495	2,291,088	2,431,583	(2,431,583)	–
Joint venture company	(a)	–	2,914,549	2,914,549	(2,914,549)	–
Inter-segment revenue	(b)	–	2,047	2,047	(2,047)	–
		1,108,214	5,234,111	6,342,325	(5,348,179)	994,146
SEGMENT RESULTS						
Segment results						
Company and subsidiaries		71,219	(3,555)	67,664	–	67,664
Associated companies	(a)	(11,072)	199,828	188,756	(188,756)	–
Joint venture company	(a)	–	105,088	105,088	(105,088)	–
		60,147	301,361	361,508	(293,844)	67,664
Interest income						10,361
Loss on liquidation of an associated company						(197)
Share of profits of associated companies, net of tax					83,355	83,355
Share of profits of joint venture company, net of tax					44,543	44,543
Other unallocated amounts						(1,262)
Profit before taxation	(c)					204,464
Taxation expense						(13,990)
Profit for the financial year						190,474
<u>Other segment items</u>						
Depreciation		71,606	1,225	72,831	–	72,831
Amortisation of intangible assets		1,746	1,581	3,327	–	3,327
Impairment of property, plant and equipment		4,263	–	4,263	–	4,263
<u>Segment assets</u>						
Property, plant and equipment		224,740	6,530	231,270	–	231,270
Right-of-use assets		95,782	1,277	97,059	–	97,059
Intangible assets		13,553	38,329	51,882	–	51,882
Investment in associated/joint venture companies		44,437	572,142	616,579	–	616,579
Prepayments and other debtors		–	10,601	10,601	–	10,601
Other unallocated assets	(d)					998,125
Total assets		378,512	628,879	1,007,391	–	2,005,516

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

37. SEGMENT INFORMATION (IN THOUSANDS OF \$) (continued)

Operating Segments (continued)

	Notes	Airframe and line maintenance	Engine and component	Total segments	Elimination and adjustments	Per consolidated financial statements
2018/19						
SEGMENT REVENUE						
External revenue						
Company and subsidiaries		991,430	29,466	1,020,896	–	1,020,896
Associated companies	(a)	135,434	2,113,455	2,248,889	(2,248,889)	–
Joint venture company	(a)	–	2,112,985	2,112,985	(2,112,985)	–
Inter-segment revenue	(b)	–	3,040	3,040	(3,040)	–
		<u>1,126,864</u>	<u>4,258,946</u>	<u>5,385,810</u>	<u>(4,364,914)</u>	<u>1,020,896</u>
SEGMENT RESULTS						
Segment results						
Company and subsidiaries		59,772	(3,020)	56,752	–	56,752
Associated companies	(a)	(1,660)	200,199	198,539	(198,539)	–
Joint venture company	(a)	–	94,609	94,609	(94,609)	–
		<u>58,112</u>	<u>291,788</u>	<u>349,900</u>	<u>(293,148)</u>	<u>56,752</u>
Interest income						8,080
Loss on disposal of an associated company						(88)
Surplus on disposal of a subsidiary company						309
Share of profits of associated companies, net of tax					73,502	73,502
Share of profits of joint venture company, net of tax					40,366	40,366
Other unallocated amounts						142
Profit before taxation	(c)					<u>179,063</u>
Taxation expense						<u>(18,108)</u>
Profit for the financial year						<u>160,955</u>
<u>Other segment items</u>						
Depreciation		48,305	1,154	49,459	–	49,459
Amortisation of intangible assets		2,045	1,952	3,997	–	3,997
<u>Segment assets</u>						
Property, plant and equipment		254,412	6,394	260,806	–	260,806
Intangible assets		11,640	35,007	46,647	–	46,647
Investment in associated/joint venture companies		50,145	508,907	559,052	–	559,052
Prepayments and other debtors		–	13,833	13,833	–	13,833
Other unallocated assets	(d)					964,937
Total assets		<u>316,197</u>	<u>564,141</u>	<u>880,338</u>	<u>–</u>	<u>1,845,275</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

37. SEGMENT INFORMATION (IN THOUSANDS OF \$) (continued)

Operating Segments (continued)

Notes:

- (a) Full information of the associated and joint venture companies (total revenue, total profit or loss) are reported in Operating Segments Revenue and Results, but eliminated to reconcile to the Group consolidated results with these equity-accounted investees included under the equity method.
- (b) Inter-segment revenues are eliminated on consolidation.
- (c) The following items are deducted from segment results to arrive at "profit before taxation" presented in the consolidated income statement:

	31 March	
	2020	2019
Finance charges	(3,797)	(938)
Surplus on disposal of property, plant and equipment	2,535	1,080
	<u>(1,262)</u>	<u>142</u>

- (d) The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	31 March	
	2020	2019
Current assets	<u>998,125</u>	<u>964,937</u>

Geographical segments

Revenue* and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Revenue*		Non-current assets 31 March	
	2019/20	2018/19	2020	2019
East Asia	721,094	713,582	968,035	844,820
Europe	198,221	216,617	–	–
South West Pacific	20,205	39,220	–	–
Americas	16,528	22,013	39,356	35,518
West Asia and Africa	38,098	29,464	–	–
Total	<u>994,146</u>	<u>1,020,896</u>	<u>1,007,391</u>	<u>880,338</u>

* Revenue from Company and subsidiary companies

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

37. SEGMENT INFORMATION (IN THOUSANDS OF \$) (continued)

Geographical segments (continued)

For the year ended 31 March 2020, revenue of approximately \$594,194,000 (2018/19: \$583,588,000) and \$181,940,000 (2018/19: \$191,154,000) were from customers located in Singapore and France respectively. The remaining revenue from customers in other countries were individually insignificant.

As at 31 March 2020, non-current assets of approximately \$895,664,000 (2019: \$773,444,000) were located in Singapore. The remaining non-current assets located in other countries were individually insignificant.

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets, intangible assets, investments in associated and joint venture companies and prepayments and other debtors as presented in the consolidated balance sheet.

Major customers

Revenue from one major customer amounted to approximately \$436,103,000 (2018/19: \$424,143,000), arising from services provided by airframe and line maintenance segment.

38. CAPITAL MANAGEMENT (IN THOUSANDS OF \$)

The primary objective of the Management of the Company's capital structure is to maintain an appropriate capital base while retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events including the impact of COVID-19 pandemic on cash flows. Capital comprises share capital and accumulated profits.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

During the financial year ended 31 March 2020, the Company made a total dividend payment to shareholders of approximately \$123,235,000 (2018/19: \$134,293,000).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

38. CAPITAL MANAGEMENT (IN THOUSANDS OF \$) (continued)

No significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure, other than paying a lower dividend to conserve cash flow for unforeseen events with the COVID-19 pandemic for the financial year ended 31 March 2020. There were no significant changes in the financial year ended 31 March 2019.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Capital for the Group and Company is tabulated below:

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Total debt:				
Lease liabilities	99,209	–	89,415	–
Bank loans	13,203	19,288	–	–
	112,412	19,288	89,415	–
Total capital:				
Share capital	420,044	420,044	420,044	420,044
Reserves	1,208,772	1,108,561	892,456	859,950
	1,628,816	1,528,605	1,312,500	1,279,994
Capital and total debt	1,741,228	1,547,893	1,401,915	1,279,994

39. RELATED PARTY TRANSACTIONS (IN THOUSANDS OF \$)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer, Executive Vice President and Senior Vice Presidents of the Company to be key management personnel of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

39. RELATED PARTY TRANSACTIONS (IN THOUSANDS OF \$) (continued)

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

Sale and purchase of goods and services

	The Group	
	2019/20	2018/19
<u>Income</u>		
Sales of services and related materials to:		
– the immediate holding company and fellow subsidiaries	549,270	535,193
– associated companies	20,934	28,539
– joint venture company	10,157	7,771
– others	19,449	21,375
Interest income from the immediate holding company	9,606	7,583
Equipment fee charged to the immediate holding company	248	291
Rental of office space charged to the immediate holding company	81	81
<u>Expense</u>		
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	7,654	9,536
Rental of hangars, workshops and office space charged by the immediate holding company	18,357	18,360
Purchases of materials from the immediate holding company and fellow subsidiaries	77,316	88,051
Purchases of goods from:		
– associated companies	13,486	12,622
– joint venture company	716	477
– others	25,096	24,288
Services rendered by:		
– the immediate holding company	7,586	9,472

Compensation of key management personnel

Directors' and key executives' remuneration of the Company

	The Company	
	2019/20	2018/19
<u>Directors</u>		
Directors' fees	1,178	1,176
<u>Key executives</u>		
Salary, bonuses and other costs	5,920	4,420
CPF and other defined contributions	118	112
Share-based compensation expense	1,751	1,624

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

39. RELATED PARTY TRANSACTIONS (IN THOUSANDS OF \$) (continued)

Compensation of key management personnel (continued)

Directors' and key executives' remuneration of the Company (continued)

The details of RSP, PSP and DSA granted to key executives of the Company are as follows:

(a) RSP Base Awards

Name of participant	Balance as at 1 April 2019 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2020/ cessation of employment = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of financial year under review
Png Kim Chiang~	118,400	168,200	118,400	168,200	649,747
Ivan Neo Seok Kok	42,400	46,000	42,400	46,000	314,319
Zarina Piperdi	17,500	20,800	17,500	20,800	236,975
Wong Yue Jeen	17,500	17,400	17,500	17,400	173,205
Philip Quek Cher Heong	16,600	20,600	16,600	20,600	143,195
Foo Kean Shuh	17,000	20,500	17,000	20,500	57,750
Ng Lay Pheng	12,300	21,600	12,300	21,600	33,900
Ng Jan Lin Wilin*	17,220	17,400	17,220	17,400	166,690

(b) RSP Final Awards (Pending Release)

Name of participant	Balance as at 1 April 2019 (a)	Final Awards granted during the financial year [^] (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2020/ cessation of employment = (a)+(b)-(c)	Aggregate ordinary shares released to participant since commencement of financial year under review
Png Kim Chiang~	138,810	139,712	131,407	147,115	369,172
Ivan Neo Seok Kok	52,000	50,032	47,927	54,105	204,129
Zarina Piperdi	28,972	20,650	26,527	23,095	171,509
Wong Yue Jeen	29,905	20,650	26,781	23,774	101,955
Philip Quek Cher Heong	26,778	19,588	24,396	21,970	94,480
Foo Kean Shuh	20,275	20,060	16,800	23,535	26,900
Ng Lay Pheng	–	14,514	4,800	9,714	4,800
Ng Jan Lin Wilin*	21,504	20,320	22,023	19,801	112,394

[^] Final Awards granted during the financial year are determined by applying the achievement factor to the Base Awards that have vested during the financial year.

~ Mr Png Kim Chiang retired from his role as Chief Executive Officer (CEO) on 31 March 2020.

* Mr Ng Jan Lin Wilin was appointed as Senior Vice President (SVP) on 1 April 2019. The base awards granted during the financial year were in his capacity as Vice President (VP), prior to 1 April 2019. No base award vested during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

39. RELATED PARTY TRANSACTIONS (IN THOUSANDS OF \$) (continued)

Compensation of key management personnel (continued)

Directors' and key executives' remuneration of the Company (continued)

(c) PSP Base Awards

Name of participant	Balance as at 1 April 2019 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2020/ cessation of employment = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
Png Kim Chiang~	214,443	115,900	56,903	273,440	506,426	144,974
Ivan Neo Seok Kok	86,195	43,700	18,984	110,911	261,903	98,100
Zarina Piperdi	49,320	20,000	17,719	51,601	207,393	118,793
Wong Yue Jeen	50,738	16,800	17,719	49,819	67,538	9,037
Philip Quek Cher Heong	30,194	19,800	–	49,994	49,994	–
Foo Kean Shuh	32,619	19,700	–	52,319	52,319	–
Ng Lay Pheng	–	20,800	–	20,800	20,800	–
Ng Jan Lin Wilin*	–	16,700	–	16,700	16,700	–

(d) DSA Base Awards

Name of participant	Balance as at 1 April 2019 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2020/ cessation of employment = (a)+(b)-(c)	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Png Kim Chiang~	–	66,843	–	66,843	66,843
Ivan Neo Seok Kok	–	19,900	–	19,900	19,900
Zarina Piperdi	–	17,701	–	17,701	17,701
Wong Yue Jeen	–	18,662	–	18,662	18,662
Philip Quek Cher Heong	–	17,111	–	17,111	17,111
Foo Kean Shuh	–	18,983	–	18,983	18,983
Ng Lay Pheng	–	14,078	–	14,078	14,078
Ng Jan Lin Wilin*	–	–	–	–	–

~ Mr Png Kim Chiang retired from his role as Chief Executive Officer (CEO) on 31 March 2020.

* Mr Ng Jan Lin Wilin was appointed as Senior Vice President (SVP) on 1 April 2019. The base awards granted during the financial year were in his capacity as Vice President (VP), prior to 1 April 2019. No base award vested during the financial year.

ADDITIONAL INFORMATION

Required By The Singapore Exchange Securities Trading Limited

1. INTERESTED PERSON TRANSACTIONS (IN THOUSANDS OF \$)

The aggregate value of all interested person transactions ("IPTs") entered into during the financial year 2019/20 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPTs (excluding all mandated transactions pursuant to Rule 920 of the SGX Listing Manual and transactions less than \$100,000)	Aggregate value of all IPTs conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
Singapore Airlines Group			
Singapore Airlines Limited	Controlling shareholder of the Company	–	685,153*
NokScoot Airlines Co. Ltd	Associate of the Company's controlling shareholder	–	95,811
Scoot Tigerair Pte Ltd	Wholly-owned subsidiaries of the Company's controlling shareholder	–	3,780
SilkAir (Singapore) Pte Ltd		–	892
Singapore Aviation and General Insurance Company (Pte) Limited	Company's controlling shareholder	–	816
TATA SIA Airlines Limited	Associate of the Company's controlling shareholder	–	601
Non-listed Associates of Temasek Holdings (Private) Limited ("Temasek")			
AJI International Pte Ltd	Associates of Temasek	–	26,000
Synergy FMI Pte Ltd		–	1,105
SATS Group			
SATS Ltd	Associate of Temasek	–	475
Sembcorp Industries Limited Group			
Sembcorp Solar Singapore Private Limited	Associate of Temasek	–	8,458
Singapore Technologies Engineering Limited Group			
Singapore Test Services Pte Ltd	Associate of Temasek	–	132
Total		–	823,223

* Includes principal, interest and service fees, in respect of treasury transactions with SIA.

Notes:

- All the transactions set out in the above are based on records from the Company's Register of Interested Person Transactions for the financial period under review, and include transactions whose durations exceed the financial period under review and/or multiple transactions with the same interested person. The transactions were based on actual or estimated values of the transactions for the entire duration of the relevant transactions in the case of fixed term contracts or annual/periodic values of the transactions in the case of open-ended contracts, taking into account agreed rates.
- All the above interested person transactions were done on normal commercial terms.

ADDITIONAL INFORMATION

2. MATERIAL CONTRACTS

Except as disclosed above and in the financial statements for the financial year ended 31 March 2020, there were no material contracts entered into by the Company and its subsidiary companies involving the interests of the Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

QUARTERLY RESULTS OF THE GROUP

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue						
2019/20	(\$ million)	258.1	254.6	252.1	229.3	994.1
	(%)	26.0	25.6	25.3	23.1	100.0
2018/19	(\$ million)	257.7	251.3	255.9	256.0	1,020.9
	(%)	25.2	24.6	25.1	25.1	100.0
Expenditure						
2019/20	(\$ million)	240.4	235.0	236.0	215.0	926.4
	(%)	25.9	25.4	25.5	23.2	100.0
2018/19	(\$ million)	247.5	240.0	240.0	236.6	964.1
	(%)	25.7	24.9	24.9	24.5	100.0
Operating profit						
2019/20	(\$ million)	17.7	19.6	16.1	14.3	67.7
	(%)	26.1	29.0	23.8	21.1	100.0
2018/19	(\$ million)	10.2	11.3	15.9	19.4	56.8
	(%)	18.0	19.9	28.0	34.1	100.0
Profit before taxation						
2019/20	(\$ million)	45.7	51.1	57.0	50.7	204.5
	(%)	22.3	25.0	27.9	24.8	100.0
2018/19	(\$ million)	44.1	43.2	38.2	53.6	179.1
	(%)	24.6	24.1	21.4	29.9	100.0
Profit attributable to owners of the parent						
2019/20	(\$ million)	41.6	46.0	54.0	52.2	193.8
	(%)	21.5	23.7	27.9	26.9	100.0
2018/19	(\$ million)	40.5	38.0	33.1	49.3	160.9
	(%)	25.2	23.6	20.6	30.6	100.0
Earnings (after tax) per share – basic						
2019/20	(cents)	3.72	4.11	4.82	4.66	17.30
	(%)	21.5	23.7	27.9	26.9	100.0
2018/19	(cents)	3.62	3.40	2.95	4.40	14.38
	(%)	25.2	23.7	20.5	30.6	100.0

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2019/20	2018/19	2017/18 ^{R1}	2016/17	2015/16
Income statement (\$ million)					
Revenue	994.1	1,020.9	1,094.9	1,104.1	1,112.7
Expenditure	926.4	964.1	1,016.1	1,032.1	1,008.3
Operating profit	67.7	56.8	78.8	72.0	104.4
Other income	8.9	8.4	20.9	186.6	3.4
Share of profits of associated and joint venture companies, net of tax	127.9	113.9	109.8	96.5	94.2
Profit before tax	204.5	179.1	209.5	355.1	202.0
Profit attributable to owners of the parent	193.8	160.9	186.8	332.4	176.6
Balance sheet (\$ million)					
Share capital	420.0	420.0	420.0	420.0	416.5
Treasury shares	(13.7)	(18.0)	(21.3)	(15.2)	(6.1)
Capital reserve	2.8	2.9	2.8	2.7	0.2
Share-based compensation reserve	5.4	5.6	7.1	16.0	18.4
Foreign currency translation reserve	16.0	(18.2)	(38.9)	(68.0)	(87.9)
Fair value reserve	(8.7)	(0.9)	3.6	(0.6)	140.7
Equity transaction reserve	(4.5)	(4.5)	(2.4)	(2.4)	(2.4)
General reserve	1,211.5	1,141.7	1,112.8	1,201.5	1,006.1
Equity attributable to owners of the parent	1,628.8	1,528.6	1,483.7	1,554.0	1,485.5
Non-controlling interests	32.2	35.4	31.3	34.0	26.4
Total equity	1,661.0	1,564.0	1,515.0	1,588.0	1,511.9
Property, plant and equipment	231.3	260.8	287.6	331.6	340.9
Right-of-use assets	97.0	–	–	–	–
Intangible assets	51.9	46.6	67.7	65.3	63.4
Associated companies	457.4	404.3	392.5	380.0	344.0
Joint venture companies	159.2	154.7	151.9	162.0	147.5
Prepayments and other debtors	10.6	13.8	–	–	–
Long-term investments	–	–	–	–	*
Current assets	998.1	965.0	904.2	979.4	926.3
Total assets	2,005.5	1,845.2	1,803.9	1,918.3	1,822.1
Non-current liabilities	103.7	35.7	41.5	51.0	54.0
Current liabilities	240.8	245.5	247.4	279.3	256.2
Total liabilities	344.5	281.2	288.9	330.3	310.2
Net assets	1,661.0	1,564.0	1,515.0	1,588.0	1,511.9
Cash flow statement (\$ million)					
Cash flow from operations	109.2	96.6	73.5	152.2	95.7
Internally generated cash flow ^{R2}	199.5	209.0	182.9	216.2	174.4
Capital expenditure	36.8	25.0	31.6	38.3	40.9

* Amount less than \$1,000

Notes:

R1 The Group adopted IFRS with effect from 1 April 2018. In accordance to the transition requirements, 2017/18 comparatives were restated.

R2 Internally generated cash flow comprises cash generated from operations, dividends from associated and joint venture companies, and proceeds from the disposal of property, plant and equipment.

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2019/20	2018/19	2017/18	2016/17	2015/16
Profitability ratios (%)					
Return on equity holders' funds ^{R3}	12.3	10.7	12.4	21.9	12.6
Return on total assets	9.7	8.7	10.4	17.3	9.7
Return on turnover	19.5	15.8	17.1	30.1	15.9
Productivity and employee data					
Value added (\$ million)	770.1	722.2	762.1	921.0	709.1
Value added per employee (\$)	113,904	108,698	116,395	145,504	114,589
Revenue per employee (\$)	147,041	153,657	167,208	174,430	179,810
Average number of employees	6,761	6,644	6,548	6,330	6,188
Per share data (cents)					
Earnings after tax – basic ^{R4}	17.30	14.38	16.70	29.63	15.74
Earnings after tax – diluted ^{R5}	17.26	14.35	16.66	29.57	15.70
Net asset value ^{R6}	145.4	136.6	132.7	138.8	132.4
Gross dividends (cents per share)					
Interim dividend	3.0	3.0	4.0	4.0	6.0
Final dividend – ordinary	5.0 [#]	8.0	9.0	9.0	8.0
Final dividend – special	–	–	–	5.0	–
Total dividends	8.0	11.0	13.0	18.0	14.0

proposed

Notes:

R3 Return on equity holders' funds is the profit attributable to owners of the parent expressed as a percentage of the average equity attributable to owners of the parent.

R4 Earnings after tax per share (basic) is computed by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue excluding treasury shares.

R5 Earnings after tax per share (diluted) is computed by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue excluding treasury shares, after adjusting for the dilutive effect on the exercise of all outstanding share options, performance shares and restricted shares granted to employees.

R6 Net asset value per share is computed by dividing the equity attributable to owners of the parent by the number of ordinary shares in issue excluding treasury shares at 31 March.

GROUP CORPORATE STRUCTURE

as at 31 March 2020

SIA ENGINEERING COMPANY LIMITED

Airframe and line maintenance		Engine and component	
Subsidiary Companies			
100%	SIA Engineering Japan Corporation	100%	NexGen Network (1) Holding Pte. Ltd.
100%	SIA Engineering (USA), Inc.	100%	NexGen Network (2) Holding Pte. Ltd.
100%	SIAEC Global Private Limited	60%	Additive Flight Solutions Pte. Ltd.
100%	Singapore Aero Support Services Pte. Ltd. (previously known as Singapore Jamco Services Private Limited)	51%	Aerospace Component Engineering Services Pte. Limited
65%	SIA Engineering (Philippines) Corporation		
65%	Heavy Maintenance Singapore Services Pte. Ltd.		
51%	Aviation Partnership (Philippines) Corporation		
Joint Venture Company			
		50%	Singapore Aero Engine Services Private Limited
Associated Companies			
49%	PT Jas Aero-Engineering Services	49%	Eagle Services Asia Private Limited
49%	Southern Airports Aircraft Maintenance Services Company Limited	49%	Fuel Accessory Service Technologies Pte Ltd
49%	Boeing Asia Pacific Aviation Services Pte. Ltd.	49%	Moog Aircraft Services Asia Pte. Ltd.
49%	Line Maintenance Partnership (Thailand) Company Limited	49%	GE Aviation, Overhaul Services – Singapore Pte. Ltd.
40%	Pan Asia Pacific Aviation Services Limited	46.4%	Component Aerospace Singapore Pte. Ltd.
		45%	JAMCO Aero Design & Engineering Private Limited
		42.5%	Panasonic Avionics Services Singapore Pte. Ltd.
		40%	Safran Electronics & Defense Services Asia Pte. Ltd.
		40%	Goodrich Aerostructures Service Center – Asia Pte. Ltd.
		40%	Safran Landing Systems Services Singapore Pte. Ltd.
		39.2%	Asian Surface Technologies Pte Ltd
		24.5%	Turbine Coating Services Pte Ltd

SHAREHOLDING STATISTICS

As At 9 JUNE 2020

No. of Issued Shares	:	1,124,116,360
No. of Issued Shares (Excluding Treasury Shares)	:	1,120,313,583
No. / Percentage of Treasury Shares	:	3,802,777 (0.34%)
No. / Percentage of Subsidiary Holdings ⁽¹⁾	:	0 (0.00%)
Class of Shares	:	Ordinary shares
Voting Rights (Excluding Treasury Shares)	:	1 vote per share

Range of Shareholdings	No. of Shareholders	%	No. of Shares	% ⁽²⁾
1 – 99	39	0.19	842	0.00
100 – 1,000	6,278	31.08	5,907,107	0.53
1,001 – 10,000	11,040	54.66	48,329,712	4.31
10,001 – 1,000,000	2,824	13.98	93,272,661	8.33
1,000,001 AND ABOVE	18	0.09	972,803,261	86.83
Total	20,199	100.00	1,120,313,583	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	% ⁽²⁾
1	Singapore Airlines Limited	870,000,000	77.65
2	Citibank Nominees Singapore Pte Ltd	39,039,642	3.48
3	DBS Nominees (Private) Limited	25,355,779	2.26
4	Raffles Nominees (Pte) Limited	7,372,128	0.66
5	DBSN Services Pte Ltd	6,650,319	0.59
6	HSBC (Singapore) Nominees Pte Ltd	3,953,684	0.35
7	United Overseas Bank Nominees Private Limited	3,902,600	0.35
8	OCBC Nominees Singapore Private Limited	3,516,902	0.31
9	Phillip Securities Pte Ltd	1,790,793	0.16
10	Wong Ket Seong @ Wong Ket Yin	1,500,000	0.13
11	Maybank Kim Eng Securities Pte Ltd	1,481,970	0.13
12	UOB Kay Hian Private Limited	1,323,300	0.12
13	Chong Chew Lim @ Chong Ah Kau	1,313,800	0.12
14	OCBC Securities Private Limited	1,298,842	0.12
15	Heng Siew Eng	1,098,500	0.10
16	Ng Hian Chow	1,080,000	0.10
17	Yim Chee Chong	1,070,000	0.10
18	CGS-CIMB Securities (Singapore) Pte Ltd	1,055,002	0.09
19	BPSS Nominees Singapore (Pte.) Ltd.	953,557	0.09
20	Morgan Stanley Asia (Singapore) Securities Pte Ltd	611,247	0.05
	Total	974,368,065	86.96

Note:

- (1) "Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore.
- (2) Based on 1,120,313,583 ordinary shares issued as at 9 June 2020 (this is based on 1,124,116,360 shares issued as at 9 June 2020, excluding the 3,802,777 shares held in treasury as at 9 June 2020), rounded down to the nearest 0.01%.

SHAREHOLDING STATISTICS

As At 9 JUNE 2020

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder	Number of Shares					
	Direct Interest	% ⁽¹⁾	Deemed Interest	% ⁽¹⁾	Total Interest	% ⁽¹⁾
Singapore Airlines Limited	870,000,000	77.65	–	–	870,000,000	77.65
Napier Investments Pte. Ltd.	–	–	870,000,000 ⁽²⁾	77.65	870,000,000	77.65
Tembusu Capital Pte. Ltd.	–	–	870,030,000 ⁽³⁾	77.65	870,030,000	77.65
Temasek Holdings (Private) Limited	–	–	870,030,000 ⁽⁴⁾	77.65	870,030,000	77.65

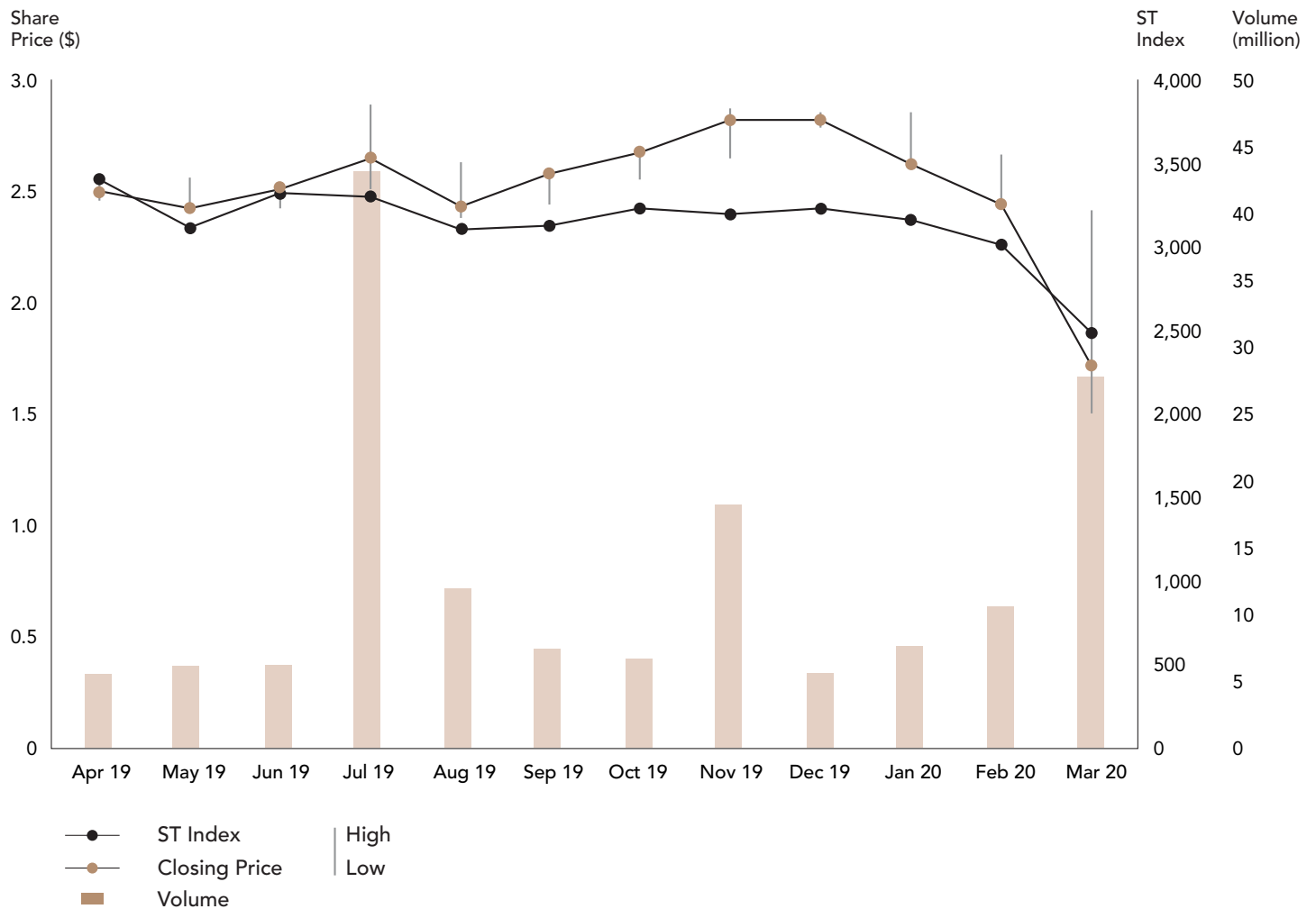
Notes:

- (1) Based on 1,120,313,583 ordinary shares issued as at 9 June 2020 (this is based on 1,124,116,360 shares issued as at 9 June 2020, excluding the 3,802,777 shares held in treasury as at 9 June 2020), rounded down to the nearest 0.01%.
- (2) Napier Investments Pte. Ltd. ("**Napier**") holds a direct interest of 33.27% in Singapore Airlines Limited ("**SIA**"). Accordingly, Napier is deemed to have an interest in 870,000,000 shares held by SIA by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**").
- (3) Tembusu Capital Pte. Ltd. ("**Tembusu**") holds 100% of the equity interest in Napier and is therefore deemed to have an interest in the shares that Napier is deemed to have an interest in by virtue of Section 4 of the SFA. Tembusu is also deemed to have an interest in a further 30,000 shares that its subsidiary, SeaTown Holdings Pte. Ltd. ("**SeaTown**"), has an interest in on behalf of a client. Tembusu is a subsidiary of Temasek Holdings (Private) Limited ("**Temasek**").
- (4) Temasek's deemed interest arises from the aggregation of the interests of SIA and SeaTown as follows:
 - (A) Temasek's deemed interest through SIA
 - (i) SIA has a direct interest in 77.656% of shares.
 - (ii) SIA is a subsidiary of Temasek.
 - (B) Temasek's deemed interest through SeaTown
 - (i) SeaTown has an interest in 0.002% of shares on behalf of a client.
 - (ii) SeaTown is an indirect subsidiary of Temasek.

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as of 9 June 2020, 22.33% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

SHARE PRICE AND TURNOVER



2019/20

2018/19

Share Price (\$)

Highest closing price	2.89	3.33
Lowest closing price	1.50	2.21
31 March closing price	1.71	2.46

Market Value Ratios*

Price/Earnings	9.88	17.11
Price/Book Value	1.18	1.80
Price/Cash Earnings**	7.91	12.84

Notes:

* Based on closing price on 31 March and Group numbers.

** Cash earnings is defined as profit attributable to equity holders of the Company plus depreciation and amortisation of intangible assets.

NOTICE OF ANNUAL GENERAL MEETING

SIA ENGINEERING COMPANY LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 198201025C

NOTICE IS HEREBY GIVEN that the 38th Annual General Meeting of SIA Engineering Company Limited (the “**Company**”) will be convened and held by way of electronic means on Friday, 17 July 2020 at 11.00 a.m. (Singapore time) to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 March 2020 and the Auditors’ Report thereon.
2. To declare a final ordinary dividend of 5.0 cents per ordinary share for the financial year ended 31 March 2020.
3. To re-elect the following Directors who are retiring by rotation pursuant to Article 90 of the Constitution of the Company and who, being eligible, offer themselves for re-election as Directors pursuant to Article 91 of the Constitution of the Company:
 - 3.1 Mr Tang Kin Fei
 - 3.2 Mr Wee Siew Kim
 - 3.3 Mr Goh Choon Phong

The profiles of Mr Tang, Mr Wee and Mr Goh can be found in the Corporate Governance (Further Information on Board of Directors) and Additional Information on Directors Seeking Re-Election sections of the Annual Report FY2019/20.

4. To re-elect Mr Mak Swee Wah who is retiring pursuant to Article 96 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director.

The profile of Mr Mak can be found in the Corporate Governance (Further Information on Board of Directors) and Additional Information on Directors Seeking Re-Election sections of the Annual Report FY2019/20.

5. To approve Directors’ fees of up to \$1,500,000 for the financial year ending 31 March 2021 (FY2019/20: up to \$1,500,000).
6. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass, with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:
 - 7.1 That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to:
 - (a) (i) issue shares of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and
- (ii) any subsequent bonus issue or consolidation or subdivision of shares,
- and, in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Listing Manual of the SGX-ST;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

7.2 That the Directors of the Company be and are hereby authorised to:

- (a) grant awards in accordance with the provisions of the SIAEC Performance Share Plan 2014 and/or the SIAEC Restricted Share Plan 2014; and
- (b) allot and issue from time to time such number of fully paid ordinary shares as may be required to be issued pursuant to the vesting of awards under the SIAEC Performance Share Plan 2014 and/or the SIAEC Restricted Share Plan 2014,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued, (ii) existing ordinary shares (including ordinary shares held in treasury) delivered and/or to be delivered, and (iii) ordinary shares released and/or to be released in the form of cash in lieu of ordinary shares, pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014, shall not exceed 5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time;
- (2) the aggregate number of ordinary shares under awards to be granted pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 respectively during the period commencing from this Annual General Meeting and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier (the "**Relevant Year**"), shall not exceed 0.5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time (the "**Yearly Limit**"); and
- (3) if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit may be used for the grant of awards under the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 in subsequent years for the duration of the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 respectively,

and in this Resolution, "subsidiary holdings" has the meaning given to it in the Listing Manual of the Singapore Exchange Securities Trading Limited.

7.3 That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Chapter 9**"), for the Company, its subsidiaries and associated companies that are "entities at risk" (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Letter to Shareholders dated 25 June 2020 (the "**Letter**") with any party who is of the class of interested persons described in the Appendix to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (b) the approval given in paragraph (a) above (the "**IPT Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required), as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT Mandate and/or this Resolution.

NOTICE OF ANNUAL GENERAL MEETING

7.4 That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (“**Shares**”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) market purchase(s) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buy Back Mandate**”);
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next Annual General Meeting of the Company is held;
 - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
 - (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated;
- (c) in this Resolution:

“**Average Closing Price**” means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs during the relevant five-day period and the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase;

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out herein) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

“**Maximum Limit**” means that number of issued Shares representing 2% of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

“**Maximum Price**”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed, whether pursuant to a market purchase or an off-market purchase, 105% of the Average Closing Price of the Shares; and

NOTICE OF ANNUAL GENERAL MEETING

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board

LU LING LING
Company Secretary

25 June 2020
Singapore

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders being obtained at the 38th Annual General Meeting of the Company for the payment of the final ordinary dividend (the "**Proposed Dividend**"), the Share Transfer Books and the Register of Members of the Company will be closed on 24 July 2020 for the preparation of dividend warrants.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 23 July 2020 will be registered to determine shareholders' entitlements to the Proposed Dividend. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with ordinary shares of the Company as at 5.00 p.m. on 23 July 2020 will be entitled to the Proposed Dividend. The Company will pay the Proposed Dividend to CDP, which will, in turn, distribute the entitlements to the Proposed Dividend to CDP account-holders in accordance with its normal practice.

The Proposed Dividend, if approved by shareholders, will be paid on 7 August 2020.

EXPLANATORY NOTES:

1. In relation to Ordinary Resolution Nos. 3.1, 3.2 and 3.3, Mr Tang Kin Fei, Mr Wee Siew Kim and Mr Goh Choon Phong will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company and will be standing for re-election at the Annual General Meeting. Mr Tang will, upon re-election, continue to serve as the Chairman of the Board, the Chairman of the Compensation & HR Committee and a member of the Board Committee. Mr Wee will, upon re-election, continue to serve as a member of the Board Safety & Risk Committee and the Compensation & HR Committee. Mr Goh will, upon re-election, continue to serve as a member of the Compensation & HR Committee and Board Committee. Mr Tang and Mr Wee are considered independent Directors, and Mr Goh is considered a non-independent Director.
2. In relation to Ordinary Resolution No. 4, Article 96 of the Constitution of the Company permits the Directors to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following Annual General Meeting, and shall then be eligible for re-election. Mr Mak Swee Wah was appointed on 1 April 2020, and he is therefore seeking re-election at the Annual General Meeting pursuant to Article 96. Mr Mak will, upon re-election, continue to serve as a member of the Board Safety & Risk Committee and the Nominating Committee. Mr Mak is considered a non-independent Director.

NOTICE OF ANNUAL GENERAL MEETING

3. Ordinary Resolution No. 5, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY2020/21. The amount of Directors' fees is computed based on the anticipated number of Board meetings for FY2020/21, assuming full attendance by all Directors. The amount also includes an additional 5% to cater for unforeseen circumstances, for example, the appointment of an additional Director, additional unscheduled Board meetings, additional appointments to Board Committees and/or the formation of additional Board Committees. The Directors have, however, agreed to waive 25% of their fees accruing from 1 April 2020, in response to the ongoing COVID-19 situation. Notwithstanding the reduction, approval is sought for the full amount of Directors' fees of up to \$1,500,000 for FY2020/21 (being the same amount approved for FY2019/20), so that the Directors' fees can be restored if the situation improves or business recovers during FY2020/21.

Directors' fees due to Mr Goh Choon Phong, Mr Chin Yau Seng and Mr Mak Swee Wah, who hold executive positions in Singapore Airlines Limited ("**SIA**"), the holding company of the Company, will be paid to and retained by SIA, and Directors' fees due to Dr Raj Thampuran will be paid to and retained by Surbana Jurong Private Limited. Mr Ng Chin Hwee is the Chief Executive Officer of the Company and does not receive any Directors' fees.

4. Ordinary Resolution No. 7.1, if passed, will empower the Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) with a sub-limit of 10% for issues other than on a *pro rata* basis. The 10% sub-limit for non-*pro rata* issues is lower than the 20% sub-limit allowed under the Listing Manual of the Singapore Exchange Securities Trading Limited. The Directors believe that the lower sub-limit of 10% would sufficiently address the Company's present need to maintain flexibility while taking into account shareholders' concerns against dilution. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which were issued and are outstanding at the time this Ordinary Resolution is passed; and (b) any subsequent bonus issue or consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares. As at 9 June 2020 (the "**Latest Practicable Date**"), the Company had 3,802,777 treasury shares and no subsidiary holdings.
5. Ordinary Resolution No. 7.2, if passed, will empower the Directors to grant awards pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014, and to allot and issue ordinary shares of the Company pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014. The total number of ordinary shares which may be delivered pursuant to awards granted under the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 (whether in the form of ordinary shares or in the form of cash in lieu of ordinary shares) shall not exceed 5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time. In addition, Ordinary Resolution 7.2 will provide that the total number of ordinary shares under awards to be granted pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 from this Annual General Meeting to the next Annual General Meeting (the "**Relevant Year**") shall not exceed 0.5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time (the "**Yearly Limit**"), provided that if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit may be used by the Directors to make grants of awards under the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 in subsequent years, for the duration of the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014.
6. Ordinary Resolution No. 7.3, if passed, will renew the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) or any of them, to enter into certain interested person transactions with certain classes of interested persons as described in the Appendix to the Letter to Shareholders dated 25 June 2020 (the "**Letter**"). The authority will, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company. Please refer to the Letter for more details.

NOTICE OF ANNUAL GENERAL MEETING

7. Ordinary Resolution No. 7.4, if passed, will renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution.

The Company may use internal or external sources of funds to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired and the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Buy Back Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 March 2020, based on certain assumptions, are set out in paragraph 3.7 of the Letter. Please refer to the Letter for more details.

NOTES:

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at the URL https://www.siaec.com.sg/shareholder_meetings.html. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at, or prior to, the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 25 June 2020. This announcement may be accessed at the Company's website at the URL https://www.siaec.com.sg/shareholder_meetings.html, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at the URL https://www.siaec.com.sg/shareholder_meetings.html, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 7 July 2020.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.



NOTICE OF ANNUAL GENERAL MEETING

5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
- (a) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or
 - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at GPE@mncsingapore.com,
- in either case not less than 72 hours before the time appointed for holding the Annual General Meeting.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

6. The Annual Report FY2019/20 and the Letter to Shareholders dated 25 June 2020 (in relation to the proposed renewal of the mandate for interested person transactions and the proposed renewal of the share buy back mandate) have been published and may be accessed at the Company's website as follows:
- (a) the Annual Report FY2019/20 may be accessed at the URL https://www.siaec.com.sg/annual_report.html by clicking on the hyperlink for "FY2019/20"; and
 - (b) the Letter to Shareholders dated 25 June 2020 may be accessed at the URL https://www.siaec.com.sg/shareholder_meetings.html by clicking on the hyperlink for "Letter to Shareholders" under "2020".

The above documents will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of person	Mr Tang Kin Fei
Date of Appointment	8 May 2017
Date of last re-appointment (if applicable)	20 July 2017
Age	69
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board had considered the Nominating Committee's recommendation and assessment on Mr Tang's independence and commitment in the discharge of his duties as the Chairman of SIA Engineering Company Limited, inter alia, and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Independent Director Chairman Chairman, Compensation & HR Committee Member, Board Committee
Professional qualifications	Bachelor of Mechanical Engineering (1 st Class Honours), University of Singapore Advanced Management Programme, INSEAD, France
Working experience and occupation(s) during the past 10 years	<ol style="list-style-type: none"> 1. Advisor, Sembcorp Industries Ltd, April to May 2017 2. Group President & CEO, Sembcorp Industries Ltd, 2005 to March 2017
Shareholding interest in the listed issuer and its subsidiaries	Yes 20,000 ordinary shares of SIA Engineering Company Limited (Deemed Interest)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the form set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Mr Wee Siew Kim	Mr Goh Choon Phong	Mr Mak Swee Wah
8 May 2017	1 January 2011	1 April 2020
20 July 2017	19 July 2018	N.A.
59	56	59
Singapore	Singapore	Singapore
The Board had considered the Nominating Committee's recommendation and assessment on Mr Wee's independence and commitment in the discharge of his duties as a Director of SIA Engineering Company Limited, inter alia, and is satisfied that he will continue to contribute to the Board.	The Board had considered the Nominating Committee's recommendation and assessment on Mr Goh's commitment in the discharge of his duties as a Director of SIA Engineering Company Limited, inter alia, and is satisfied that he will continue to contribute to the Board.	The Board had considered the Nominating Committee's recommendation and assessment on Mr Mak's commitment in the discharge of his duties as a Director of SIA Engineering Company Limited, inter alia, and is satisfied that he will continue to contribute to the Board.
Non-Executive	Non-Executive	Non-Executive
Non-Executive and Independent Director Member, Board Safety & Risk Committee Member, Compensation & HR Committee	Non-Executive and Non-Independent Director Member, Compensation & HR Committee Member, Board Committee	Non-Executive and Non-Independent Director Member, Board Safety & Risk Committee Member, Nominating Committee
Bachelor of Science in Aeronautical Engineering (Honours), Imperial College of Science and Technology Master of Business Administration, Graduate School of Business, Stanford University Fellow, City and Guilds of London Institute	Master of Science in Electrical Engineering and Computer Science Bachelor of Science in Computer Science & Engineering Bachelor of Science in Management Science Bachelor of Science in Cognitive Science Massachusetts Institute of Technology	Master of Science in Operational Research Bachelor of Science (1 st Class Honours) in Accounting and Finance London School of Economics
<ol style="list-style-type: none"> 1. Nipsea Group, Group Chief Executive Officer, 2009 to present 2. ST Engineering Ltd, Deputy Chief Executive Officer (Aerospace, Marine and Defence), 2001 to 2009 	<ol style="list-style-type: none"> 1. Singapore Airlines Ltd, Chief Executive Officer, 2011 to present 2. Singapore Airlines Ltd, Executive Vice President for Marketing and the Regions, 2010 	<ol style="list-style-type: none"> 1. Singapore Airlines Ltd, Executive Vice President Operations, April 2020 to present 2. Singapore Airlines Ltd, Executive Vice President Commercial, 2011 to March 2020 3. Singapore Airlines Ltd, Executive Vice President Operations & Services, 2008 to 2011
Nil	Nil	Nil
Nil	Mr Goh is the Chief Executive Officer of Singapore Airlines Ltd, which is a substantial shareholder of the Company	Mr Mak is the Executive Vice President Operations of Singapore Airlines Ltd, which is a substantial shareholder of the Company
Nil	Nil	Nil
Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of person	Mr Tang Kin Fei
Other Principal Commitments including Directorships	
Past (for the last 5 years)	<ol style="list-style-type: none"> 1. Sembcorp Industries Ltd, Director 2. Sembcorp Marine Ltd, Director 3. Sembcorp Development Ltd, Director 4. Singapore-Sinchuan Investment Holdings Pte Ltd, Director 5. Sembcorp Properties Pte Ltd, Director 6. Sembcorp Utilities Pte Ltd, Chairman 7. Sembcorp Environment Pte Ltd, Chairman 8. Sembcorp Gas Pte Ltd, Chairman 9. Sembcorp Cogen Pte Ltd, Chairman 10. Sembcorp Renewables Pte Ltd, Director 11. Sembcorp (China) Holding Co., Ltd, Chairman 12. P.T. Adhya Tirta Batam, Commissioner 13. Sembcorp Salalah Power and Water Company SAOG, Chairman 14. Sembcorp Utilities (UK) Limited, Chairman 15. Thermal Powertech Corporation India Limited, Chairman 16. Sembcorp Gayatri Power Limited, Chairman 17. Sembcorp Green Infra Limited, Chairman 18. Penglai Jutal Offshore Engineering Heavy Industry Co. Ltd, Vice Chairman 19. Defence Science & Technology Agency Board, Board Member 20. Nanyang Technological University, Chairman, College Advisory Board 21. Climate Change Network, National Climate Change Secretariat, Member 22. Shenzhen Chiwan Sembawang Engineering Company Limited, Chairman 23. Singapore Chinese Chamber of Commerce and Industry, Council Member

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Mr Wee Siew Kim

1. ES Group (Holdings) Limited, Chairman
2. SBS Transit Ltd, Director
3. 1988 JV Pte. Ltd. (In Members' Voluntary Winding Up), Director
4. Langfang Nippon Paint Lidong Co., Ltd, Director
5. Nippon Paint New Materials (Wuhan), Co., Ltd, Director
6. Nippon Paint (Shanghai) Research & Development Co., Ltd., Director
7. Nippon Paint (Foshan) Co Ltd, Director

Mr Goh Choon Phong

1. International Air Transport Association, Chairman, Board of Governors
2. Mount Alvernia Hospital, Director
3. Virgin Australia Holdings Limited, Director
4. National Council of Social Service, Member, Care & Share @ SG50 Steering Committee

Mr Mak Swee Wah

1. Singapore Airlines Cargo Pte. Ltd, Director
2. TATA SIA Airlines Limited, Director

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of person

Present

Mr Tang Kin Fei

1. Singapore LNG Corporation Pte Ltd, Chairman
2. Summit Power International Ltd, Director
3. Singapore Cooperation Enterprise, Director
4. Ngee Ann Polytechnic, Council Chairman
5. Kwong Wai Shiu Hospital, Vice Chairman
6. National Research Foundation, Board Member

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Mr Wee Siew Kim

- 1 Nippon Paint Coatings (Taiwan)
Previously named Asia Industries, Ltd.
Change of name w.e.f. 3/7/19, Director
- 2 Nippon Paint (Singapore) Company
Private Limited, Director
- 3 Nippon Paint (Vietnam) Company Ltd,
Director
- 4 Nippon Paint Vietnam (Hanoi) Pte Ltd,
Director
- 5 Nippon Paint (Malaysia) Sendirian
Berhad, Director
- 6 Paint Marketing Company (M) Sdn Bhd,
Director
- 7 Nippon Paint (Thailand) Company Ltd,
Director
- 8 Nipsea Chemical Korea, Director
- 9 Nippon Paint (HK) Co Ltd, Director
- 10 Nippon Paint (China) Co Ltd, Director
- 11 Nippon Paint (India) Pte Ltd, Director
- 12 Nippon Paint And Surface Chemicals Pvt.
Ltd (Under liquidation), Director
- 13 Guangzhou Nippon Paint Co Ltd,
Director
- 14 Nippon Paint (Chengdu) Co Ltd, Director
- 15 Nippon Paint (H.K.) Co Ltd Taiwan
Branch, Director
- 16 Nippon Paint (Tianjin) Co Ltd, Director
- 17 Yashili Paint (Suzhou) Co., Ltd, Director
- 18 Langfang Nippon Paint Co Ltd, Director
- 19 BK & NP Automotive Coatings
(Shanghai) Co Ltd, Director
- 20 Nippon Paint (Pakistan) Limited, Director
- 21 Nippon Paint Industrial Coatings
(Shanghai) Co., Ltd., Director
- 22 Nippon Paint China Holdings Co Ltd.,
Director
- 23 Nippon Paint (Zhengzhou) Co., Ltd.,
Director
- 24 Nippon Paint (Hebei) Co., Ltd., Director
- 25 Nippon Paint Decorative Coatings
(Thailand) Co Ltd, Director
- 26 NP Auto Refinishes Co Ltd, Director
- 27 Nippon Paint (Shenyang) Co., Ltd,
Director
- 28 Nippon Paint Vinh Phuc Co., Ltd,
Director
- 29 Nippon Paint Lanka (Private) Ltd,
Director
- 30 Nippon Paint Bangladesh Pte Ltd,
Director

Mr Goh Choon Phong

1. Mastercard Incorporated, Director
2. Singapore Airlines Ltd, Director
and Chief Executive Officer
3. Budget Aviation Holdings Pte Ltd,
Chairman
4. International Air Transport
Association, Member, Board of
Governors
5. National University of Singapore,
Member, Board of Trustees
6. Massachusetts Institute of
Technology Presidential CEO
Advisory Board, Member
7. Association of Asia Pacific Airlines,
Executive Committee Member

Mr Mak Swee Wah

1. SilkAir (Singapore) Private Limited,
Chairman

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of person

Mr Tang Kin Fei

Present (continued)

Information required

(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Mr Wee Siew Kim

Mr Goh Choon Phong

Mr Mak Swee Wah

31 Mapletree Logistics Trust Management Ltd, Director

32 Nippon Paint (Kunming) Co., Ltd, Director

33 Nipsea Technologies Pte Ltd, Director

34 Nippon Paint (HuBei) Co., Ltd., Director

35 Nippon Paint New Materials (Shanghai) Co., Ltd., Director

36 Nippon Paint Malaysia (S) Pte Ltd, Director

37 HSJ Pte Ltd, Director

38 Nippon Paint (Henan) Co., Ltd., Director

39 Nippon Paint (Jiangsu) Co., Ltd., Director

40 Nippon Paint Building Solutions (Shanghai) Co., Ltd., Director

41 Nippon Paint New Materials (Tianjin) Co., Ltd., Director

42 Guangdong Nippon Paint Changrunfa Technical Materials Co., Ltd, Director

43 Nippon Paint (Qingyuan) Co., Ltd., Director

44 Nippon Paint (Sichuan) Co., Ltd., Director

45 Zhenfucai Materials Technology (Chengdu) Co., Ltd, Director

46 Nippon Paint Engineering Materials (Guangzhou) Co Ltd, Director

47 Nippon Paint Decoration Materials (Guangzhou) Co Ltd, Director

48 Nippon Paint New Materials (Nanjing) Co., Ltd, Director

49 Nippon Paint Suzhou New Materials Technology Co., Ltd, Director

50 Betek Boya Ve Kimya San.A.S., Director

51 Betek Tasyunu Sanayi Ve Ticaret A.S., Director

52 DuluxGroup Limited, Director

53 Nippon Paint (Europe) Ltd, Director

No

No

No

No

No

No

No

No

No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of person	Mr Tang Kin Fei
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

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SIA ENGINEERING COMPANY LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 198201025C

PROXY FORM

IMPORTANT:

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Annual General Meeting will not be sent to members. Instead, the Notice of Annual General Meeting will be sent to members by electronic means via publication on the Company's website at the URL https://www.siaec.com.sg/shareholder_meetings.html. The Notice of Annual General Meeting will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at, or prior to, the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 25 June 2020. This announcement may be accessed at the Company's website at the URL https://www.siaec.com.sg/shareholder_meetings.html, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.**
4. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 7 July 2020.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 25 June 2020.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.**

*I/We _____ (Name)

_____ (*NRIC/Passport/Co. Reg. Number)

of _____ (Address)

being a *member/members of SIA Engineering Company Limited (the "Company") hereby appoint the Chairman of the Meeting as *my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on Friday, 17 July 2020 at 11.00 a.m. (Singapore time) and at any adjournment thereof in the following manner:

No.	Resolution	For	Against	Abstain
Ordinary Business				
1.	Adoption of the Directors' Statement, Audited Financial Statements and the Auditors' Report			
2.	Declaration of final ordinary dividend			
3.	Re-election of Directors who are retiring by rotation pursuant to Articles 90 and 91 of the Constitution of the Company:			
	3.1 Mr Tang Kin Fei			
	3.2 Mr Wee Siew Kim			
	3.3 Mr Goh Choon Phong			
4.	Re-election of Mr Mak Swee Wah who is retiring pursuant to Article 96 of the Constitution of the Company			
5.	Approval of Directors' fees for financial year ending 31 March 2021			
6.	Re-appointment and remuneration of Auditors			
Special Business				
7.1	Approval of the proposed renewal of the Share Issue Mandate			
7.2	Approval of the proposed renewal of the Share Plan Mandate			
7.3	Approval of the proposed renewal of the Mandate for Interested Person Transactions			
7.4	Approval of the proposed renewal of the Share Buy Back Mandate			

* delete accordingly

Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes **For** or **Against** a resolution, please indicate with a "√" in the **For** or **Against** box provided in respect of that resolution. Alternatively, please indicate the number of votes **For** or **Against** in the **For** or **Against** box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to **Abstain** from voting on a resolution, please indicate with a "√" in the **Abstain** box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to **Abstain** from voting in the **Abstain** box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this _____ day of _____ 2020.

Total number of Ordinary Shares held:

Signature(s) of Member(s) or Common Seal

Important: Please read notes on the reverse side

NOTES:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. This proxy form may be accessed at the Company's website at the URL https://www.siaec.com.sg/shareholder_meetings.html, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 7 July 2020.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or
 - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at GPE@mncsingapore.com,in either case not less than 72 hours before the time appointed for holding the Annual General Meeting.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

Please
Affix
Postage
Stamp

M & C SERVICES PRIVATE LIMITED
Share Registrar for
SIA Engineering Company Limited
112 Robinson Road #05-01
Singapore 068902
Republic of Singapore

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as 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), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Tang Kin Fei

DIRECTORS

Goh Choon Phong

Ng Chin Hwee

Manohar Khiatani

Chew Teck Soon

Christina Hon Kwee Fong
(Christina Ong)

Raj Thampuran

Wee Siew Kim

Mak Swee Wah
(from 1 Apr 2020)

Chin Yau Seng

Png Kim Chiang
(until 31 Mar 2020)

Company Secretary

Lu Ling Ling

AUDIT COMMITTEE

Chairman

Chew Teck Soon

Members

Manohar Khiatani

Christina Hon Kwee Fong
(Christina Ong)

Raj Thampuran

Chin Yau Seng

NOMINATING COMMITTEE

Chairperson

Christina Hon Kwee Fong
(Christina Ong)

Members

Chew Teck Soon

Mak Swee Wah
(from 1 Apr 2020)

Ng Chin Hwee
(until 31 Mar 2020)

COMPENSATION & HR COMMITTEE

Chairman

Tang Kin Fei

Members

Goh Choon Phong

Wee Siew Kim

BOARD SAFETY & RISK COMMITTEE

Chairman

Manohar Khiatani

Members

Wee Siew Kim

Raj Thampuran
(from 1 Apr 2020)

Mak Swee Wah
(from 1 Apr 2020)

Chin Yau Seng
(from 1 Apr 2020)

Ng Chin Hwee
(until 31 Mar 2020)

BOARD COMMITTEE

Members

Tang Kin Fei

Goh Choon Phong

EXECUTIVE MANAGEMENT

Chief Executive Officer

Ng Chin Hwee
(from 1 Apr 2020)

Png Kim Chiang
(until 31 Mar 2020)

Executive Vice President Operations

Ivan Neo Seok Kok

Senior Vice President Human Resources

Zarina Piperdi

Senior Vice President

Base Maintenance

Wong Yue Jeen

Senior Vice President

Line Maintenance & Cabin Services

Foo Kean Shuh

Senior Vice President

Partnership Management &

Business Development

Philip Quek Cher Heong

Senior Vice President Finance/

Chief Financial Officer

Ng Lay Pheng

Senior Vice President

Fleet Management & Commercial

Ng Jan Lin Wilin

REGISTERED OFFICE

31 Airline Road

Singapore 819831

Tel: +65 6541 5152

Fax: +65 6546 0679

Email: siaec@singaporeair.com.sg

SHARE REGISTRAR

M & C Services Private Limited

112 Robinson Road #05-01

Singapore 068902

AUDITORS

KPMG LLP

Public Accountants and

Chartered Accountants

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

AUDIT PARTNER

Kenny Tan Choon Wah

(appointed 21 July 2017)



SIA ENGINEERING COMPANY LIMITED

Singapore Company Reg. No.: 198201025C

SGX Trading Code: S59.SI

Registered Office: 31 Airline Road, Singapore 819831

Tel: +65 6541 5152

Fax: +65 6546 0679

Email: siaec@singaporeair.com.sg

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Investor Relations and Public Affairs

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