ANNOUNCEMENT PURSUANT TO RULE 706A OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

SINGAPORE, 4 May 2021- Pursuant to Rule 706A of the Listing Manual of the Singapore Exchange Securities Trading Limited, SIA Engineering Company Limited ("SIAEC") wishes to announce the following that occurred during the year ended 31 March 2021:

1) Acquisition of Shares in Existing Subsidiary Companies

(i) SIAEC had acquired the remaining 35% issued and paid-up share capital of Heavy Maintenance Singapore Services Pte Ltd ("HMSS"), representing 9,625,000 ordinary shares in the capital of HMSS (the "Sale Shares") from Airbus Services Asia Pacific Pte Ltd ("ASAP"), a Singapore incorporated wholly owned subsidiary of Airbus SAS ("Airbus") (collectively, the "Transaction").

The acquisition was arrived at following a joint review of the business in view of the COVID-19 pandemic. Completion of the Transaction has taken place on 27 August 2020, and HMSS is now a wholly-owned subsidiary of SIAEC. Following completion of the Transaction, the Joint Venture Agreement dated 17 February 2016 among SIAEC, Airbus and ASAP in relation to HMSS, as amended and/or supplemented from time to time (the "JVA") has been terminated.

The consideration paid by SIAEC to ASAP for the transfer of the Sale Shares pursuant to the Transaction is S$1.00 in cash, and was arrived at following arm's length negotiations, taking into consideration HMSS' financial position. In connection with the Transaction, SIAEC has also received S$7.39 million in cash pursuant to the termination of the JVA. The Transaction has been accounted for as an equity transaction and the payment by ASAP to SIAEC upon termination of the JVA will be recognised directly in equity.

Based on the audited financial statements of HMSS for the financial year ended 31 March 2020:

i. the book value attributable to the Sale Shares is approximately S$0.9 million; and
ii. the net tangible assets value attributable to the Sale Shares is approximately S$0.1 million.

(ii) SIAEC had entered into an agreement with Cebu Air, Inc. ("CEB") to acquire CEB's entire 35% shareholding in SIA Engineering Philippines Corporation ("SIAEP") (the "Acquisition").

The consideration for the acquisition of CEB's 35% stake in SIAEP is US$7.74 million in cash. This was arrived at after arm's length negotiations on a willing-buyer, willing-seller basis and took into account, inter alia, the net asset value and financial performance of SIAEP. The Acquisition was accounted for as an equity transaction. Based on SIAEP's audited financial statements for the financial year ended 31 March 2020, 35% of the net asset value of SIAEP, to be acquired by SIAEC, was US$9.32 million.

Following the Acquisition, SIAEP has become a wholly-owned subsidiary of SIAEC.

2) Divestment of Shares in Subsidiary Company

SIAEC had entered into an agreement with Cebu Air, Inc. ("CEB"), to divest SIAEC's entire 51% shareholding in Aviation Partnership (Philippines) Corporation ("APPC") to CEB (the "Transaction").

The consideration for the sale of SIAEC's 51% stake in APPC to CEB is US$5.61 million in cash. This was arrived at after arm's length negotiations on a willing-buyer, willing-seller basis and took into account, inter alia, the net asset value and financial performance of APPC. Based on APPC's audited financial statements for the financial year ended 31 March 2020, 51% of the net asset value of APPC was US$4.76 million.

Following the Transaction, SIAEC will cease to have any equity interest in APPC.

The divestment resulted in a gain of S$2.0 million for SIAEC for the financial year ending 31 March 2021.

3) Proposed Liquidation of an Associated Company

On 28 June 2020, we announced that we would evaluate the sustainability of our Thai line maintenance joint venture with NokScoot Airlines Co., Ltd ("NokScoot"), Line Maintenance Partnership (Thailand) Company Limited ("LMPT"), pending the outcome of the proposal for the dissolution of NokScoot. NokScoot's shareholders have since approved the proposed resolution of NokScoot on 14 July 2020.

Following this, LMPT's shareholders have also approved the proposed resolution to dissolve LMPT.

4) Termination of participation in engine development programme in an Existing Subsidiary Company

The Group participated in the development of the Mitsubishi SpaceJet engine with Pratt & Whitney under the PurePower PW1200G Risk Revenue Sharing Program through its wholly owned subsidiary, NexGen Network (1) Holding (NGN1). Following the formal pause in the engine development for the SpaceJet programme, NGN1 has terminated its participation in the PurePower PW1200G Risk Revenue Sharing Program for the Mitsubishi SpaceJet engine.

The above transactions are not expected to have a material impact on the net tangible assets per share or the earnings per share of the SIAEC Group in FY2020/2021.

None of the Directors and controlling shareholders of SIAEC has any interest, direct or indirect, in the transactions, other than through their shareholdings (if any) in SIAEC.