

## Mission Statement

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

## Corporate Profile

SIA Engineering Company provides TOTAL SUPPORT maintenance, repair and overhaul (MRO) services to an expanding client base of international air carriers.

The Company combines specialised expertise developed over the years with extensive experience as an airline engineering service provider to offer a high level of service and commitment to its customers.

In addition, SIA Engineering Company actively seeks alliances and partnerships with industry specialists and original equipment manufacturers to extend the breadth and depth of its services.

Investments in both staff and processes have earned the Company the People Developer Award from SPRING Singapore, along with ISO 9002, ISO 14001 and OHSAS 18001 certifications, as well as approvals from 23 airworthiness authorities worldwide.

Recent awards won by SIA Engineering Company include:

- “Most Transparent Company” for the second year running in 2003, by Securities Investors Association of Singapore (SIAS)
- “Best Managed Board” by Singapore Institute of Directors in 2003
- “Best Asia-Pacific Airline MRO Operation of the Year”, by Aviation Week magazine, 2002
- “Best Annual Report” (Merit Award) in 2004

Dear Shareholders,

2003 was another challenging year for the global aviation industry. The decline in air travel was particularly precipitous in Asia, which bore the full brunt of the devastating effects of the Sars contagion. In the wake of the 9/11 events, the Bali bomb blasts and the war in Iraq, it had indeed been a turbulent and defining period in aviation annals. We are heartened to see a recovery that is gaining momentum since the close of 2003.

Still, the aviation industry remains in a state of transition and flux, fuelled by transformations in the competitive landscape, including the emergence of low-cost carriers across Asia. Against this backdrop, the threats of pestilence and terrorism continue to loom.

To navigate the uncertainties ahead, we remain steadfast in our strategy of staying at the leading edge of technology, skills and service quality, forging strategic alliances with key industry players and strengthening our value propositions to customers.

### Our Performance in FY2003/04

During the year, the Group's revenue fell 22.7% to \$678.7 million, due to lower demand and depressed rates as a result of the aviation downturn, particularly in the first half of the year. The decrease was partially offset by a 18.6% reduction in expenditure, in line with the lower workload. Net profits declined 31.8% to \$140.0 million.

In the last quarter, flight movements at Changi Airport recovered to pre-Sars levels, driven by restored confidence in air travel and festive demand. This helped to moderate the decline in our line maintenance business, which saw a decrease in revenue of 25.0% to \$247.4 million for the year.

With airlines scaling back flights and grounding aircraft in response to plummeting loads in the aftermath of Sars, maintenance checks were deferred or cancelled. As a result, revenue from airframe and component overhaul declined 21.3% to \$431.3 million. With a 3-6 month lag effect, the benefits of the recovery trend seen in the last quarter of FY2003/04 are expected to filter down to airframe maintenance and component overhaul by early FY2004/05.

Our associated companies and joint ventures, which were also impacted by the aviation downturn, registered a commendable performance. Their contribution to earnings (\$48.8 million) continued to form a substantial 37.9% of the Group's overall pre-tax profit.

### Strategic Joint Ventures

Alliances are central to our strategy of expanding the Group's global footprint. In August 2003, we announced our 17th joint venture, PT JAS Aero-Engineering Services, a strategic collaboration with PT Jasa Angkasa Semesta (PT JAS). PT JAS is a full-service airport handling company operating out of a wide network of airports in Indonesia, with more than 28 airline customers.

We have a 49% stake in the joint venture, which currently undertakes line maintenance services at ten airports in Indonesia, including Cengkayang, Surabaya, Denpasar and Medan.

In October, we reached an understanding with Indian Airlines to form a joint venture in India. Services we plan to offer include airframe maintenance in Delhi, line maintenance at ten major Indian airports, as well as component overhaul and repair.

To tap the growing aircraft cabin retrofit and reconfiguration market, SIA Engineering Company signed a Memorandum of Understanding with Jamco America and Jamco Corporation for a joint venture to provide turnkey aircraft interior modifications. The proposed joint venture will be one of the first in the region to provide initial cabin modification conceptual design and certification right through to final installation. By offering total solutions, we will be able to optimise cost-efficiencies and turnaround time for airline customers.

#### New Contracts

Despite a difficult operating environment, we managed to clinch a significant number of new contracts for aircraft maintenance and component overhaul. These included Air Europe, Air Pacific, Air Plus Comet, China Eastern Airlines, China Northern Airlines, Debis Air Finance, Dubai Air Wing, Global Supply Systems, Iberia, Islandsflug and Northwest Airlines. These airlines joined a growing client base that includes Air Canada, Air India, Atlas Air, Biman Bangladesh Airlines, Dragonair, Federal Express, Polar Air and Royal Brunei Airlines.

We are pleased that some of these new contracts come under our Fleet Management Programmes (FMP). Through FMP, in addition to maintenance services, we deliver to customers high value-add services, such as fleet technical management and inventory technical management.

#### Awards

In 2003, SIA Engineering Company won the Most Transparent Company Award (first runner-up) from the Securities Investors Association of Singapore (SIAS). This is the second consecutive year that we have won the award.

We are also gratified that our efforts at good governance and transparency resulted in two prestigious awards - Best Managed Board, awarded by the Singapore Institute of Directors in 2003, and a Merit Award in Annual Report Awards 2004.

#### Maintaining the Leading Edge

Unfazed by external circumstances, SIA Engineering Company continues to make major investments to stay on the leading edge of technology and skills - the very pillars of strength that have shaped the Company's success.

To position ourselves for the recovery of the aviation industry and to capture a larger slice of the global maintenance, repair and overhaul (MRO) market, we are investing up to S\$120 million in two new hangars, which will increase our airframe maintenance capacity by 30%. The investment includes the latest fittings, state-of-the-art workshop test equipment and training of some 800 new engineers and technicians.

Positioned for the long haul, SIA Engineering Company remains committed to expanding its capacity and capabilities in the Singapore hub, and delivering more innovative services to meet customer needs.

We will be launching new services this year to handle new aircraft and engine models that airlines are introducing, such as the Airbus A340-500 aircraft and the Rolls-Royce Trent 500 and 700 engines.

New-generation aircraft are manufactured with new materials and processes, and fitted with an increasing level of computerisation. Our goal is to continually climb the technology ladder, focusing on the latest commercial aircraft. This gives us first-mover advantage in the global MRO market and fortifies our position as a pre-eminent MRO hub of the Asia-Pacific.

### Dividend

The Directors have proposed a final dividend of 22.5 cents per share, comprising a tax-exempt ordinary dividend of 2.5 cents per share and a tax-exempt special dividend of 20.0 cents per share. This brings the total dividend for FY2003/04 to 24.5 cents per share, which translates to a gross dividend yield of 13.4% (based on the closing price of \$1.83 on 31 March 2004) and a payout ratio of 175.9%.

### Outlook

With airlines reporting passenger and cargo traffic returning to pre-Sars levels, the market outlook is improving and we believe the MRO industry will ride on the momentum of recovery.

The Group aims to capture a larger share of the MRO market by introducing new service offerings, including maintenance checks geared to the needs of low-cost carriers and passenger-to-freighter aircraft conversions. We will also continue to pursue the growth of our global footprint, with China and India very much on our radar screens.

### Acknowledgements

In May 2003, former Chairman, Dr Cheong Choong Kong, retired from the Board, after being a Director for 19 years, with the last 7 years as Chairman. The Group is deeply indebted to Dr Cheong for his visionary leadership and distinguished service.

The Board extends a warm welcome to Mr Chew Choon Seng, who joins the Board as Deputy Chairman, and Mr Tan Bian Ee. They bring to the Board a wealth of experience in the airline and technology industries respectively.

The aviation industry has undergone an unprecedented and tumultuous period in the last three years. Despite being assailed by the upheaval, one characteristic remained immutable in the Group - the ability of our people to overcome adversity. I am grateful to Management and Staff for their sacrifices and fortitude, which have enabled us to ride the storm.

With the competitive environment intensifying and constantly changing, I am confident our people will continue to adapt and work with the Group to grow.

I would also like to take this opportunity to thank my colleagues on the Board for their thoughtful advice, unwavering support and passionate commitment.



KOH BOON HWEE  
Chairman

**BOARD OF DIRECTORS**

**Chairman**

Koh Boon Hwee  
*(appointed on 22 May 2003)*  
Cheong Choong Kong  
*(retired on 22 May 2003)*

**Deputy Chairman**

Chew Choon Seng  
*(appointed on 22 May 2003)*  
Chew Leng Seng  
*(stepped down as Deputy  
Chairman on 22 May 2003)*

**Directors**

Chew Leng Seng  
Wong Nang Jang  
N Varaprasad  
Wong Ngit Liong  
Bey Soo Khiang  
Thio Su Mien  
Jimmy Phoon Siew Heng  
Tan Bian Ee  
*(appointed on 15 April 2004)*

**Company Secretary**

Devika Rani Davar

**AUDIT COMMITTEE**

**Chairman**

Wong Nang Jang

**Members**

Chew Leng Seng  
N Varaprasad  
Thio Su Mien

**NOMINATING COMMITTEE**

**Chairman**

Wong Ngit Liong

**Members**

Chew Choon Seng  
*(effective 22 May 2003)*  
Cheong Choong Kong  
*(until 22 May 2003)*  
Wong Nang Jang

**COMPENSATION & HR  
COMMITTEE**

**Chairman**

N Varaprasad

**Members**

Chew Choon Seng  
*(effective 22 May 2003)*  
Cheong Choong Kong  
*(until 22 May 2003)*  
Wong Ngit Liong

**BOARD COMMITTEE**

**Members**

Chew Choon Seng  
*(effective 22 May 2003)*  
Cheong Choong Kong  
*(until 22 May 2003)*  
Chew Leng Seng

**Alternate**

Thio Su Mien

**CAPITAL STRUCTURE  
COMMITTEE**

**Chairman**

Chew Leng Seng

**Members**

Wong Nang Jang  
Jimmy Phoon Siew Heng

**REGISTRAR**

KPMG  
138 Robinson Road  
#17-00 The Corporate Office  
Singapore 068906

**AUDITORS**

Ernst & Young  
Certified Public Accountants  
10 Collyer Quay  
#21-01 Ocean Building  
Singapore 049315

**Audit Partner**

Winston Ngan  
*(since financial year ended  
31 March 2001)*

**EXECUTIVE MANAGEMENT**

**Chief Executive Officer**

William Tan Seng Koon

**Senior Vice President (Commercial)**

Oh Wee Khoon

**Senior Vice President (Operations)**

Chan Seng Yong

**Senior Vice President (Services)**

Png Kim Chiang

**Chief Financial Officer**

Kwok Puay Nee

**REGISTERED OFFICE**

SIA Engineering Company  
31 Airline Road  
Singapore 819831  
E-mail: [siaec@singaporeair.com.sg](mailto:siaec@singaporeair.com.sg)  
Website: [www.siaec.com.sg](http://www.siaec.com.sg)  
Tel: (65) 6542 3333  
Fax: (65) 6546 0679

**Contact Persons:**

Devika Rani Davar  
Company Secretary/Vice-President  
Corporate  
E-mail:  
[devikarani\\_davar@singaporeair.com.sg](mailto:devikarani_davar@singaporeair.com.sg)  
Tel: (65) 6541 5151

**Chia Peck Yong**

Senior Manager Public Affairs  
E-mail:  
[peckyong\\_chia@singaporeair.com.sg](mailto:peckyong_chia@singaporeair.com.sg)  
Tel: (65) 6541 5134  
Fax: (65) 6546 0679

**Important Note:** The summary financial statements as set out on pages 6 to 22 does not contain sufficient information to allow for a full understanding of the results and state of affairs of the Group and of the Company. For further information, the full annual financial statements, the auditors' report on those financial statements and the directors' report should be consulted. Shareholders may request a copy of the full annual report at no cost from the Share Registrars. Please use the Request Slip at the end of this summary financial statements.

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 2004.

### 1. Directors of the Company

The names of the directors in office at the date of this report are:

Koh Boon Hwee - Chairman (appointed on 22 May 2003)  
 Chew Choon Seng - Deputy Chairman (appointed on 22 May 2003)  
 Bey Soo Kiang  
 Chew Leng Seng  
 Jimmy Phoon  
 N Varaprasad (Independent)  
 Tan Bian Ee (Independent) (appointed on 15 April 2004)  
 Thio Su Mien (Independent)  
 Wong Nang Jang (Independent)  
 Wong Ngit Liong (Independent)

### 2. Directors' Interests In Ordinary Shares, Share Options And Debentures

The following directors who held office at the end of the financial year have, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in the ordinary shares and share options of the Company, and in the shares, share options, and debentures of the Company's immediate holding company and the subsidiary companies of the Company's immediate and ultimate holding company:

Name of Director	Direct interest			Deemed interest		
	1.4.2003/ date of appointment	31.3.2004	21.4.2004	1.4.2003/ date of appointment	31.3.2004	21.4.2004
<b>Interest in Singapore Airlines Limited</b>						
<i>Ordinary shares of \$0.50 each</i>						
Chew Choon Seng	214,000	214,000	214,000	-	-	-
Chew Leng Seng	80,000	20,000	20,000	-	-	-
N Varaprasad	2,000	2,000	2,000	-	-	-
Thio Su Mien	-	-	-	2,000	-	-
<i>Options to subscribe for ordinary shares of \$0.50 each</i>						
Chew Choon Seng	454,000	606,000	606,000	-	-	-
Bey Soo Kiang	266,000	418,000	418,000	-	-	-
Chew Leng Seng	110,000	110,000	110,000	-	-	-

## 2. Directors' Interests In Ordinary Shares, Share Options And Debentures (continued)

Name of Director	Direct interest			Deemed interest		
	1.4.2003/ date of appointment	31.3.2004	21.4.2004	1.4.2003/ date of appointment	31.3.2004	21.4.2004
<b>Interest in SIA Engineering Company Limited</b>						
<i>Ordinary shares of \$0.10 each</i>						
Chew Choon Seng	20,000	20,000	20,000	-	-	-
Bey Soo Khiang	13,000	13,000	13,000	-	-	-
Chew Leng Seng	18,000	18,000	18,000	-	-	-
N Varaprasad	5,000	5,000	5,000	-	-	-
Thio Su Mien	13,000	13,000	13,000	-	-	-
Wong Nang Jang	30,000	30,000	30,000	30,000	30,000	30,000
Wong Ngit Liong	13,000	13,000	13,000	-	-	-
<i>Options to subscribe for ordinary shares of \$0.10 each</i>						
Chew Leng Seng	380,000	380,000	380,000	-	-	-
<b>Interest in Singapore Airport Terminal Services Limited</b>						
<i>Ordinary shares of \$0.10 each</i>						
Chew Choon Seng	10,000	10,000	10,000	-	-	-
Bey Soo Khiang	-	-	-	1,000	1,000	1,000
<b>Interest in Singapore Telecommunications Limited</b>						
<i>Ordinary shares of \$0.15 each</i>						
Koh Boon Hwee	31,880	31,880	31,880	1,740	1,740	1,740
Chew Choon Seng	11,880	11,880	11,880	-	-	-
Bey Soo Khiang	1,740	1,740	1,740	1,540	11,740	11,740
Chew Leng Seng	1,740	16,740	16,740	1,690	1,690	1,690
Jimmy Phoon	1,820	1,820	1,820	2,740	2,740	2,740
N Varaprasad	-	-	-	1,740	1,740	1,740
Thio Su Mien	1,740	1,740	1,740	2,540	2,540	2,540
Wong Nang Jang	1,740	1,740	1,740	1,740	1,740	1,740
Wong Ngit Liong	1,540	1,540	1,540	900	900	900
<b>Interest in Singapore Food Industries Limited</b>						
<i>Ordinary shares of \$0.05 each</i>						
Wong Ngit Liong	60,000	60,000	60,000	-	-	-

2. Directors' Interests In Ordinary Shares, Share Options And Debentures (continued)

Name of Director	Direct interest			Deemed interest		
	1.4.2003/ date of appointment	31.3.2004	21.4.2004	1.4.2003/ date of appointment	31.3.2004	21.4.2004
<b>Interest in SMRT Corporation Limited</b>						
<i>Ordinary shares of \$0.10 each</i>						
Chew Choon Seng	50,000	50,000	50,000	-	-	-
Bey Soo Khiang	3,000	3,000	3,000	3,000	-	-
<b>Interest in CapitaLand Limited</b>						
<i>Ordinary shares of \$1.00 each</i>						
Chew Leng Seng	50,000	-	-	2,750	2,750	2,750
N Varaprasad	14,000	3,000	3,000	-	-	-
Wong Nang Jang	-	-	-	12,875	12,875	12,875
<b>Interest in CapitaMall Trust Management Limited</b>						
<i>Ordinary shares of \$1.00 each</i>						
Chew Leng Seng	140,000	154,000	154,000	-	-	-
N Varaprasad	5,000	5,500	5,500	5,000	500	500
<b>Interest in Raffles Holdings Limited</b>						
<i>Ordinary shares of \$0.50 each</i>						
Chew Choon Seng	12,000	12,000	12,000	-	-	-
<b>Interest in Chartered Semiconductor Manufacturing Limited</b>						
<i>Ordinary shares of \$0.26 each</i>						
Bey Soo Khiang	-	-	-	25,000	35,000	35,000
<b>Interest in ST Assembly Test Services Limited</b>						
<i>Ordinary shares of \$0.25 each</i>						
N Varaprasad	1,500	-	-	-	-	-
<b>Interest in ST Engineering Limited</b>						
<i>Ordinary shares of \$0.10 each</i>						
Chew Leng Seng	18,000	-	-	-	-	-
N Varaprasad	-	9,000	9,000	-	-	-
<b>Interest in SembCorp Industries Limited</b>						
<i>Ordinary shares of \$0.25 each</i>						
N Varaprasad	10,000	-	-	-	-	-

## 2. Directors' Interests In Ordinary Shares, Share Options And Debentures (continued)

Name of Director	Direct interest			Deemed interest		
	1.4.2003/ date of appointment	31.3.2004	21.4.2004	1.4.2003/ date of appointment	31.3.2004	21.4.2004
<b>Interest in SembCorp Marine Limited</b>						
<i>Ordinary shares of \$0.10 each</i>						
Chew Leng Seng	-	-	-	10,000	10,000	10,000
N Varaprasad	10,000	14,000	14,000	-	-	-
<b>Interest in DBS Group Holdings Limited</b>						
<i>Ordinary shares of \$1.00 each</i>						
Chew Leng Seng	-	-	-	3,040	3,040	3,040
Thio Su Mien	-	-	-	2,000	-	-
<b>Interest in Keppel Corporation Limited</b>						
<i>Ordinary shares of \$0.50 each</i>						
N Varaprasad	7,500	8,200	8,200	-	-	-
Wong Nang Jang	2,343	2,343	2,343	-	-	-
<b>Interest in Neptune Orient Lines Limited</b>						
<i>Ordinary shares of \$1.00 each</i>						
N Varaprasad	-	10,000	10,000	-	-	-
Wong Nang Jang	4,000	4,000	4,000	-	-	-

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2004.

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares and share options in, or debentures of, the Company or any other body corporate, other than pursuant to the SIA Engineering Company Limited Employee Share Option Plan (see Note 4 of this report).

## 3. Directors' Contractual Benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company which the director has a substantial financial interest.

### 4. Options on Shares in the Company

The SIA Engineering Company Limited Employee Share Option Plan (the "Plan"), which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, was approved by shareholders on 9 February 2000.

Under the Plan, all options to be issued will have a term no longer than 10 years from the date of grant. The exercise price of the option will be the average of the closing prices of the Company's ordinary shares on the SGX-ST for the five market days immediately preceding the date of grant.

Under the Employee Share Option Scheme, options will vest two years after the date of grant. Under the Senior Executive Share Option Scheme, options will vest:

- (i) one year after the date of grant for 25% of the ordinary shares subject to the options;
- (ii) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;
- (iii) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and
- (iv) four years after the date of grant for the remaining 25% of the ordinary shares subject to the options.

At the date of this report, the Compensation and HR Committee administering the Plan comprises the following directors:

N Varaprasad - Chairman  
Chew Choon Seng (appointed on 22 May 2003)  
Wong Ngit Liong

No options have been granted to controlling shareholders or their associates, or parent group employees.

No employee has received 5% or more of the total number of options available under the Plan.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

During the financial year, in consideration of the payment of \$1.00 for each offer of options accepted, offers of options were granted pursuant to the Plan in respect of 7,526,300 unissued shares of \$0.10 each in the Company at an offering price of \$1.75 per share.

#### 4. Options on Shares in the Company (continued)

At the end of the financial year, options to take up 62,637,100 unissued shares of \$0.10 each in the Company were outstanding:

Number of unissued ordinary shares of \$0.10 each						
Date of grant	Balance at 1.4.2003/ date of grant	Cancelled	Exercised	Balance at 31.3.2004	Exercise price	Exercisable period
28.3.2000	14,704,750	(257,200)	(3,600)	14,443,950	\$2.05	28.3.2001 - 27.3.2010
3.7.2000	13,727,650	(173,200)	(95,400)	13,459,050	\$1.95	3.7.2001 - 2.7.2010
2.7.2001	15,337,000	(104,000)	(4,095,900)	11,137,100	\$1.41	2.7.2002 - 1.7.2011
1.7.2002	16,531,600	(361,900)	-	16,169,700	\$2.38	1.7.2003 - 30.6.2012
1.7.2003	7,526,300	(99,000)	-	7,427,300	\$1.75	1.7.2004 - 30.6.2013
	<u>67,827,300</u>	<u>(995,300)</u>	<u>(4,194,900)</u>	<u>62,637,100</u>		

The details of options granted to and exercised by directors of the Company:

Name of participant	Options granted during financial year under review	Exercise price for options granted during financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Options lapsed	Aggregate options outstanding at end of financial year under review
Chew Leng Seng	-	-	380,000	-	-	380,000

#### 5. Audit Committee

The Audit Committee performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance, which is set out in the Annual Report.

6. Auditors

The auditors, Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment.

The summary financial statement set out on pages 6 to 22 was approved by the Board on 10 May 2004 and was signed on its behalf by:

**KOH BOON HWEE**  
Chairman

**CHEW CHOON SENG**  
Deputy Chairman

Dated this 10th day of May 2004

We have examined the accompanying summary financial statement set out on pages 6 to 22.

In our opinion, the summary financial statement is consistent, in all material respects, with the full financial statements and the directors' report of SIA Engineering Company Limited and its subsidiary companies for the financial year ended 31 March 2004 from which they were derived, and complies with the requirements of S203A of the Companies (Amendment) Act 1995, and regulations made thereunder.

In our auditor's report dated 10 May 2004, which is reproduced below, we expressed an unqualified opinion on the financial statements of SIA Engineering Company Limited and its subsidiary companies:

"We have audited the accompanying financial statements of SIA Engineering Company Limited (the "Company") and its subsidiary companies (the "Group") set out on pages # to # for the year ended 31 March 2004. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) 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 Companies Act (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2004, changes in equity of the Group and of the Company, the results and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records (excluding registers) required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act."

For a better understanding of the financial position of the Company and the Group and the results of the operations of the Group for the year and of the scope of our audit, the summary financial statement should be read in conjunction with the full financial statements from which the summarized financial statement was derived and our audit report thereon.

**ERNST & YOUNG**  
Certified Public Accountants

Dated this 10th day of May 2004  
Singapore

*# The page numbers are stated in the auditors' report dated 10th May 2004 included in the SIA Engineering Company Annual Report for the financial year ended 31 March 2004.*

## Consolidated Profit and Loss Account

For the financial year ended 31 March 2004 (in thousands of \$)

	The Group	
	2003-04	2002-03
<b>REVENUE</b>	678,676	878,132
<b>EXPENDITURE</b>		
Staff costs	285,785	338,404
Material costs	181,657	242,304
Depreciation	22,901	22,968
Company accommodation	39,085	39,818
Other operating expenses	70,346	93,698
	<u>599,774</u>	<u>737,192</u>
<b>OPERATING PROFIT</b>	78,902	140,940
Interest income	3,067	3,738
Interest on external borrowings	(18)	(20)
Surplus on sale of fixed assets	847	506
Dividend from long-term investment	415	434
Share of profits of associated companies	45,944	69,004
Share of profits of joint venture companies	2,861	1,812
	<u>132,018</u>	<u>216,414</u>
<b>PROFIT BEFORE EXCEPTIONAL ITEM</b>	132,018	216,414
Exceptional item	(3,149)	-
	<u>128,869</u>	<u>216,414</u>
<b>PROFIT BEFORE TAXATION</b>	128,869	216,414
<b>TAXATION</b>	11,089	(11,171)
	<u>139,958</u>	<u>205,243</u>
<b>PROFIT AFTER TAXATION</b>	139,958	205,243
Minority interest	(59)	(57)
	<u>139,899</u>	<u>205,186</u>
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	139,899	205,186
<b>BASIC EARNINGS PER SHARE (CENTS)</b>	14.0	20.5
<b>DILUTED EARNINGS PER SHARE (CENTS)</b>	13.9	20.4

## Balance Sheets

As at 31 March 2004 (in thousands of \$)

	The Group		The Company	
	2004	2003	2004	2003
<b>SHARE CAPITAL</b>				
Authorized	300,000	300,000	300,000	300,000
Issued and fully paid	100,463	100,044	100,463	100,044
<b>RESERVES</b>				
Distributable				
General reserve	829,335	731,890	742,062	659,255
Foreign currency translation reserve	(10,420)	4,988	69	308
Non-distributable				
Share premium	6,372	823	6,372	823
	825,287	737,701	748,503	660,386
<b>SHARE CAPITAL AND RESERVES</b>	925,750	837,745	848,966	760,430
<b>MINORITY INTEREST</b>	2,071	2,012	-	-
<b>DEFERRED TAXATION</b>	11,597	10,715	11,597	10,715
	939,418	850,472	860,563	771,145
Represented by:				
<b>FIXED ASSETS</b>	207,403	194,841	203,453	190,615
<b>SUBSIDIARY COMPANIES</b>	-	-	5,277	5,277
<b>ASSOCIATED COMPANIES</b>	246,446	244,446	164,399	160,725
<b>JOINT VENTURE COMPANIES</b>	52,559	52,619	56,599	57,538
<b>LONG-TERM INVESTMENTS</b>	17,323	23,599	17,323	23,599
<b>CURRENT ASSETS</b>				
Trade and other debtors	37,359	50,546	36,618	49,531
Immediate holding company	42,007	58,547	41,892	58,287
Related parties	17,654	24,538	16,373	24,553
Term-loan due from an investee company	2,258	882	2,258	882
Stocks	12,399	13,134	11,828	12,245
Work-in-progress	12,427	27,687	12,258	26,972
Short-term deposits	367,560	338,303	367,560	338,303
Cash and bank balances	104,807	60,798	103,633	59,616
	596,471	574,435	592,420	570,389
Less:				
<b>CURRENT LIABILITIES</b>				
Trade and other creditors	166,185	218,358	165,259	216,838
Bank loans	950	950	-	-
Provision for taxation	13,649	20,160	13,649	20,160
	180,784	239,468	178,908	236,998
<b>NET CURRENT ASSETS</b>	415,687	334,967	413,512	333,391
	939,418	850,472	860,563	771,145

## Statement of Changes in Equity

For the financial year ended 31 March 2004 (in thousands of \$)

	Share capital	Share premium	Foreign currency translation reserve	General reserve	Total
<b>THE GROUP</b>					
Balance at 31 March 2002	100,000	-	12,991	569,672	682,663
Share options exercised *	44	823	-	-	867
Foreign currency translation differences	-	-	(8,003)	-	(8,003)
Profit attributable to shareholders for the financial year	-	-	-	205,186	205,186
Dividends	-	-	-	(42,968)	(42,968)
Balance at 31 March 2003	100,044	823	4,988	731,890	837,745
Share options exercised #	419	5,549	-	-	5,968
Foreign currency translation differences	-	-	(15,408)	-	(15,408)
Profit attributable to shareholders for the financial year	-	-	-	139,899	139,899
Dividends	-	-	-	(42,454)	(42,454)
Balance at 31 March 2004	100,463	6,372	(10,420)	829,335	925,750

\* 437,000 ordinary shares of \$0.10 par value issued at exercise price of \$1.41, \$1.95 and \$2.05 each pursuant to the Employee Share Option Plan. Share capital and share premium increased by \$44,000 and \$823,000 respectively.

# 4,194,900 ordinary shares of \$0.10 par value issued at exercise price of \$1.41, \$1.95 and \$2.05 each pursuant to the Employee Share Option Plan. Share capital and share premium increased by \$419,000 and \$5,549,000 respectively.

Statement of Changes in Equity (Continued)

	Share capital	Share premium	Foreign currency translation reserve	General reserve	Total
<b>The Company</b>					
Balance at 31 March 2002	100,000	-	800	537,681	638,481
Share options exercised *	44	823	-	-	867
Foreign currency translation differences	-	-	(492)	-	(492)
Profit attributable to share- holders for the financial year	-	-	-	164,542	164,542
Dividends	-	-	-	(42,968)	(42,968)
Balance at 31 March 2003	100,044	823	308	659,255	760,430
Share options exercised #	419	5,549	-	-	5,968
Foreign currency translation differences	-	-	(239)	-	(239)
Profit attributable to share- holders for the financial year	-	-	-	125,261	125,261
Dividends	-	-	-	(42,454)	(42,454)
Balance at 31 March 2004	100,463	6,372	69	742,062	848,966

\* 437,000 ordinary shares of \$0.10 par value issued at exercise price of \$1.41, \$1.95 and \$2.05 each pursuant to the Employee Share Option Plan. Share capital and share premium increased by \$44,000 and \$823,000 respectively.

# 4,194,900 ordinary shares of \$0.10 par value issued at exercise price of \$1.41, \$1.95 and \$2.05 each pursuant to the Employee Share Option Plan. Share capital and share premium increased by \$419,000 and \$5,549,000 respectively.

## Consolidated Cash Flow Statement

For the financial year ended 31 March 2004 (in thousands of \$)

	The Group	
	2003-04	2002-03
<b>PROFIT BEFORE TAXATION</b>	128,869	216,414
Adjustment for:		
Interest income	(3,067)	(3,738)
Interest expense	18	20
Depreciation of fixed assets	22,901	22,968
Share of profits of associated/joint venture companies	(48,805)	(70,816)
Dividend income from an investee company	(415)	(434)
Surplus on sale of fixed assets	(847)	(506)
Exchange differences	8,800	5,567
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	107,454	169,475
Decrease in debtors	7,545	376
Decrease/(increase) in stock/work-in-progress	15,997	(13,682)
(Decrease)/increase in creditors	(30,973)	39,563
Decrease/(increase) in amounts owing from related companies	18,586	(6,145)
<b>CASH GENERATED FROM OPERATIONS</b>	118,609	189,587
Interest received from deposits	2,876	3,726
Interest paid	(18)	(20)
Income taxes paid	(8,225)	(11,786)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	113,242	181,507
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(35,530)	(28,840)
Proceeds from disposal of fixed assets	213	532
Investments in associated companies	(3,675)	(13,626)
Investments in joint venture companies	-	(8,015)
Repayment of loans by associated companies	5,050	5,152
Repayment of loans by investee companies	4,640	4,279
Dividend received from an investee company	415	434
Dividends from associated companies	27,984	22,424
Proceeds from capital reduction of a joint venture company	2,005	-
<b>NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES</b>	1,102	(17,660)

Consolidated Cash Flow Statement (Continued)

	<u>The Group</u>	
	2003-04	2002-03
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of share options	5,968	867
Dividends paid	(42,454)	(42,968)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(36,486)</u>	<u>(42,101)</u>
<b>NET CASH INFLOW</b>	77,858	121,746
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	399,101	279,998
Effect of exchange rate changes	(4,592)	(2,643)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<u>472,367</u>	<u>399,101</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Short-term deposits	367,560	338,303
Cash and bank balances	104,807	60,798
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<u>472,367</u>	<u>399,101</u>

## Notes to the Summary Financial Statement

31 March 2004

### 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 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 SIA Engineering Company Hangar, 31 Airline Road, Singapore 819831.

The principal activities of the Company are the maintenance, repair and overhaul of aircraft, the provision of engine and component overhaul, the provision of line maintenance and technical ground handling services, and investment holdings. The principal activities of the subsidiary companies include the manufacturing of aircraft cabin equipment, refurbishment of aircraft galleys and investment holdings. There have been no significant changes in the nature of these activities during the financial year.

### 2. Dividends Paid and Proposed (in thousands of \$)

	The Group and Company	
	2003-04	2002-03
Dividends Paid:		
Final dividend of 2.5 cents per share (1.2 cents per share less 22.0% tax and 1.3 cents tax exempt) in respect of previous financial year (2003: 1.2 cents per share less 22.0% tax and 1.8 cents tax exempt)	22,371	27,361
Interim dividend of 2.0 cents per share tax exempt (2003: 2.0 cents per share less 22.0% tax)	20,083	15,607
	<u>42,454</u>	<u>42,968</u>

The directors propose a final dividend of 22.5 cents per share, comprising a tax exempt ordinary dividend of 2.5 cents per share, amounting to approximately \$25,116,000 (2003: \$22,371,000) and a tax exempt special dividend of 20.0 cents per share, amounting to approximately \$200,926,000 (2003: nil), to be paid for the financial year ended 31 March 2004.

### 3. Related Parties Transactions

The significant transactions between the Group and its related parties and the effects of these transactions on terms agreed among the companies are as follows:

(in thousands of \$)	The Group		The Company	
	2003-04	2002-03	2003-04	2002-03
<b>Income</b>				
Sales of services and related materials to the immediate holding and related companies	532,763	722,297	528,668	720,513
Rental of office space charged to the immediate holding company	2,075	2,001	2,075	2,001
Interest income from the immediate holding company	2,260	2,310	2,260	2,310
Equipment fee charged to the immediate holding company	6,472	6,202	6,472	6,202
Sales of services and related materials to associated companies	1,736	1,808	1,736	1,808
Sales of services and related materials to joint venture companies	3,949	4,894	3,949	4,894
Sales of services and related materials to a related party	-	182	-	182
<b>Expense</b>				
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	11,424	8,618	11,424	8,618
Rental of workshop and office space charged by the immediate holding company	24,924	25,621	24,924	25,621
Purchases of materials from the immediate holding company	173,143	237,388	173,143	237,388
Purchases of goods from associated companies	5,771	1,701	5,771	1,701
Services rendered by the immediate holding company	6,317	7,537	6,317	7,537
Services rendered by a related company	2,032	1,825	2,032	1,825

## Notes to the Summary Financial Statement

31 March 2004

### 3. Related Parties Transactions (continued)

#### *Directors' and key executives' remuneration of the Company (in \$)*

Directors' fees amounted to \$377,086 (2003: \$341,447). Key executives' remuneration other than the executive directors totalled to approximately \$1,407,000 (2003: \$1,496,000).

Share options granted to and exercised by directors and key executives of the Company are as follows:

Name of participant	Options granted during financial year under review	Exercise price for options granted during financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Options lapsed	Aggregate options outstanding at end of financial year under review
Chew Leng Seng	-	-	380,000	-	-	380,000
William Tan	79,000	\$1.75	839,000	-	-	839,000
Oh Wee Khoon	96,500	\$1.75	590,500	-	-	590,500
Chan Seng Yong	96,500	\$1.75	513,225	-	-	513,225
Png Kim Chiang	96,500	\$1.75	403,200	-	-	403,200

### Interested Persons Transactions

(in thousands of \$)

The aggregate value of interested persons transactions ("IPTs") entered into during the financial year are as follows:

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
NCS Communications Engineering Pte Ltd	-	493
Senoko Energy Supply Pte Ltd	-	1,624
Singapore Airlines Limited and its associates	-	29,553
<b>Total</b>	<b>-</b>	<b>31,670</b>

### Operating Statistics

	The Group		The Company	
	2003-04	2002-03	2003-04	2002-03
<b>Employee Productivity</b>				
Average number of employees	4,652	4,624	4,577	4,570
Revenue per employee (\$)	145,889	189,928	146,547	190,640
Value added per employee (\$)	97,508	123,209	90,881	115,267

## Information on Shareholdings

as at 13 May 2004

Authorized share capital : 3,000,000,000 ordinary shares of S\$0.10 each  
 Issued and fully paid : 1,004,807,500 ordinary shares of S\$0.10 each  
 Voting Rights : One Vote Per Share

### Analysis of Shareholdings

Range of Shareholdings	Number of Shareholders	%	Amount of Shareholdings	%
1 — 999	23	0.14	9,378	0.00
1,000 — 10,000	15,431	96.84	26,923,751	2.68
10,001 — 1,000,000	469	2.94	17,702,213	1.76
1,000,001 and above	12	0.08	960,172,158	95.56
<b>Total</b>	<b>15,935</b>	<b>100.00</b>	<b>1,004,807,500</b>	<b>100.00</b>

### Major Shareholders

No.	Name	Number of Shares Held	%
1	SINGAPORE AIRLINES LIMITED	870,000,000	86.58
2	RAFFLES NOMINEES PTE LTD	22,967,700	2.29
3	HSBC (SINGAPORE) NOMINEES PTE LTD	15,676,000	1.56
4	CITIBANK NOMINEES SINGAPORE PTE LTD	15,279,543	1.52
5	DBS NOMINEES PTE LTD	12,693,013	1.26
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	8,440,200	0.84
7	THE ASIA LIFE ASSURANCE SOCIETY LTD - S'PORE LIFE FUND	4,333,000	0.43
8	OVERSEA-CHINESE BANK NOMINEES PTE LTD	3,535,002	0.35
9	KIM ENG SECURITIES PTE LTD	2,392,000	0.24
10	MERRILL LYNCH (S'PORE) PTE LTD	1,977,000	0.20
11	SUMMERHILL PTE LTD	1,690,000	0.17
12	MORGAN STANLEY ASIA (S'PORE)	1,188,700	0.12
13	TAN CHENG CHYE	631,800	0.06
14	ING NOMINEES (S'PORE) PTE LTD	501,000	0.05
15	PHILLIP SECURITIES PTE LTD	489,000	0.05
16	OCBC SECURITIES PRIVATE LTD	405,000	0.04
17	UOB KAY HIAN PTE LTD	382,000	0.04
18	KWEK LIONG TEK	308,000	0.03
19	REALTY & INVESTMENT HOLDINGS PTE LTD	305,000	0.03
20	G K GOH STOCKBROKERS PTE LTD	295,113	0.03
	<b>Total</b>	<b>963,489,071</b>	<b>95.89</b>

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

Name	Direct Interest	Indirect Interest	Total Interest	%
Temasek Holdings (Pte) Ltd	-	870,000,000	870,000,000	86.58
Singapore Airlines Ltd	870,000,000	-	870,000,000	86.58

### Shareholdings held by the public

Based on the information available to the Company as at 13 May 2004, 13.42 per cent of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 22nd Annual General Meeting of SIA Engineering Company Limited (“**the Company**”) will be held at the Mandarin Ballrooms 1 and 2, 6<sup>th</sup> Floor, South Tower, Meritus Mandarin Singapore, 333 Orchard Road, Singapore 238867 on Monday, 26 July 2004 at 10.00 a.m. to transact the following business:

### Ordinary Business

1. To receive and adopt the Directors’ Report and Audited Accounts of the Company for the year ended 31 March 2004 and the Auditors’ Report thereon.
2. To declare an ordinary dividend of 2.5 cents per share, tax exempt for the year ended 31 March 2004.
3. To declare a special dividend of 20.0 cents per share, tax exempt for the year ended 31 March 2004.
4. To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 83 of the Company’s Articles of Association and who being eligible, offer themselves for re-election:

#### 4.1 Mr Wong Ngit Liong

Note: Mr Wong Ngit Liong, an independent Director, will upon re-election, continue to serve as chairman of the Nominating Committee and as a member of the Compensation & HR Committee.

#### 4.2 Mr Wong Nang Jang

Note: Mr Wong Nang Jang, an independent Director, will upon re-election, continue to serve as chairman of the Audit Committee and as a member of the Nominating Committee and the Capital Structure Committee.

Note: Mr Jimmy Phoon who will retire as a Director at the close of the 22nd Annual General Meeting will not be seeking re-election at the Annual General Meeting.

5. To re-elect Mr Tan Bian Ee, a Director who retires pursuant to Article 90 of the Company’s Articles of Association and who being eligible, will offer himself for re-election as a Director.
6. To re-appoint Messrs Ernst & Young as auditors of the Company to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration.
7. To approve the payment of Directors’ Fees of \$377,086.00 (FY2002/2003: \$341,447.00) for the year ended 31 March 2004.

### Special Business

8. To consider and, if thought fit, to pass the following resolutions as ordinary resolutions with or without any modifications:

#### 8.1 “That authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the capital 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 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

- (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:

- (c) 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 but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 50 per cent. of the issued share capital of the Company (as calculated in accordance with sub-paragraph (d) 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 but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20 per cent. of the issued share capital of the Company (as calculated in accordance with sub-paragraph (d) below);
- (d) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (c) above:
  - (i) the percentage of issued share capital shall be calculated based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:
    - (aa) new shares arising from the conversion or exercise of any convertible securities or employee share options on issue which are outstanding or subsisting at the time this Resolution is passed; and
    - (bb) any subsequent consolidation or subdivision of shares; and
  - (ii) in relation to an Instrument, the number of shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;
- (e) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (f) (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 or the expiration of such other period as may be prescribed by the Companies Act, Chapter 50 of Singapore (whichever is the earliest)."

## Notice of Annual General Meeting

### 8.2 “That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“**Chapter 9**”) of the SGX-ST, 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 11 June 2004 (**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 without limitation executing all such documents as may be required), as they and/or he 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.”

8.3 “That the Directors of the Company be and are hereby authorised to offer and grant Options (as defined in the SIAEC Employee Share Option Plan (as modified) (the “**Plan**”)) in accordance with the rules of the Plan and to allot and issue from time to time such number of ordinary shares of S\$0.10 each in the capital of the Company (“**ordinary shares**”) as may be required to be issued pursuant to the exercise of Options under the Plan PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to the Plan shall not exceed 15 per cent. of the total issued ordinary share capital of the Company from time to time.”

9. To transact any other business of the Company which may arise and can be transacted at an Annual General Meeting.

**NOTICE IS HEREBY GIVEN** that, subject to approval being obtained at the 22nd Annual General Meeting of the Company for the declaration of the proposed dividends, registrable transfers received by the Company’s Share Registrars, KPMG, at 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, up to 5.00 p.m. on 30 July 2004 will be registered to determine shareholders’ entitlement to the proposed dividends (depositors whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 30 July 2004 will be entitled to the proposed dividends), and thereafter the Share Transfer Books and Register of Members of the Company will be closed on 2 August 2004 to determine shareholders’ entitlements to the proposed dividends which will be paid on 11 August 2004.

BY ORDER OF THE BOARD

**DEVIKA RANI DAVAR**  
Company Secretary  
11 June 2004  
Singapore

## Notice of Annual General Meeting

### Explanatory Notes

- i. Ordinary Resolution No. 7 is to approve the payment of Directors' fees of \$377,086.00 (FY2002 2003: \$341,447.00) for the year ended 31 March 2004, for services rendered by Directors on the Board as well as various Board Committees.

The Directors will be paid a basic annual fee and will get additional annual allowance for their services in Board Committees. The proposed fees of the Board Committee and the other Board Committees are shown below:

		Fees per annum (\$)
<b>Board of Directors</b>	Member's Fees (Basic Fee)	1 X Basic Fee = \$28,000
	Chairman's Fees	2 X Basic Fee = \$56,000
<b>Audit Committee</b>	Member's Fees	0.30 X Basic Fee = \$8,400
	Chairman's Fees	0.60 X Basic Fee = \$16,800
<b>Board Committee</b>	Member's Fees	0.15 X Basic Fee = \$4,200
<b>Other Board Committees</b>	Member's Fees	0.15 X Basic Fee = \$4,200
	Chairman's Fees	0.30 X Basic Fee = \$8,400

- ii. Ordinary Resolution No. 8.1 is to empower the Directors from the date of the above Annual General Meeting until the date of the next Annual General Meeting to issue shares in the capital of the Company, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to an amount not exceeding in total 50 per cent. of the issued share capital of the Company with a sub-limit of 20 per cent. for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital shall be based on the issued share capital of the Company at the time that Resolution 8.1 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time that Resolution 8.1 is passed, and (b) any subsequent consolidation or subdivision of shares.
- iii. Ordinary Resolution No. 8.2 is to renew the mandate to allow the Company, its subsidiaries and relevant associated companies 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.
- iv. Ordinary Resolution No.8.3 is to authorise the Directors to offer and grant Options and to allot and issue ordinary shares upon the exercise of such Options in accordance with the provisions of the Plan. The Plan was approved at the Extraordinary General Meeting held on 24 March 2000, prior to the Company's initial public offering, and was modified and restated at the Extraordinary General Meeting on 7 July 2001 and further modified at the Extraordinary General Meeting on 12 July 2003. The aggregate number of ordinary shares which may be issued pursuant to the Plan is limited to 15 per cent. of the issued ordinary share capital of the Company from time to time.

### Notes

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at Robinson Road Post Office, P.O. Box 314, Singapore 900614 not less than 48 hours before the time appointed for the Annual General Meeting.

11 June 2004

**SIA ENGINEERING COMPANY LIMITED**  
(Incorporated in the Republic of Singapore)

Dear Shareholder,

This is a copy of the Summary Financial Statement ("SFS") of SIA Engineering Company Limited ("SIAEC") for the financial year 2003/04. The SFS contains a review of SIAEC and its subsidiaries (the "SIAEC Group") for the financial year ended 31 March 2004. It also contains a summary of the information in the Directors' Report and a summary of the audited financial statements of SIAEC and the SIAEC Group for the financial year 2003/04. We will continue to send you a copy of the SFS for subsequent financial years for as long as you remain an SIAEC shareholder, unless you notify us otherwise.

The full Directors' Report and the full financial statements of SIAEC and the SIAEC Group are set out in a separate report called the Annual Report. Please note that the Annual Report for the financial year 2003/04 is available to all SIAEC shareholders at no cost upon notification being given to SIAEC before 25 June 2004.

If you wish to receive a copy of the Annual Report for the financial year 2003/04 and/or the Annual Report for subsequent financial years for as long as you remain a SIAEC shareholder, please complete the request form below by ticking the appropriate box, and return it to us at the address specified overleaf no later than 25 June 2004. Please note that failure to respond has important consequences. If we do not receive your completed request form by 25 June 2004, you will be taken to have indicated that you wish to continue receiving the SFS for all future financial years for as long as you remain a SIAEC shareholder and you do not wish to receive the Annual Report for the financial year 2003/04 and for all future financial years for as long as you remain a SIAEC shareholder. Nonetheless, please note that you may still request for the SFS and the Annual Report for future financial years if you so wish. Also, if you had previously notified us of your wishes in connection with your receipt of the SFS and/or the Annual Report for this and all future financial years, and we do not receive notice of any change in your wishes by 25 June 2004, we will assume that there have been no changes to your wishes and will act accordingly unless you inform us otherwise.

Yours faithfully

For and on behalf of SIA Engineering Company Limited

**Devika Rani Davar**  
Company Secretary

**Request Form**

To: The Company Secretary  
SIA Engineering Company Limited  
Robinson Road Post Office P O Box 314 Singapore 900614

**NB. Please tick one box only. Incomplete or incorrectly completed forms will not be processed.**

- Please do not send me/us the Summary Financial Statement and Annual Report for as long as I /we remain a shareholder(s) of SIA Engineering Company Limited.
- Please send me/us the Annual Report in addition to the Summary Financial Statement for the financial year 2003/04 and for as long as I /we remain a shareholder(s) of SIA Engineering Company Limited, for all future financial years.

Name(s) of shareholder(s): \_\_\_\_\_

NRIC/Passport Number(s):


CDP Securities Account No.#

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\* delete accordingly

Address: \_\_\_\_\_

\_\_\_\_\_

Signature(s): \_\_\_\_\_ Date: \_\_\_\_\_

# This is only applicable if your shares in SIA Engineering Company Limited are registered with The Central Depository (Pte) Limited (CDP)



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Postage will be  
paid by licensee.  
For posting in  
Singapore and  
Malaysia only.

BUSINESS REPLY SERVICE  
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The Company Secretary  
SIA Engineering Company Limited  
Robinson Road Post Office  
P O Box 314  
Singapore 900614

# Proxy Form

**SIA ENGINEERING COMPANY LIMITED**  
(Incorporated in the Republic of Singapore)

1. For investors who have used their CPF monies to buy the Company's shares, this report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR THEIR INFORMATION ONLY.

2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

\*I/We \_\_\_\_\_ (NRIC / Passport No.) \_\_\_\_\_  
of \_\_\_\_\_

being a \*member/members of SIA Engineering Company Limited, hereby appoint

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (No. of Shares)
and/or (delete as appropriate)			

Or failing \*him/her, the Chairman of the Annual General Meeting ("AGM") of the Company, as \*my/our \*proxy/proxies to attend and to vote for \*me/us and on \*my/our behalf, at the AGM of the Company to be held on 26 July 2004 and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/their discretion, as \*he/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be \*my/our \*proxy/proxies to vote, for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder, for \*me/us and on \*my/our behalf at the AGM and at any adjournment thereof.

No.	Ordinary Business	**For	**Against
1.	Adoption of the Directors' Report, Audited Accounts and Auditors' Report		
2.	Declaration of ordinary dividend		
3.	Declaration of special dividend		
4.1	Re-election of Mr Wong Ngit Liong retiring in accordance with Article 83		
4.2	Re-election of Mr Wong Nang Jang retiring in accordance with Article 83		
5	Re-election of Mr Tan Bian Ee retiring in accordance with Article 90		
6	Re-appointment and remuneration of Auditors		
7.	Approval of Directors' Fees		
<b>Special Business</b>			
8.1	Authority for Directors to issue shares pursuant to Section 161 of the Companies Act (Cap. 50)		
8.2	Renewal of IPT Mandate		
8.3	Authority for Directors to offer and grant options and issue shares in accordance with the provisions of the SIAEC Employee Share Option Plan		
9.	Any other business		

\* Delete Accordingly

\*\* Please indicate your vote "For" or "Against" with a "4" within the box provided

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2004

Total number of Ordinary Shares held:-

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\_\_\_\_\_  
Signature(s) of Shareholder(s) or Common Seal

Notes:-  
IMPORTANT: Please read Notes on the reverse.



NOTES:-

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member appoints two proxies, he must specify the proportion of his shareholding to be represented by each proxy.
3. The instrument appointing a proxy must be signed by the appointor or his duly authorised attorney or if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney.
4. A corporation which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act (Cap. 50), to attend and vote on its behalf.
5. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at Robinson Road Post Office, P.O. Box 314, Singapore 900614, at least 48 hours before the time appointed for the AGM.
6. A member should insert the total number of Ordinary Shares held. If the member has Ordinary Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act (Cap. 50), he should insert that number of Ordinary Shares. If the member has Ordinary Shares registered in his name in the Register of Members, he should insert that number of Ordinary Shares. If the member has Ordinary Shares entered against his name in the Depository Register as well as Ordinary Shares registered in his name in the Register of Members, he should insert the aggregate number of Ordinary Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Ordinary Shares held by the member.
7. The Company shall be entitled to reject this instrument of proxy if it is incomplete, or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose Ordinary Shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have Ordinary Shares entered against his name in the Depository Register at least 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

a. Fold along this line



Affix  
Postage  
Stamp

The Company Secretary  
SIA Engineering Company Limited  
Robinson Road Post Office  
P O Box 314  
Singapore 900614

b. Fold along this line