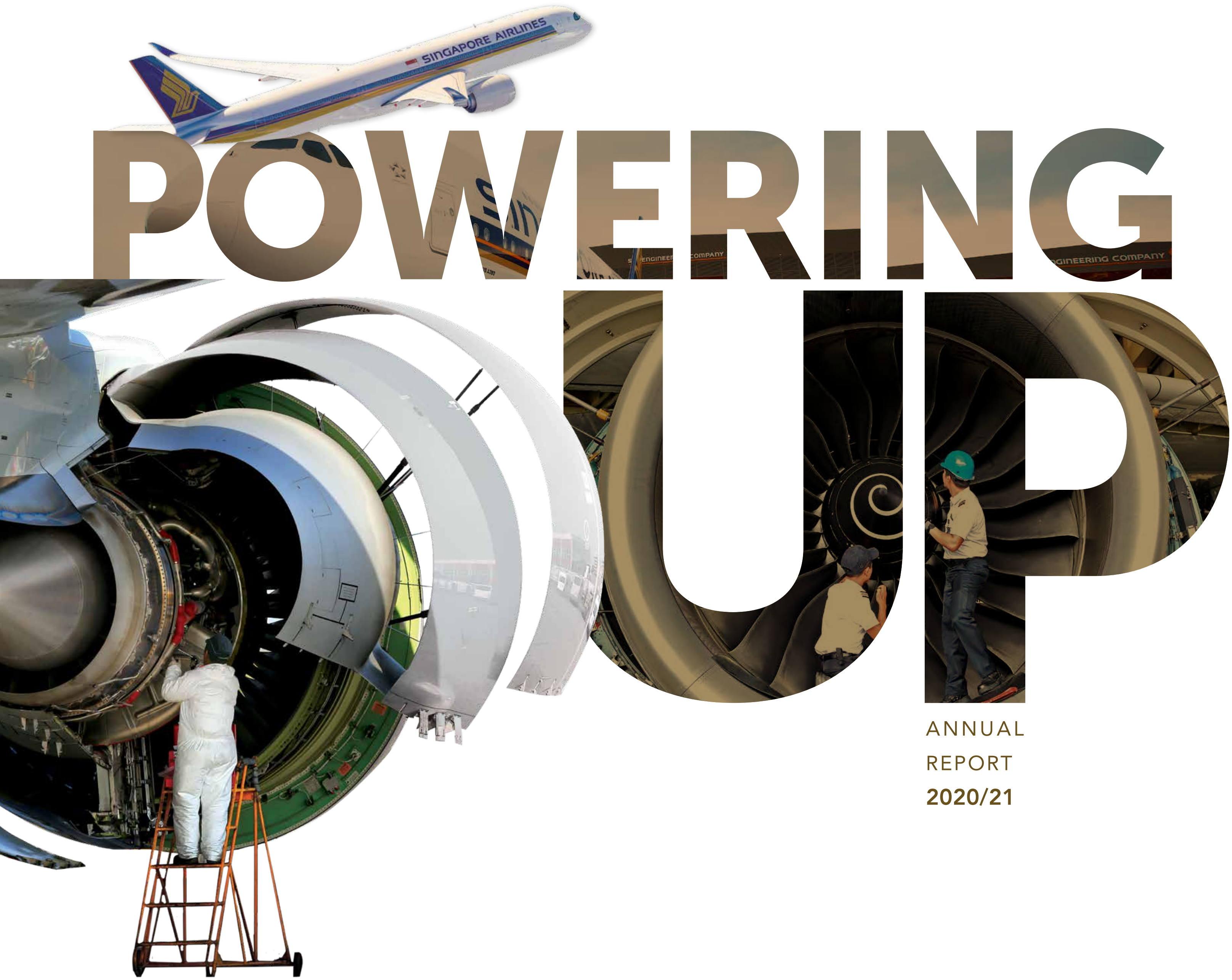
SIA ENGINEERING COMPANY

POWERING UP



ANNUAL
REPORT
2020/21

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

Listed on the mainboard of the Singapore Exchange in 2000, SIAEC 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 23 subsidiaries and joint ventures in 7 countries, forged with strategic partners and leading original equipment manufacturers (OEMs). The Company holds certifications from 27 national airworthiness authorities worldwide.

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FY2020/21 AT A GLANCE

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

Like many others in the aviation industry, we were dealt a severe blow as the COVID-19 pandemic brought passenger air travel to a near-complete standstill at the start of FY2020/21.

The Group's businesses in Singapore continued to operate as essential service providers. We responded swiftly and activated business continuity plans, which effectively minimised disruptions to our operations and service delivery to our customers. From the onset of the pandemic, SIAEC upheld the necessary safe management measures to ensure the safety and well-being of our people who were at our work premises. We enabled staff who could work from home to do so in compliance with the latest advisories from relevant authorities, with robust IT systems and support in place. We also set up a one-stop COVID-19 support portal for staff to access consolidated information on relevant regulatory updates, industry news, health and mental wellness tips and helplines.

To safeguard the long-term sustainability of our business, we implemented a slew of tight cost management measures to mitigate the adverse financial impact of the global health crisis and, equally important, to protect jobs. Apart from Management pay cuts and a reduction in Board of Directors' fees, other measures included voluntary and compulsory no-pay leave, furlough and release of contract staff. Non-critical capital expenditure was deferred to conserve cash and maintain liquidity. We adjusted our resources to match changing business volume. At the same time, we worked closely with our customers, our joint ventures and industry partners, and relevant communities in tackling the challenges and preserving Singapore's strong aerospace hub status.

In response to changes in the market, we introduced service offerings to support our customers in the safe management of their operations during the pandemic. These included the provision of cabin disinfection services on operating aircraft, as well as preservation maintenance on our customers' parked aircraft to ensure that they remain airworthy upon resumption of flights. The debilitating impact of the prolonged pandemic had also forced airlines to rationalise their existing fleets. This resulted in an uptick in demand for de-lease checks and related engine changes, as well as demand for temporary passenger-to-cargo modification to increase the cargo capacity of passenger aircraft. As more aircraft gradually return to the skies, we are also providing a full suite of Return to Service checks to ensure that critical systems are fully functional for aircraft returning to service.

Despite the mitigating measures, the precipitous decline in flights directly impacted all our business segments at both our Singapore base and overseas stations. In FY2020/21, the number of flights we handled at Changi Airport was only 18.5% of the previous year's level, directly impacting our Line Maintenance business. The low flight activities and widespread grounding of aircraft by airlines further led to the extension of maintenance intervals. Our Singapore and Philippines Base Maintenance facilities recorded fewer maintenance checks. Work volume for our Fleet Management business and Engine and Component joint venture companies also fell sharply as a result of low flight hours. From record lows in April and May 2020, the number of flights handled has been recovering, albeit at a slow pace.

At the close of FY2020/21, revenue of the Group fell 55.4% to $443.0 million. Group expenditure declined by 49.5% to $468.0 million, due to grants from government support schemes and cost-saving measures.

As the considerable reduction in expenditure could not keep pace with the sharp decline in revenue, we recorded an operating loss of $25.0 million. Share of profits from associated and joint venture companies fell 68.8% to $39.9 million. The impact of COVID-19 on our industry

> **"To emerge stronger in a post-pandemic landscape, we continue to invest for future growth and reshape our portfolio of joint ventures and subsidiaries. We have been diligently reviewing and rationalising our investments, and tapping into new opportunities in the changing environment to build new capabilities for existing and new generation aircraft and components."**

also led to provisions being made by the Group, including a $35.0 million impairment provision on the assets of our Base Maintenance unit. Overall, the Group recorded a net loss of $11.2 million – our first since listing.

We are grateful to the government for the wage support schemes, especially the Jobs Support Scheme (JSS), which significantly cushioned the decline in our financial performance. With the progressive step-down in support from the JSS, financial discipline and prudence continues to be one of our top priorities.

In view of the losses incurred, and to sustain the business through the continuing uncertainties, the Board of Directors will not be recommending a dividend for FY2020/21. This will also allow us to preserve financial flexibility to pursue any business opportunities that may arise.

ACCELERATING TRANSFORMATION

Amidst much uncertainty, a full recovery in air travel to pre-pandemic levels is likely to take about three years, based on forecasts by the International Air Transport Association. The emergence of new, and more transmissible, COVID-19 strains and resurgence of infections have led governments to implement renewed lockdowns and impose tighter travel restrictions.

Nevertheless, we are encouraged by the gathering pace of vaccination across the globe, ongoing bilateral discussions between countries for the establishment of air travel bubbles and green lanes, alongside the growing adoption of the IATA Travel Pass to integrate COVID-19 test results and vaccinations with passengers' boarding credentials. Countries that are well-advanced in their vaccination programmes and which have effective containment measures in place are easing travel restrictions and re-opening their economies. These initiatives have given rise to growing confidence in international air travel, and a more meaningful increase in flight frequencies and subsequent demand for MRO services.

Against this uncertain outlook, it is imperative that we press on with SIAEC's Transformation journey to strengthen our resilience and agility, and position ourselves to be first off the blocks when the upturn comes around. Following significant improvements in productivity and performance last year, we rolled out the second phase of our Transformation efforts in January 2021. In Phase 2, we will invest $40 million over three years in technological areas such as digitalisation and automation, as well as the adoption of Lean methodologies to create value for our customers, workforce and the aviation community. Initiatives that leverage technology and digital tools will enable real-time sharing of information and data-driven decisions to achieve higher efficiencies in operations, and also support the development of technology-enabled products and services. Our staff are receiving training in digital skillsets and customised training to lead the implementation of Lean methodologies for a value-driven approach to process improvements.

We have already seen productivity improvements with significant reduction in turnaround time during pilot projects for checks performed on the Boeing 787 aircraft. Lean projects will be launched enterprise-wide and will extend beyond specific functions to encompass end-to-end processes such as planning, supply chain and documentation.

In addition to the continual upskilling of the workforce to broaden their expertise and enhance agility, strengthening the culture of continuous improvement is another key aspect of our Transformation. Active engagement with our staff to promote a thriving ecosystem where new ideas are constantly generated from the ground will enable sustainment of process improvement initiatives. With the right structure and processes in place, we are confident that significant productivity improvements will be accomplished in the years ahead.

STRENGTHENING CAPABILITIES

The pandemic has brought about structural changes to the aviation industry, with significant impact on the MRO business as well as opportunities amidst

Tang Kin Fei
Chairman

CHAIRMAN'S STATEMENT

the challenges. To emerge stronger in a post-pandemic landscape, we continue to invest for future growth and reshape our portfolio of joint ventures and subsidiaries. We have been diligently reviewing and rationalising our investments, and tapping into new opportunities in the changing environment to build new capabilities for existing and new generation aircraft and components.

We established a new Engine Services Division (ESD) to consolidate, develop and grow our engine services business. ESD will provide a comprehensive suite of value-added services in the engine MRO value chain, which will strengthen our value proposition to our customers. It will also tap on synergies with OEM partners to strengthen our engine services eco-system. The formation of ESD is an important move for the future. We are positioning ourselves for the eventual return of air travel, and the resultant increase in demand for quick turn maintenance and shorter engine turnaround, particularly those on narrow-body aircraft.

To further strengthen our capabilities, we signed a Memorandum of Understanding with SR Technics Switzerland to acquire its subsidiary in Malaysia. The acquisition, if completed, will add to SIAEC's existing suite of component repair and overhaul services at a competitive cost base location.

During the year, we acquired Airbus' shares in Heavy Maintenance Singapore Services. The wholly-owned subsidiary has been integrated into our Singapore Base Maintenance unit for greater efficiency and competitiveness. We also acquired Cebu Pacific's shareholding in SIA Engineering Philippines (SIAEP) in Clark, making it a wholly-owned subsidiary. Our strategy is to strengthen the core competencies at our bases in Singapore and in Clark for both wide-body and narrow-body aircraft, with SIAEP as a centre of excellence for narrow-body aircraft MRO services. With near term recovery expected on the fast-growing narrow-body aircraft fleet in Asia, SIAEP will serve as a lower cost base for us to compete for more narrow-body work and cater more effectively to the needs of customers in Asia.

These acquisitions complement our current strategy of forming joint ventures with our OEM partners to broaden and deepen our portfolio of capabilities in the Group.

GROWING SUSTAINABLY

Sustainability is important to us in our efforts to ensure that responsible business practices guide our long-term growth and enable us to drive positive change in the communities we operate in, while leaving the least adverse environmental footprint possible. We believe that our commitment to foster an organisation-wide sustainability mindset and embed sustainability practices in our operations will enable us to generate stronger and sustainable returns over time.

One aspect of sustainability that has received increasing focus globally and in Singapore is that of sustainable development to tackle climate change. In line with the Singapore Green Plan 2030 and SIAEC's commitment towards decarbonisation, we are harnessing clean energy in our operations. Solar panels within our facilities in Singapore and the Philippines are generating 20% and 15% of electricity needs respectively. In Singapore, Hangar 2 has been recognised by the Building and Construction Authority and the Public Utilities Board for its energy and water efficiencies. We are also trialling electric tow tractors in our operations with a view to replace our current fleet of diesel-operated vehicles. We will continue to work towards improving our environmental performance through energy and emissions reduction programmes.

APPRECIATION

As part of the Board renewal process, the Board regularly reviews its composition and skills to enhance the collective strength and expertise of the Board as a whole. On behalf of the Board of Directors, I would like to extend a warm welcome to Mrs Quek Bin Hwee, who joined the Board of SIA Engineering Company as a Non-Executive and Independent Director in April 2021. Her extensive corporate experience will serve us well in charting strategic directions for the Company in the new business landscape.

I would also like to thank my fellow Board members for guiding the Company through a very challenging year, and continuing to stand in solidarity with our people through the voluntary reduction in their fees. The SIA Engineering Company team has demonstrated grit and risen to the challenges in the face of adversity during these unprecedented times. I wish to express my heartfelt appreciation to our staff, unions and Management for their tremendous teamwork, sacrifices and commitment to ensure business continuity and transformation. We have managed well together, with resilience and agility, in navigating the toughest year in the Group's history. This has not gone unnoticed in the industry, as we were recently awarded the 2021 Asia-Pacific MRO of the Year by leading aviation publication Airline Economics. Through our collective efforts, we will power up for recovery and emerge stronger for the future.

Lastly, to our shareholders, customers, business partners and government agencies who have journeyed with us in this difficult year, I extend our deepest gratitude for your continued support and trust in us.

We hope all our stakeholders will stay safe and keep well.

TANG KIN FEI
Chairman

CORPORATE CALENDAR

2020

7 FEB
Announcement of FY2019/20 third-quarter financial results

8 MAY
Announcement of FY2019/20 full-year financial results

11 MAY
Analyst briefing on FY2019/20 full-year financial results

25 JUN
Website publication of Notice of Annual General Meeting and FY2019/20 Annual Report

17 JUL
38th Annual General Meeting

17 JUL
Announcement of FY2020/21 first-quarter business updates

7 AUG
Payment of FY2019/20 final dividend

3 NOV
Announcement of first-half FY2020/21 financial results

4 NOV
Analyst briefing on first-half FY2020/21 financial results

2021

29 JAN
Announcement of FY2020/21 third-quarter business updates

4 MAY
Announcement of FY2020/21 full-year financial results

5 MAY
Analyst briefing on FY2020/21 full-year financial results

1 JUL
Website publication of Notice of Annual General Meeting and FY2020/21 Annual Report

23 JUL
39th Annual General Meeting

23 JUL
Announcement of FY2021/22 first-quarter business updates

5 NOV
Announcement of first-half FY2021/22 financial results

8 NOV
Analyst briefing on first-half FY2021/22 financial results

BOARD OF DIRECTORS

TANG KIN FEI

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

CHEW TECK SOON

Chairman, Audit Committee
Non-Executive and Independent Director

CHRISTINA ONG

Chairman, 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

CHIN YAU SENG

Non-Executive and
Non-Independent Director

QUEK BIN HWEE

Non-Executive and
Independent Director
From 1 April 2021

TANG KIN FEI, 70

Chairman, Board Of Directors
Chairman, Compensation & HR Committee
Chairman, Executive Committee
Non-Executive and Independent Director

Mr Tang was appointed Director and Deputy Chairman on 8 May 2017 and subsequently, 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 was previously 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 Manhattan Resources Limited and a member of its Nominating Committee and Remuneration Committee. He is also the Chairman of Singapore LNG Corporation Pte Ltd, a Director of Summit Power International Ltd, a Board Member of Singapore Cooperation Enterprise, 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.

Academic and Professional Qualifications:

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

Current Directorships In Other Listed Companies

	Company	Title
1	Manhattan Resources Limited	Chairman

Other Principal Commitments

	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

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1	Sembcorp Utilities Pte Ltd	Chairman
2	Sembcorp Environment Pte Ltd	Chairman
3	Sembcorp Gas Pte Ltd	Chairman
4	Sembcorp Cogen Pte Ltd	Chairman

Directorships/Appointments in the past 5 years (cont'd)

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

CHEW TECK SOON, 69

Chairman, Audit Committee
Member, Nominating Committee
Member, Executive 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 cyber security. 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.

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

BOARD OF DIRECTORS

- 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 Pte Ltd	Director and Chairman, Audit Committee
2	JW Marriott Phuket Beach Club	Chairman, Advisory Committee
3	The Tanglin Club	Chairman, Audit Committee

CHRISTINA ONG, 69

Chairman, Nominating Committee
Member, Audit 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 a member of the Supervisory Committee of the ABF Singapore Bond Index Fund. She is also a Trustee of the Stephen A. Schwarzman Scholars Trust.

Academic and Professional Qualifications:

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

Current Directorships In Other Listed Companies

	Organisation/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	Catalist Advisory Panel	Member
9	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

MANOHAR KHIATANI, 61

Chairman, Board Safety & Risk Committee
Member, Audit Committee

Non-Executive and Independent Director

Mr 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.

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	CapitaLand Group	Senior Executive Director
2	Ascendas Pte Ltd	Director
3	Ascendas Investment Pte Ltd	Director
4	Ascendas Land International Pte Ltd	Director
5	CapitaLand Singapore (BP&C) Pte. Ltd.	Director
6	Ascendas Development Pte Ltd	Director
7	Ascendas Media Hub Pte Ltd	Director
8	Ascendas-Citramas Pte Ltd	Director
9	Ascendas Property Fund Trustee Pte Ltd	Director
10	Ascendas Funds Management (S) Ltd	Director
11	Ascendas Asia-Pacific (Holdings) Pte Ltd	Director
12	Ascendas India Logistics Holdings Pte. Ltd.	Director
13	Singapore Amaravati Investment Holdings Pte Ltd	Director
14	Ascendas-Singbridge Holdings Pte Ltd.	Director
15	CapitaLand India Pte. Ltd	Director
16	China Club Investment Pte Ltd	Director
17	CapitaLand Digital Holdings Pte. Ltd.	Director
18	Nusajaya Tech Park Sdn Bhd	Director
19	Information Technology Park Limited	Director
20	Ascendas IT Park (Chennai) Limited	Director
21	Building and Construction Authority	Board Member
22	Institute of Real Estate and Urban Studies	Board Member
23	Singapore Economic Development Board	Special Advisor to Chairman
24	Singapore Business Federation (South Asia Business Group Executive Committee)	Vice Chairman
25	Singapore Business Federation (Malaysia Singapore Business Council)	Member
26	Singaporean-German Chamber of Industry and Commerce	Advisory Council Member
27	EDB Society	President

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	CapitaLand (Korea) Pte. Ltd.	Director
11	Ascendas Development (Holdings) Pte Ltd	Director
12	Ascendas (China) Pte Ltd	Director
13	Ascendas Vietnam Investments Pte Ltd	Director
14	Ascendas Land International (Investments) Pte Ltd	Director
15	Ascendas-Singbridge Pte. Ltd.	Alternate Director
16	Jilin Food Zone Pte Ltd	Alternate Director

GOH CHOON PHONG, 57

Member, Compensation & HR Committee
Member, Executive Committee

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 and a member of the Board of Governors of the International Air Transport Association.

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. In 2019, Mr Goh was named "Best Chief Executive Officer" for companies with $1 billion or more in market capitalisation at the Singapore Corporate Awards.

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	Singapore Airlines Ltd	Director and Chief Executive Officer
2	Mastercard Incorporated	Director

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

BOARD OF DIRECTORS

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1	International Air Transport Association	Chairman, Board of Governors
2	Association of Asia Pacific Airlines	Member, Executive Committee
3	National Council of Social Service	Member, Care & Share @SG50 Steering Committee

NG CHIN HWEE, 60

Member, Executive Committee
Member, Technology Advisory Committee
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.

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

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1	Singapore Airlines Cargo Pte Ltd	Chairman
2	Budget Aviation Holdings Pte Ltd	Director
3	NokScoot Airlines Co., Ltd	Director
4	Advisory Council on Community Relations in Defence (Employer and Business)	Member
5	Future Economy Council, Trade and Connectivity Sub-Committee	Member

DR RAJ THAMPURAN, 57

Chairman, Technology Advisory Committee
Member, Audit Committee
Member, Board Safety & Risk Committee
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.

Academic and Professional Qualifications:

- PhD in Materials Science, National University of Singapore
- Bachelor of Mechanical Engineering (Honours), University of London, UK
- Postdoctoral Fellowship, Massachusetts Institute of Technology, USA
- Advanced Management Programme, INSEAD, France
- Fellow, Singapore Academy of Engineers
- Fellow, Institution of Engineers,Singapore

Other Principal Commitments

	Organisation/Company	Title
1	Surbana Jurong Private Limited	Managing Director (Technology and Research)
2	Nanyang Technological University	Adjunct Professor
3	National University of Singapore (Faculty of Engineering)	Adjunct Professor
4	The Institution of Engineers – College of Fellows (CoF) Board	Member (CoF)
5	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	D3 Steering Committee	Chairman
3	Agency for Science, Technology & Research (A*STAR)	Board Member
4	Defence Science and Technology Agency (DSTA)	Board Member
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
13	ASEAN Committee on Science & Technology	Chairman
14	College Advisory Board of the College of Engineering (NTU)	Chairman

WEE SIEW KIM, 60

Member, Board Safety & Risk Committee
Member, Compensation & HR Committee

Non-Executive and Independent Director

Mr Wee was appointed Director on 8 May 2017. He is currently the Group Chief Executive Officer of NIPSEA Group, a paints and coatings company with 83 manufacturing facilities and operations spanning 17 countries and regions in Asia. He holds the concurrent appointment of Representative Executive Officer and Co-President, 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 ST Engineering 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 and Singapore Telecommunications Limited.

Academic and Professional Qualifications:

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

Current Directorships In Other Listed Companies

	Company	Title
1	Mapletree Logistics Trust Management Ltd	Director
2	Singapore Telecommunications Limited	Director

Other Principal Commitments

	Organisation/Company	Title
1	NIPSEA Group	Group Chief Executive Officer
2	Nippon Paint Holdings Co Ltd	Representative Executive Officer & Co-President
3	Nipsea Management Company Pte Ltd	Director
4	Jurong Port Pte Ltd	Deputy Chairman
5	Nippon Paint Coatings (Taiwan)	Director
6	Nippon Paint (Singapore) Company Private Limited	Director
7	Nippon Paint (Vietnam) Company Ltd	Director
8	Nippon Paint Vietnam (Hanoi) Pte Ltd	Director
9	Nippon Paint (Malaysia) Sendirian Berhad	Director
10	Paint Marketing Company (M) Sdn Bhd	Director
11	Nippon Paint (Thailand) Company Ltd	Director
12	Nipsea Chemical Korea	Director
13	Nippon Paint (HK) Co Ltd	Director
14	Nippon Paint (China) Co Ltd	Director
15	Nippon Paint (India) Pte Ltd	Director
16	Nippon Paint And Surface Chemicals Pvt. Ltd (under liquidation)	Director
17	Guangzhou Nippon Paint Co Ltd	Director
18	Nippon Paint (Chengdu) Co Ltd	Director
19	Nippon Paint (H.K.) Co Ltd Taiwan Branch	Director
20	Nippon Paint (Tianjin) Co Ltd	Director
21	Langfang Nippon Paint Co Ltd	Director
22	BK & NP Automotive Coatings (Shanghai) Co Ltd	Director
23	Nippon Paint (Pakistan) Limited	Director
24	Nippon Paint Industrial Coatings (Shanghai) Co., Ltd.	Director
25	Nippon Paint China Holdings Co Ltd.	Director
26	Nippon Paint (Zhengzhou) Co., Ltd.	Director
27	Nippon Paint Decorative Coatings (Thailand) Co Ltd	Director
28	NP Auto Refinishes Co Ltd	Director
29	Nippon Paint (Shenyang) Co., Ltd	Director
30	Nippon Paint Vinh Phuc Co., Ltd	Director
31	Nippon Paint Lanka (Private) Ltd	Director
32	Nippon Paint Bangladesh Pte Ltd	Director
33	Nippon Paint (Kunming) Co., Ltd	Director
34	Nipsea Technologies Pte Ltd	Director
35	Nippon Paint (HuBei) 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 Building Solutions (Shanghai) Co., Ltd	Director
40	Nippon Paint New Materials (Tianjin) Co., Ltd	Director
41	Guangdong Nippon Paint Changrunfa Technical Materials Co., Ltd	Director
42	Nippon Paint (Qingyuan) Co., Ltd	Director
43	Zhenfucai Materials Technology (Chengdu) Co., Ltd	Director
44	Nippon Paint New Materials (Nanjing) Co., Ltd	Director
45	Nippon Paint Suzhou New Materials Technology Co., Ltd	Director
46	DuluxGroup Limited	Director
47	Nippon Paint (Europe) Ltd	Director

BOARD OF DIRECTORS

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	Yashili Paint (Suzhou) Co.,Ltd	Director
8	Nippon Paint (Hebei) Co., Ltd.	Director
9	Nippon Paint New Materials (Shanghai) Co., Ltd.	Director
10	Nippon Paint (Jiangsu) Co., Ltd	Director
11	Nippon Paint (Sichuan) Co., Ltd	Director
12	Nippon Paint Engineering Materials (Guangzhou) Co Ltd	Director
13	Nippon Paint Decoration Materials (Guangzhou) Co Ltd	Director
14	Betek Bova Ve Kimya San A.S.	Director
15	Betek Tasyunu Sanayani Ve Ticaret A.S.	Director

MAK SWEE WAH, 60

Member, Board Safety & Risk Committee
Member, Nominating Committee
Non-Executive and Non-Independent Director

Mr Mak was appointed Director on 1 April 2020. Mr Mak joined Singapore Airlines 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 also the Chairman of SilkAir (Singapore) Private Limited.

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	Singapore Airlines Limited	Executive Vice President Operations
2	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

CHIN YAU SENG, 49

Member, Audit Committee
Member, Board Safety & Risk Committee
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).

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 Ltd	Senior Vice President Cargo
2	Singapore Airlines Cargo Pte Ltd	Director
3	KrisShop Pte. Ltd. (formerly known as Singapore Airport Duty-Free Emporium (Private) Limited)	Director
4	International Air Transport Association	Member, Cargo Advisory Council

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1	School of Hospitality, Republic Polytechnic	Member, School Advisory Committee

QUEK BIN HWEE, 64

Member, Audit Committee

Non-Executive and Independent Director

Mrs Quek was appointed Director on 1 April 2021. She was the Vice Chairman of PricewaterhouseCoopers ("PwC") Singapore where she had been an audit partner for over 25 years. Mrs Quek held global and regional positions, including Deputy Markets Leader of PwC Asia Pacific and Americas, and was a member of the PwC Global Markets Leadership Team and PwC Asia Pacific Executive Team. Mrs Quek has extensive experience in statutory audits, corporate governance, corporate restructuring, fraud investigations, business and finance.

Mrs Quek is currently a Director of the Boards of CapitaLand Integrated Commercial Trust Management Limited, Certis Cisco Security Pte Ltd and Mapletree Oakwood Holdings Pte Ltd. She is also a Board member of Gardens by the Bay and the National Heritage Board.

Mrs Quek was previously President of the Singapore Anti-Narcotics Association, Deputy Chairman of the National Volunteer & Philanthropy Centre, and a Board member of Housing & Development Board, Duke-NUS Medical School, the Maritime and Port Authority of Singapore and the Health Promotion Board. In recognition of her community service, she was awarded the Public Service Medal in 2012 and the Public Service Star in 2017. She was also conferred Justice of the Peace in 2018.

Academic and Professional Qualifications:

- Bachelor of Accountancy (Honours), University of Singapore
- Chartered Accountant, Institute of Singapore Chartered Accountants

Current Directorships In Other Listed Companies

	Company	Title
1	CapitaLand Integrated Commercial Trust Management Limited	Director

Other Principal Commitments

	Organisation/Company	Title
1	Certis Cisco Security Pte Ltd	Director
2	Gardens by the Bay	Director
3	Mapletree Oakwood Holdings Pte Ltd	Director
4	National Heritage Board	Director

Directorships/Appointments in the past 5 years

	Organisation/Company	Title
1	CapitaLand Commercial Trust Management Limited	Director
2	Duke-NUS Medical School	Director
3	Health Promotion Board	Director
4	Maritime and Port Authority of Singapore	Director
5	Singapore Anti-Narcotics Association	President
6	The Hong Kong and Shanghai Banking Corporation Limited	Director

KEY EXECUTIVES

NG CHIN HWEE

Chief Executive Officer

IVAN NEO SEOK KOK

Executive Vice President Operations

WONG YUE JEEN

SVP Partnership Management & Business Development

NG CHIN HWEE
Chief Executive Officer

Mr Ng is a Director and the Chief Executive Officer of SIA Engineering Company (SIAEC). Prior to his appointment as the Chief Executive Officer 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.

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.

IVAN NEO SEOK KOK
Executive Vice President Operations

Mr Neo joined Singapore Airlines 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, 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.

WONG YUE JEEN
Senior Vice President Partnership Management & Business Development

Mr Wong was appointed to his current role of Senior Vice President Partnership Management & Business Development on 20 July 2020. He joined SIAEC in March 2008 and has held various roles in the company including positions in Business Development and Aircraft & Component Services. His most recent appointment prior to his current role

FOO KEAN SHUH

SVP Corporate Planning,
Fleet Management & Commercial

PHILIP QUEK CHER HEONG

SVP Base Maintenance

was as Senior Vice President Base Maintenance.

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 of Finance & Control / Management Information Systems at ABB Alstom Asia Pacific. Mr Wong has also held various roles in consulting services as well as quality management 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 from the School of Mathematical and Information Science at La Trobe University, Australia. He is also a Member of the Institute of Singapore Chartered Accountants, CPA Australia and The Institution of Engineering and Technology, UK.

FOO KEAN SHUH

Senior Vice President
Corporate Planning,
Fleet Management & Commercial

Mr Foo joined the Engineering Division of Singapore Airlines 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, he 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, prior to his current appointment as Senior Vice President Corporate Planning, Fleet Management & Commercial on 1 October 2020.

Mr Foo 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.

PHILIP QUEK CHER HEONG

Senior Vice President
Base Maintenance

Mr Quek was appointed Senior Vice President Base Maintenance on 20 July 2020. 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, Senior Vice President Line Maintenance & Fleet Management in October 2016 and Senior Vice President Partnership

KEY EXECUTIVES


NG LAY PHENG
SVP Finance/Chief Financial Officer


NG JAN LIN WILIN
SVP Line Maintenance & Cabin Services


DAVID SO MAN FUNG
SVP Transformation & Technology
From 11 January 2021

Management & Business Development in April 2018.

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

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

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 Singapore Airlines 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 also a Director of Fuel Accessory Services Technologies Pte Ltd.

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

NG JAN LIN WILIN
Senior Vice President
Line Maintenance & Cabin Services

Mr Ng was appointed Senior Vice President Line Maintenance & Cabin Services on 1 October 2020. Prior to his current appointment, he was responsible for the Fleet Management, Commercial, Engineering, Innovation and Information Technology divisions. 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 had also been seconded to Singapore Airlines, where he served in the areas of Material Management and Fleet Management.

Mr Ng is the Chairman of Singapore Aero Support Services Pte. Ltd., Deputy Chairman of Safran Landing Systems Services Singapore Pte Ltd and 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.

DAVID SO MAN FUNG
Senior Vice President
Transformation & Technology

Mr So was appointed Senior Vice President Transformation & Technology in January 2021. Prior to his latest appointment, he was Vice President Transformation Office and was responsible for the Company's business Transformation program and change management.

Mr So joined SIAEC in 2005 as an Executive Engineer, specialising in airframe systems and aircraft structures. Between 2011 and 2015, he held various senior positions in Engineering and Fleet Management Divisions, including Vice President Engineering and Fleet Technical Management. He assumed the position

CHUA HOCK HAI

SVP Human Resources
From 1 February 2021

of Vice President Engineering in 2016. Besides supporting operations with technical solutions, he was in charge of spearheading strategic and innovative plans for technology adoption across all divisions in the Company.

Mr So is currently a Director of JAMCO Aero Design & Engineering Pte Ltd and Component Aerospace Singapore Pte Ltd.

Mr So was on the Council of the Institution of Engineers Singapore from 2013 to 2017. He holds a Bachelor of Engineering (Honours) degree from the National University of Singapore and is a Chartered Engineer.

CHUA HOCK HAI

Senior Vice President
Human Resources

Mr Chua Hock Hai was appointed Senior Vice President Human Resources of SIAEC on 1 February 2021. He is currently responsible for the Human Resources and Training Academy divisions.

Mr Chua was formerly the Head of Human Resources, APAC & Japan, at Skyworks Solutions Inc. where he was responsible for Human Resources (HR) across seven countries, including Industrial Relations for Singapore and Japan. Prior to that, he was HR Director at Philips Electronics Singapore and Vice President of HR Development in DHL covering the APAC region. He started his career as a software engineer and global project manager before transitioning to HR.

Mr Chua holds a Master of Business Administration (Management of Technology) degree from the Nanyang Business School and a Bachelor of Electrical and Electronics Engineering degree from Nanyang Technological University.

YEAR IN REVIEW

This crisis has severely disrupted the aviation industry. We are closely monitoring and adapting quickly to anticipated structural changes to the aftermarket MRO services, as airlines progressively recover.

FINANCIAL YEAR OPERATING RESULTS

The MRO industry was profoundly affected by the plunge in flight activities and widespread grounding of aircraft by airlines, driven by the evolving COVID-19 pandemic situation. With the consequential sharp reduction in business volume for the SIAEC Group, the full impact was severely felt this year. Revenue of the Group fell $551.1 million or 55.4% to $443.0 million in FY2020/21.

Group expenditure decreased by $458.4 million or 49.5% year-on-year from $926.4 million to $468.0 million, through cost-saving measures and grants from government support schemes. These measures included aligning manpower resources to lower work activities, tighter control over expenses and deferment of non-critical expenses.

The considerable reduction in expenditure could not fully offset the sharp decline in revenue, resulting in an operating loss of $25.0 million for the Group, compared to a profit of $67.7 million a year ago.

The Group's share of profits from associated and joint venture companies was $39.9 million, $88.0 million or 68.8% lower year-on-year. Of this, the Engine and Component segment yielded a positive contribution of $49.8 million, while the Airframe and Line Maintenance segment reported a loss of $9.9 million. The weaker contributions were due mainly to reductions in revenue as low flight activities resulted in a decline in workload. In addition, share of profits from the Engine and Component segment was affected by a one-time increase in tax provision in the fourth quarter of FY2020/21.

The adverse impact of COVID-19 on the aerospace industry also resulted in provisions made for impairment of asset values. These included a $35.0 million impairment provision made on the Base Maintenance unit's assets and an $11.4 million impairment provision on the investment in an engine programme during the year.

The Group recorded a net loss of $11.2 million in FY2020/21, compared to a profit of $193.8 million in the previous year. The decline of the Group's financial performance was substantially cushioned by grants from government support schemes, most significantly, the Jobs Support Scheme ("JSS"). Without this support, the Group would have recorded a loss of $192.4 million.

OPERATING PERFORMANCE

In FY2020/21, the Line Maintenance unit in Singapore handled a total of 27,727 flights, which was only 18.5% of the 149,804 flights handled a year ago as governments around the world imposed travel restrictions and quarantine measures to stem the transmission of the coronavirus. Work content for Line Maintenance comprised mostly aircraft preservation and reliability modifications.

The Base Maintenance unit performed 283 maintenance checks at the Singapore base compared to 587 a year ago. The Clark base in the Philippines undertook 10 maintenance checks, against 38 in the preceding year, as operations were hampered by community quarantines implemented by the Philippines government since March 2020.

The Fleet Management division managed 80 aircraft from nine airlines as at 31 March 2021, compared to 92 aircraft from eight airlines a year ago.

IMPACT OF COVID-19

The COVID-19 pandemic severely impacted all segments of the Group's business in FY2020/21, resulting in the Group's first loss since its listing in 2000. The number of flights handled at Changi Airport reached a record low in April and May 2020 when widespread border controls imposed by countries worldwide and lockdown of cities resulted in drastic cuts in flights operated. Base Maintenance activities also declined as low flight activities and the grounding of aircraft led to fewer aircraft maintenance checks being performed at the hangars. As a result of low flight hours, there was corresponding volume reduction for the Fleet Management business as well as Engine and Component joint venture companies. The number of flights handled by the Line Maintenance unit has since been recovering steadily quarter-on-quarter, albeit at a slow pace.

Robust business continuity plans that were activated immediately from the onset of the pandemic effectively enabled the Group to continue to offer the same professional and dedicated MRO services to our customers. We upheld the necessary safe management measures to ensure workplace safety and the well-being of all employees. Employees have been strongly encouraged to receive the COVID-19 vaccination and almost 90% of the workforce has taken at least the first dose.

During the year, the Group maintained measures taken earlier to mitigate manpower surpluses and manage operating costs. The Company redeployed resources to areas with work demand and offered additional services in response to changing requirements of its airline customers due to COVID-19. They include the provision of cabin disinfection services, Return to Service check packages, delease checks, and temporary passenger-to-cargo modifications, amongst others.

The Group continued to be prudent with capital expenditure without losing focus on opportunities to invest in capability and capacity expansion for future recovery and growth. To this end, a new Engine Services Division (ESD) was launched in February 2021 and the Group has announced a potential acquisition of SR Technics Malaysia. Meanwhile, the Company's Transformation programme to enhance competitiveness continues to gain ground, with Phase 2 launched in January 2021.

This crisis has severely disrupted the aviation industry. We are closely monitoring and adapting quickly to anticipated structural changes to the aftermarket MRO services, as airlines progressively recover. To seize opportunities in the midst of these challenges, SIAEC is powering ahead with Transformation initiatives that will enable us to emerge stronger and more competitive in the post-pandemic aerospace and MRO world. We will also continue to review and reshape the Group's portfolio of companies and capabilities and prioritise investing for the future. This includes tapping opportunities in the changing environment to expand our capabilities for existing and new generation aircraft and components.

OUTLOOK

There are recent positive developments that support a recovery in international passenger air travel and in turn, demand for MRO services. They include improved vaccination coverage in Singapore and around the world, bilateral discussions between countries for air travel bubbles and green lanes, and growing adoption by countries and airlines of the International Air Transport Association (IATA) Travel Pass.

The path to recovery of the aviation and aerospace sector, however, is still fraught with risks. The emergence of new COVID-19 strains, concerns over the efficacy of the vaccines against these variants and a resurgence of infections are driving some countries to implement renewed lockdowns.

Government support, especially the JSS, has been critical during these difficult times. The JSS for aerospace companies has been extended for a further six months, albeit at reduced levels. As such, prudent cash management continues to be a one of our top priorities.

Under Transformation Phase 2, the Company will accelerate its planned investments over the next three years in digitalisation and automation, the development of new technology-enabled products and services, and Lean frameworks to enhance efficiency and create value for customers. Already, the adoption of Lean methodology to optimise certain operational processes has achieved significant improvements in productivity in the pilot phase at the Line Maintenance and Base Maintenance units.

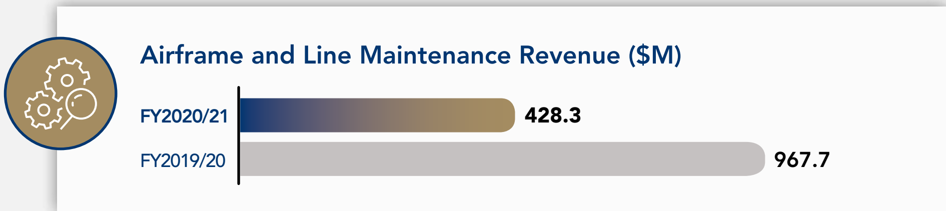
In addition, SIAEC will continue the diligent review and rationalisation of its portfolio of companies as well as seek out new opportunities that can enhance its capabilities and services.

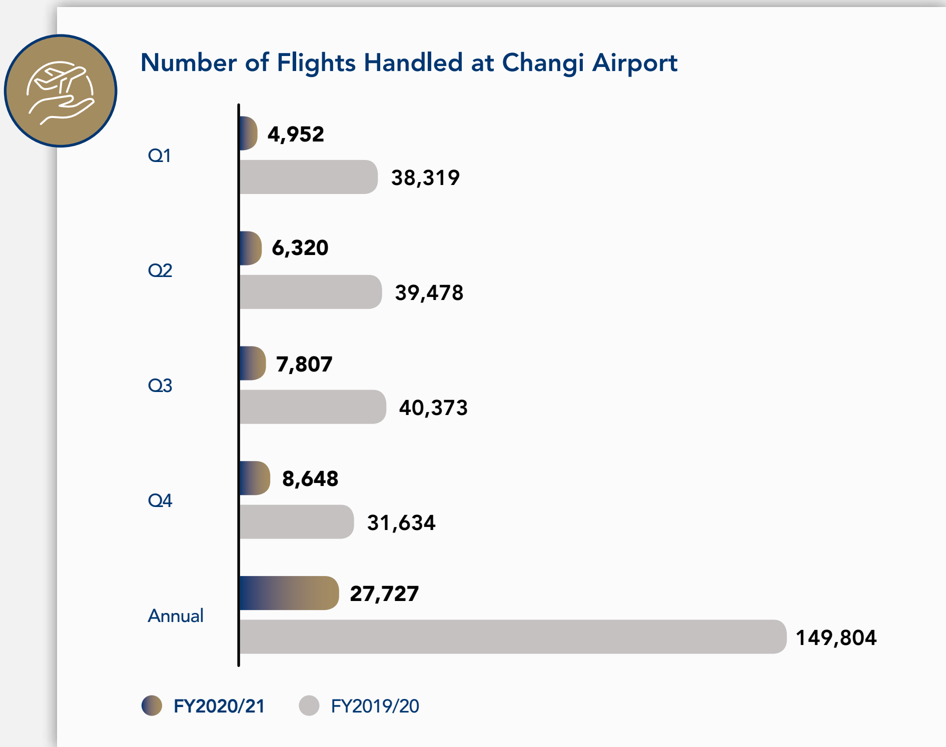
DIVIDENDS

COVID-19 has adversely impacted the Group's financial results. The Board has taken into consideration the losses incurred, the imperative to sustain the business through the continuing uncertainties, and the need to retain financial flexibility to pursue business opportunities. In view of this, the Board will not be recommending a dividend for FY2020/21.

BUSINESS SEGMENTS

AIRFRAME AND LINE MAINTENANCE





Number of Checks Performed at Singapore Base	Light Checks	Heavy Checks	Total
FY2020/21	**223**	**60**	**283**
FY2019/20	515	72	587

Number of Checks Performed at Clark Base	Heavy Checks
FY2020/21	**10**
FY2019/20	38

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 Union Aviation Safety Agency. These scheduled checks are performed by licensed engineers and technicians at the airport apron as well as the Group's six hangars in Singapore and three hangars in Clark, Philippines. For new-generation aircraft, light checks are increasingly performed at the apron rather than in hangars for more efficient use of ground time for airline customers.

The Group's airframe overhaul services include:

- Airframe structural repair and modification
- Cabin refurbishment and modification, including temporary passenger-to-cargo modification
- VIP aircraft modification
- Aircraft painting
- Retrofit of in-flight entertainment and avionics systems
- Aircraft delease checks
- Aircraft preservation
- Return to Service checks

Serving over 90 international clients at 30 airports strategically located across seven countries, the Group's international line maintenance network ensures high dispatch reliability of aircraft on transit and night stops. The Group's line maintenance services include:

- Aircraft certification
- Technical ramp handling services
- Scheduled light checks
- Cabin maintenance services and parts fabrication
- Cabin disinfection and cleaning services
- Specialised Quick Action Team for aircraft-on-ground (AOG) recovery and engine changes

In FY2020/21, the enforcement of travel restrictions around the world resulted in a sharp reduction in flight volumes, which directly impacted the Group's Airframe and Line Maintenance segment in Singapore and overseas. The Company added nine new Airframe Overhaul contracts with airline customers at its Base Maintenance unit in Singapore, although demand for aircraft maintenance checks remained weak. Most checks were limited to lighter work content due to low flight activities and grounding of aircraft.

Over the course of the year, the Company handled 27,727 flights at Changi Airport, 81.5% lower than the 149,804 flights handled in the previous year. It also

CABIN PROTECTION MEASURES

CLEAN

- Perform deep cleaning of aircraft cabin at recurring intervals, including aircraft seats, carpets, curtains, galleys and lavatories, to ensure good hygiene standards
- Conduct regular aircraft residual disinsection for vector control, as well as pest management

DISINFECT

- Cabin and cockpit disinfection for incoming aircraft performed by staff in full personal protective equipment using electrostatic spray of OEM-approved disinfectant (Calla-1452) on cabin surfaces
- Electrostatic spraying allows an even and complete 360-degree application of the disinfectant over exposed and non-exposed surfaces
- Additional zonal cleaning with Calla-1452 and replacement of cabin upholstery in the event of suspected/confirmed sick cases

PROTECT

- Application of anti-microbial coating (Permagard A333) reduces germs on surfaces by 99.99% and lasts up to 28 days
- Coating is applied on high-touch areas where passengers and crew have regular contact, such as overhead bins, galleys and lavatory doors

renewed line maintenance contracts with 11 airlines and added two new contracts with Hong Kong Express and Biman Bangladesh Airlines in Singapore.

The pandemic led to changes in demand for certain types of work in the Airframe and Line Maintenance business during the year. There was increased demand for cabin disinfection services from airline customers, and in response, the Company upgraded this service with the latest electrostatic spray equipment. The electrostatic spray, which provides better efficacy in coverage and coating compared to the traditional fogging method, also improved productivity by 20% and reduced turnaround time for each cabin disinfection.

Given the extensive grounding of aircraft, there was continued demand for aircraft preservation maintenance work for the parked fleet at Changi Airport to ensure airworthiness of the aircraft when flights resume. With more aircraft gradually returning to the skies, there has been an uptick in demand for Return to Service programmes where a full suite of checks is conducted to ensure that critical systems such as flight controls and engines are functional prior to flights.

We also performed more delease checks and related engine changes at our hangars as airlines rationalise their fleet and capacity. At the same time, with cargo outperforming passenger flights, there has been greater interest by airlines in solutions for temporary passenger-to-cargo space modifications to raise cargo capacity of passenger aircraft.

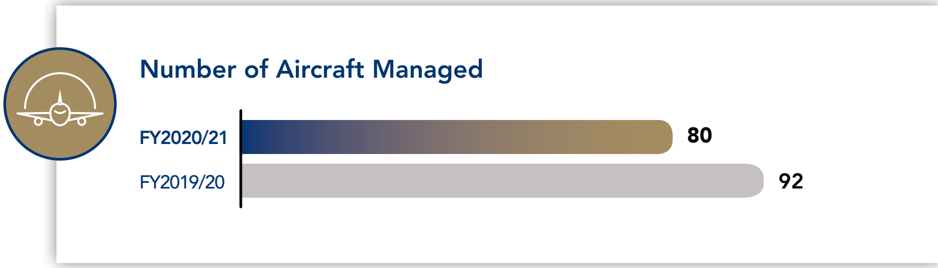
During the year, the Group reviewed and reshaped aspects of its operations to enhance its capabilities and capacities. In August 2020, SIAEC acquired Airbus Services Asia Pacific's 35% stake in its subsidiary, Heavy Maintenance Singapore Services, and integrated the operations into its Base Maintenance unit.

In October 2020, SIAEC acquired Cebu Pacific's stake in SIA Engineering Philippines (SIAEP), making it a wholly-owned subsidiary. The acquisition is in line with SIAEC's strategy of strengthening the Group's core competencies and enhancing SIAEP's status as a centre of excellence for narrow-body aircraft MRO services. With a lower cost base, SIAEP is well-positioned to compete for work on narrow-body aircraft, which are expected to return to flying earlier than wide-body aircraft.

SIAEC also divested its stake in Aviation Partnership (Philippines) Corporation, a line maintenance joint venture company based in Manila, to Cebu Pacific, to rationalise its investments in the Philippines. The joint venture with NokScoot Airlines, Line Maintenance Partnership (Thailand), is also currently in the process of dissolution.

BUSINESS SEGMENTS

Fleet Management



The Fleet Management business comprises seamless solutions for Fleet Technical Management (FTM) and Inventory Technical Management (ITM).

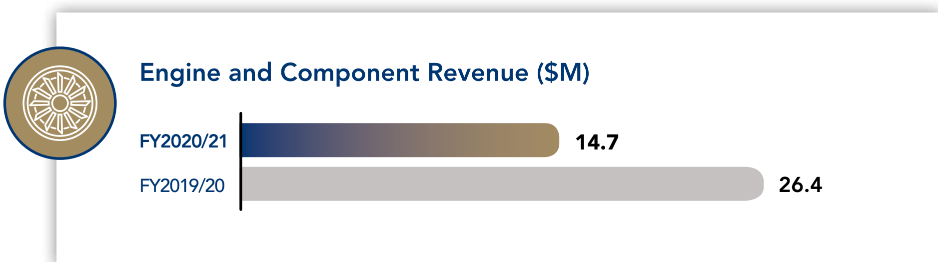
FTM covers a full range of engineering and maintenance support activities that ensures all aspects of safety and airworthiness are met. These include:
- Formulation and upkeep of aircraft maintenance programmes
- Maintenance planning and control
- Engineering design
- Quality and reliability programmes

ITM ensures high dispatch reliability and reduces aircraft maintenance cost and risk of inventory obsolescence. SIAEC provides 24/7 ITM services that include:
- Component access and pooling, on-site consignment
- Component repair and overhaul management
- Warehousing services
- Logistics and supply chain management
- 24/7 AOG support services
- Turnkey solutions for aircraft entry-into-service preparations

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

The Fleet Management division secured a new customer, Vietravel Airlines, during the year. The Company manages 80 aircraft from nine airlines as at 31 March 2021, compared to 92 aircraft from eight airlines a year ago.

ENGINE AND COMPONENT



Through partnerships with the world's leading engine and engine component manufacturers, the Group provides a wide spectrum of engine overhaul services. Among the Group's 15 engine and component joint ventures based in Singapore, six are with Pratt & Whitney, Rolls-Royce and GE Aviation. Singapore Aero Engine Services and Eagle Services Asia are the Asia Pacific Centres of Excellence for Rolls-Royce and Pratt & Whitney, respectively.

Seven other joint ventures in Singapore specialise in the repair and overhaul of various components, such as engine fan blades, airframe composite components, flight control systems, in-flight entertainment and communications systems, avionics and electrical components, and landing gears, just to name a few. Another two joint ventures, JAMCO Aero Design & Engineering, provides turnkey solutions for aircraft interior modifications, and Additive Flight Solutions, produces 3D printed parts for use in commercial aviation.

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 programme. The Group continues to participate in the PurePower PW1500G Risk Revenue Sharing Program for the Airbus A220 engine through another wholly-owned subsidiary, NexGen Network (2) Holding.

In February 2021, we established a new Engine Services Division (ESD) to consolidate, develop and grow the engine services business. The division will offer engine-related services including engine maintenance, storage and preservation, material management, on-wing services and engine testing. Through ESD, SIAEC will increase its value proposition to OEM partners and airline customers, enhance its competitive edge in the engine MRO value chain and strengthen its engine services eco-system.

ESD is investing in a facility in Singapore to accommodate growing demand in engine quick turn maintenance, where engine shop visits are driven by specific work to minimise engine time off-wing, thereby optimising both engine availability and reliability on-wing. The facility will adopt SIAEC's Lean methodology for operations processes and digital tools such as digital job cards and the digital production board.

The engine services shop will require a gradual manpower ramp-up to more than 100 staff when the new facility commences operations in January 2022, with options for future new capability and capacity expansion. As a start, it will support maintenance work on the CFM LEAP-1A and -1B engines under a maintenance services agreement with Safran Aircraft Engines.

In March 2021, we signed a Memorandum of Understanding with SR Technics Switzerland to begin acquisition talks for the Malaysian unit of SR Technics. The acquisition, if completed, will bring about synergies and new capabilities for more than 750 part numbers for the A320, A330 and Boeing 737 aircraft. This will enhance the Group's existing component repair and overhaul services and fleet management programmes.

The Group will continue to reshape its portfolio of partnerships and invest in new capabilities and services to emerge stronger and more competitive in a post-pandemic landscape.

Subsidiaries, Joint Ventures and Strategic Partnerships

AIRFRAME AND LINE MAINTENANCE

SIA Engineering (USA)
United States 100%

SIA Engineering Japan
Japan 100%

PT JAS Aero-Engineering Services
Indonesia 49%

Southern Airports Aircraft Maintenance Services
Vietnam 49%

Line Maintenance Partnership (Thailand)
Thailand 49%
(in the process of dissolution)

Pan Asia Pacific Aviation Services
Hong Kong 40%

SIA Engineering (Philippines)
Philippines 100%

Singapore Aero Support Services
Singapore 100%

Heavy Maintenance Singapore Services
Singapore 100%

Boeing Asia Pacific Aviation Services
Singapore 49%

Joint Venture 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%

Eagle Services Asia
Singapore 49%

Component Aerospace Singapore
Singapore 46.4%

Asian Surface Technologies
Singapore 39.2%

Turbine Coating Services
Singapore 24.5%

Fuel Accessory Service Technologies
Singapore 49%

Goodrich Aerostructures Service Center – Asia
Singapore 40%

Safran Electronics & Defense Services Asia
Singapore 40%

Safran Landing Systems Services Singapore
Singapore 40%

Additive Flight Solutions
Singapore 60%

Aerospace Component Engineering Services
Singapore 51%

Moog Aircraft Services Asia
Singapore 49%

Panasonic Avionics Services Singapore
Singapore 42.5%

JAMCO Aero Design & Engineering
Singapore 45%

INVESTMENT HOLDING

NexGen Network (1) Holding
Singapore 100%

NexGen Network (2) Holding
Singapore 100%

Line Maintenance International (LMI) | Others | Rolls-Royce
GE | Pratt & Whitney | Collins | Safran | JAMCO

BUSINESS SEGMENTS

STRENGTHENING SAFETY CULTURE

In recognition of our continued focus and efforts to strengthen the organisation-wide safety culture, SIAEC won five awards at the Annual Airport Safety Awards 2020 organised by the Changi Airport Group.

The Safety Promotion Centre, an aspiring centre of excellence in aviation safety that was established in 2019 to foster aviation safety and education, won the Bronze and Best Safety Exhibit awards. All SIAEC staff undergo an instructional tour of the Centre where they can learn from past aviation incidents. Aerospace partners invited to visit the centre also benefit from our sharing.

A Fatigue Management System, conceptualised and made a reality by the Line Maintenance and Innovation units to reduce airside vehicular accident risks, also received the Bronze Award. Through its infrared detectors, this system identifies signs of driver fatigue and activates audio alarms and seat vibrators as alerts. The Company has installed this system across its fleet of aircraft tow tractors.

Other staff-initiated safety innovations that received recognition at the Awards are the upgraded mobile lifts that guide drivers to line up the vehicles to access aircraft cabins more safely, quickly and accurately; scissor lifts and maintenance steps with modified bumpers to reduce contact damage to aircraft; and 3D-printed aircraft door safety devices that prevent accidental door opening and deployment of aircraft evacuation slides.

Despite the challenges posed by the COVID-19 pandemic, the relentless efforts to uphold high safety standards is necessary to ensure the sustainability of the aviation industry.

TRANSFORMATION AND INNOVATION

SIAEC embarked on its Transformation journey in October 2017, with the aim to sharpen its competitive edge through exploring new avenues of growth, streamlining processes and enhancing productivity. Over the last three years, more than 100 initiatives were implemented, resulting in increased productivity and throughput, as well as achieving reduced turnaround time and operating costs.

The unprecedented effects of the COVID-19 pandemic have made it more imperative that the Company presses on with its Transformation journey to strengthen its resilience and agility. The Transformation Phase 2 programme was officially launched on 20 January 2021, with Guest of Honour, Mr Ong Ye Kung, Minister for Transport at the time, officiating the ceremony. Alongside Mr Ong, the event was also graced by distinguished guests from Ministry of Transport, Singapore Airlines, Economic Development Board, Civil Aviation Authority of Singapore, Changi Airport Group and National Trades Union Congress. Through working with other members of the aviation community, the Company aims to revive and restore Changi's air hub status and emerge stronger together through its Transformation efforts. During the event, staff of SIAEC also presented several project initiatives, including the cabin disinfection process using the electrostatic spray, as well as the engine lifter equipment which is being co-developed with the vendor.

In the next phase of its Transformation journey, SIAEC has planned investments of $40 million over three years in digitalisation, technology and reskilling staff. It aims to deliver high quality services at competitive prices through improved productivity and efficiency. Beyond this, SIAEC aims to improve staff experience through engagement and empowerment, simplify the way customers and partners do business with the Company, develop capabilities and promote a culture of innovation and collaboration. Phase 2 will be executed through four main thrusts, namely Lean, Digital, Technology and Organisation Design.

The Company is adopting Lean methodologies enterprise-wide to improve its work processes. The goal is to enhance operational excellence in terms of productivity, efficiency and quality, increase ground-up initiatives by enabling staff with the right skillsets and tools, and build a culture of continuous improvement. Lean tools such as value stream mapping, 3P (Production, Preparation, Process), Pitch (time intervals defined in an optimised work sequence, with alignment of manpower, spares, tooling and equipment demand), 6S (Sort, Set, Shine, Standardise, Sustain and Safety) and visual workflows have been deployed on hangar and apron lines. We have witnessed early successes, with the pilot Lean projects on Boeing 787 checks achieving a 25 to 30% improvement in turnaround times. Lean tools and methodologies will progressively be extended to the processes across all operations and supporting business functions.

As part of the roadmap towards establishing a Lean enterprise within the organisation, we will be launching a Lean Academy in the second half of 2021. The academy will establish accreditation and certification standards for value streams, including audit and certification processes, as well as set certification standards for staff based on demonstrated competency.

It is imperative that we press on with SIAEC's Transformation journey to strengthen our resilience and agility, and position ourselves to be first off the blocks when the upturn comes around.

Apart from the adoption of Lean methodologies, investments in digitalisation and technology remain key in this Transformation phase. Through the pervasive use of digital technology and automation, we will bring about higher efficiencies in operations and create value for our customers. We will work towards building a comprehensive and integrated IT infrastructure, honing of the Agile mindset and skills centred on systems design and data, as well as adopting a value-driven approach with sound governance. Through this digital transformation, we aim to deepen ownership of transformation goals and efforts across all levels, and use digital solutions to simplify and automate processes for sustainability. Please refer to pages 26 to 27 for more details of the Group's innovation and technology efforts.

INNOVATION AND TECHNOLOGY

Advancements in digital and technology capabilities in operations and business processes are key thrusts in strengthening SIAEC's competitive edge.

Advancements in digital and technology capabilities in operations and business processes are key thrusts in strengthening SIAEC's competitive edge. To accelerate these efforts, the Company continued to invest in solutions, technologies, and our people. At the launch of Phase 2 of Transformation officiated by Minister for Transport Mr Ong Ye Kung in January 2021, we announced that $40 million has been set aside for the investments in process improvement, digitalisation and technology adoption over the next three years towards achieving marked and sustained improvement in performance.

TRANSFORMING OPERATIONS AND BUSINESS

Anchored by our digital and technology roadmap, we made progress in building new digital products and delivering near term impact across the organisation in FY2020/21.

For Line Maintenance operations, we continued to expand the functionalities on our digital platform, SmartMX, which provides information on-the-go to the engineers, enabling them to execute tasks with efficiency. At the same time, our Line Maintenance control room is provided with real-time aircraft serviceability status through this platform. To enhance customer experience and deepen collaboration, another digital product - the joint planning platform - will be rolled out in the second quarter of FY2021/22. Optimisation engines and other functionalities for our operations control centre are in various stages of development.

For Base Maintenance and workshops, while an end-to-end digital system for planning and execution is under evaluation, we have leveraged technologies such as robotic process operations to speed up the planning and business processes.

Under the Fleet Management division, we developed the Cognitive Advisor, a natural language processing digital product for aircraft reliability improvement. As we broaden the capabilities of this product, we aim to widen the user base beyond our current fleet technical management customers. New capabilities from the execution of our digital and technology roadmap will enable us to widen our suite of services and differentiate ourselves through greater efficiency, productivity and quality.

REFRESHING INFORMATION TECHNOLOGY INFRASTRUCTURE

To support our digitalisation efforts, upgrading works on IT infrastructure is being accelerated, leveraging cloud, data and integration technologies. The new architecture facilitates information flow to enable digital products and data analytics applications. The associated governance processes and cybersecurity measures are reviewed and strengthened in tandem. This year, we completed the groundwork for a data lake to consolidate the data from our various business and financial systems and embarked on data pipelines construction for the various data marts within the Company. With the progressive operationalisation of the data marts, a vibrant self-service data community will leverage on the rich data source for analytics and optimisation.

EMBRACING A NEW WAY OF WORKING IN DIGITALISATION

To expedite the rollout of digital and data initiatives, we adopted Agile methodology to achieve better business outcomes while managing project risks. Through a minimum viable product approach, the agile squads ensure meaningful bite-sized business outcomes in short development sprints, reducing user-feedback loop, achieving higher quality products and resulting in stronger adoption. Digital initiatives approval, budgets and governance processes have also been re-engineered to accelerate the implementation of digital initiatives throughout the Company.

DRIVING THE INNOVATION CULTURE

An innovative and agile culture is foundational for a digitally-enabled organisation. This year, we held our annual Innovation Week virtually for the first time, where staff logged in remotely from home and office to participate in demonstrations, training and events from partners, vendors and trainers. In addition, our Innovation Challenge, a channel to promote ground-up ideas from all staff, continued with this year's focus on solutions to address physically demanding work.

Several ideas currently being implemented include a cabin seat lifting tool, an aircraft slide raft assistive packing tool and an engine lifter, all of which assist our staff in physically demanding work while also enhancing productivity.

CABIN SEAT LIFTING TOOL

Reduces the need for manual lifting or offloading of heavy cabin seats onto trolleys and the risk of back injury.

Creates capacity for other tasks due to lesser manpower required to complete seat removal and installation.

AIRCRAFT SLIDE RAFT ASSISTIVE PACKING TOOL

Reduces or replaces manual processes involved in slide raft packing such as strapping, tightening of lacing cords and slide raft lifting.

ENGINE LIFTER

Reduces required manpower and physical workload on the workforce as it automates the lifting and lowering of aircraft engines.

Increases productivity and operational efficiency of engine change tasks.

DEVELOPING A DIGITAL AND DATA SAVVY WORKFORCE

We believe that upskilling our workforce to be digital and data savvy is key to the success of the Company's digital initiatives. A mixture of classroom-based and online self-learning courses on digital, data analytics and Agile were rolled out to equip our staff with the knowledge and skills to better use the digital and data tools that we are introducing. For instance, a range of data courses across data appreciation, data visualisation and data leadership has commenced. Over 3,500 staff have completed the Digital Awareness Course under SkillsFuture and close to 1,000 staff have completed a course on Data Analytics.

Spearheaded by the specialists in our Innovation & Technology Division, we will press on to execute the plans in our roadmap, deepen our inhouse capabilities and continue to benchmark against industry players.

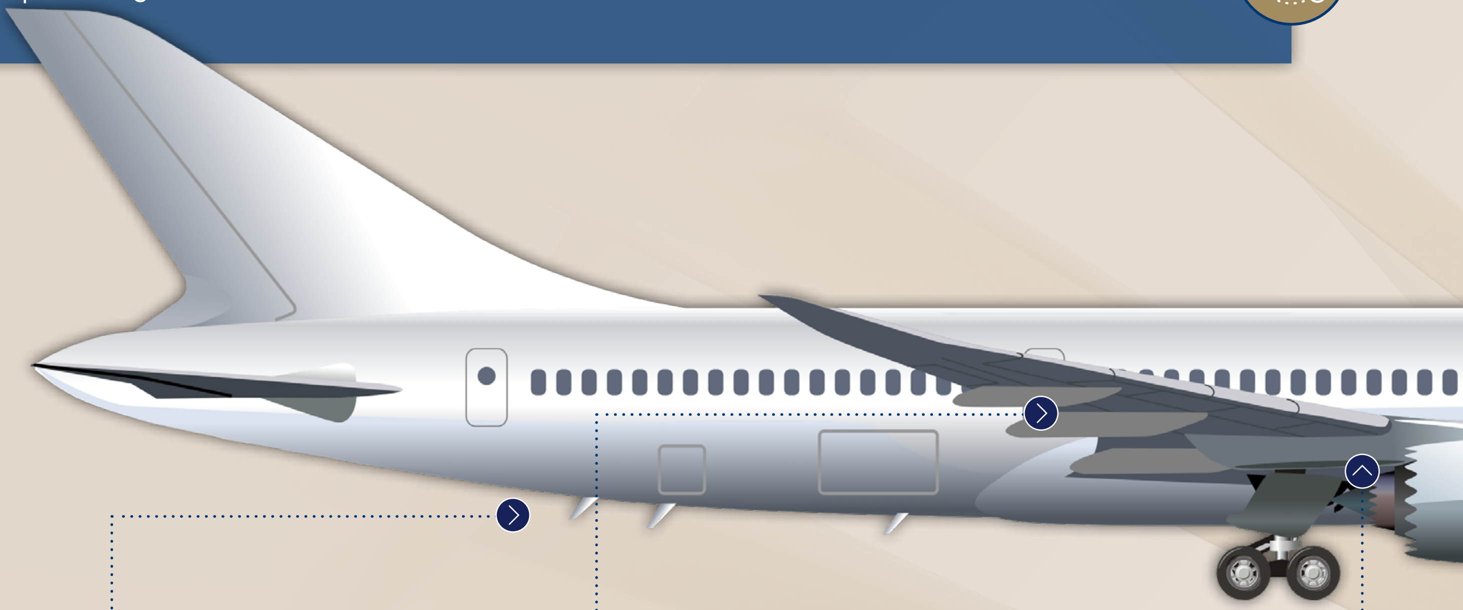
PRESERVATION CHECKS AND RETURN TO SERVICE

PRESERVATION

Aircraft maintenance work continues to be carried out on grounded aircraft fleets to ensure airworthiness of aircraft when air travel picks up. A dedicated preservation team performs a full range of routine interval checks to prevent degradation of aircraft systems due to inactivity.

RETURN TO SERVICE:

A full suite of checks is carried out to ensure functionality of critical systems such as flight controls and engines prior to the resumption of flights.



PROBES AND PORTS

Preservation
Cover all probes and ports to prevent Foreign Object Debris (FOD) and insect ingression

Return to Service
Inspect and flush probes to ensure no FOD for accurate measurement of external flight conditions

FLIGHT CONTROL

Preservation
Operate and lubricate all flight controls, and lubricate control cables for prolonged parking

Return to Service
Lubricate and perform functionality checks on flight controls to ensure optimal stability and movement of the aircraft

FUEL TANKS

Preservation
Fill fuel tanks, perform weekly sump drain to prevent microbial growth, and seal vent holes

Return to Service
Check fuel tanks to ensure optimal performance of aircraft engines

DOORS

Preservation
Seal all openings to minimise water ingression and maintain low humidity in cabin to prevent degradation of interior furnishing

Return to Service
Inspect and restore conditions of the doors to minimise air leaks from the cabin, including performing operational tests

COCKPIT AND PASSENGER WINDOW

Preservation
Seal and protect cockpit and Pax windows with appropriate covers to prevent degradation from UV rays

Return to Service
Reinstate pristine conditions of windows, and perform repairs if necessary

ENGINE

Preservation
Inspect and cover engine and related components, apply corrosion-inhibiting compound, install blanks to prevent FOD in valves, perform regular tasks for humidity control and monitoring

Return to Service
Restore pristine conditions and serviceability of engines including performing functionality checks on the engines

LANDING GEAR / WHEELS / BRAKE

Preservation
Lubricate and inspect moving parts of the landing gear, rotate wheels regularly, and install covers to protect against premature deterioration

Return to Service
Inspect, test and lubricate landing gear, including tyres and wheels, to ensure the safe and smooth take-off and landing of the aircraft

SUSTAINABILITY AT SIAEC

The COVID-19 pandemic has devastated the aviation industry and SIAEC's business was not spared. Notwithstanding the challenges, we remain committed and focused on our sustainability efforts in areas such as environmental protection, human capital, health and safety, corporate social responsibility (CSR) and sustainable long-term economic growth.

When the pandemic struck, the Company activated its pandemic taskforce to direct and coordinate responses and safety measures, as well as business continuity plans to ensure minimal disruptions to operations. We continued to operate as an essential service provider during the circuit breaker period to support our customers. To safeguard the health and safety of our stakeholders, we have implemented safe management measures and processes to keep our work environment safe. Employees responded favourably to the campaign for COVID-19 vaccination when priority was given to the aviation community. As of June 2021, close to 90% of our workforce has received at least one dose of the vaccine.

In spite of the decline in business, protecting jobs continues to be a main priority for the Company. The Company introduced measures such as compulsory no-pay leave, furlough and salary cuts to manage costs and maintained close communication with the unions and employees throughout the implementation of these measures. We are grateful to have received strong support from our employees and unions to manage costs, as well as the Singapore government for the wage support.

During the year, emphasis was also placed on developing a green and resilient recovery plan so that the Company will emerge from the crisis stronger and greener. Besides reskilling and upskilling our employees during the downturn, the Company has established the Workplace Safety Promotion Centre to reinforce workplace safety culture and mindset amongst our workforce. Some of the other key initiatives in FY2020/21 include:

- Launching of Phase 2 of our Transformation programme, "Power Up and Break Through" to stay ahead of the competition;
- Installation and operationalisation of solar photovoltaic systems in SIAEC and our wholly-owned subsidiary in the Philippines to green our operations; and
- Achieved Platinum rating and Super Low Energy Building status for Green Mark Certification from Building and Construction Authority (BCA), as well as Water Efficient Building (WEB) Certification from Public Utilities Board (PUB) for SIAEC's Hangar 2 as part of our efforts to green our facilities.

SIAEC recognises that to drive sustainable development, the Company needs to ensure value is created for all stakeholders. Looking ahead, as the Company seeks to recover from the impact of the pandemic, SIAEC remains committed to ensuring the sustainability of our business and operations through the proper management of SIAEC's material sustainability topics and delivering sustainable impact to our key stakeholders. For more information on the management approach, targets and performance of the Company's material sustainability topics, please look out for SIAEC's FY2020/21 Sustainability Report, which will be published on our corporate website.

SIAEC'S FY2020/21 SUSTAINABILITY HIGHLIGHTS

Creating Sustainable Long-term Economic Growth

- Launched **Transformation Phase 2**, "Power Up and Break Through" and planned **$40M** investments over next three years in digitalisation and automation, and adoption of Lean methodology

Ensuring Safety of Employees and Delivering High Quality Services to Our Customers

- **0** High-consequence work-related injuries and work-related fatalities
- Established the **Workplace Safety Promotion Centre**

Upholding High Corporate Governance Standards

- **0** reported incidents of corruption or bribery

Managing Environmental Impact from Our Operations

- Installed **solar photovoltaic system**, which is expected to generate **4,500 MWh** of clean energy yearly
- Attained **Platinum rating and Super Low Energy Building** for Green Mark Certification, **WEB** Certification for Hangar 2
- **58%** reduction in our paper consumption, equivalent to saving **713** trees
- **67** tonnes of non-hazardous waste diverted through recycling efforts in FY2020/21
- **0** cases of non-compliance with environmental laws and/or regulations

Selecting Responsible Supply Chain Partners

- **0** suppliers were found to have breached SIAEC's Supplier Code of Conduct
- Enhanced supplier selection process by **Screening New Suppliers**[1] on sustainability criteria

Nurturing and Investing in SIAEC's Human Capital

- **50** hours of training per employee on average
- **$5.3** million invested in the training of employees

Connecting and Giving Back to Local Communities

- **S$121,000** donated through our CSR efforts
- **155** volunteers through our CSR efforts

1 Screenings are performed only for purchases above $500k in contract value.

RISK MANAGEMENT

Risk Management Framework

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, cyber security and information technology, compliance and human resources and industrial relations risks.

More details of the key elements of the Risk Management Framework can be found on the Company's website[1].

1 https://www.siaec.com.sg/pdf/SIAEC_risk_management_framework.pdf

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 maintenance, repair and overhaul business to mitigate the risk of over-reliance on any single segment.
- In addition to the Singapore hub, SIAEC also grows its presence overseas to capture growth opportunities in those markets and diversify its 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.
- SIAEC will continue to strengthen its 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 a 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.

RISK MANAGEMENT

Management of Key Risks	
Strategic Risks	The Group's strategic risks include geo-political tensions, varying competitive landscapes, changing customer demands, evolving regulatory and operating environments and technological disruptions. Uncertainties surrounding the impact of the COVID-19 pandemic, the global economy, rapid geo-political developments, competition in our core business segments and disruptive technologies continue to impact the Group. These risks are monitored constantly throughout the year, taking into consideration changing global economic and industry trends. Strategy meetings are held by the Group annually to formulate and fine-tune business strategies and responses, which will support business objectives, while addressing strategic risks and identified trends. To remain as a valued supplier and stay ahead of its competition, the Company continues to drive its Transformation efforts across the key technology areas in digitalisation and automation, as well as adoption of Lean methodology in its operations and business processes. Beyond improving operational efficiency and productivity, the transformation efforts aim to create value for its customers through delivery of high-quality services at competitive prices, develop new and relevant capabilities within the Group and promote a culture of innovation and continuous improvement. On strategic initiatives such as commercial partnerships, investment and divestment decisions, the Group has an established evaluation process and decisions 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, engaging the counsel and expertise of external advisors as required. 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 and Regulatory Risks	The Company 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; compliance with economic sanctions; 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 74 of this Annual Report. 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.

RISK MANAGEMENT

Management of Key Risks	
Safety Risks	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 closely monitors safety and quality performance to ensure the effectiveness of safety and quality systems, and to identify emerging trends. Due to the impact of the COVID-19 pandemic, risks associated with changes to the working environment and maintenance work performed are identified, and mitigation measures are put in place. 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 and reminded on the importance of maintaining high standards of safety and quality at the workplace. To reinforce the importance of safety and strengthen safety training, the Company first set up the Aviation Safety Promotion Centre in 2019 to focus on aviation safety. Then in 2021, the Workplace Safety Promotion Centre was established to promote workplace safety. In addition, the Maintenance Line Operations Safety Assessment programme has been put in place since 2019 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 27 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 190 physical and desktop (due to travel restrictions arising from COVID-19) audits on the operations of the Company in FY2020/21 to affirm the adherence to operational and safety standards.

RISK MANAGEMENT

Management of Key Risks	
Operational Risks, 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. On an ongoing basis, business units and support divisions conduct tests of 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.
Cyber Security and Information Technology ("IT") Risks	With the increasing cyber security threats globally, the Company has taken a pro-active approach to managing its cyber security and IT risks. The Company adopts SIA Group's IT security and governance policies, which take reference from the ISO/IEC 27001 standard on information security management. In addition, the Company leverages SIA Group IT infrastructure and maintains oversight of the systems and conducts independent review to monitor that the IT security infrastructure and networks are continually kept up with evolving threats. A Cyber Incident Response Team within the Crisis Management Directorate is in place to manage IT-related crisis and responses in the event of a cybersecurity incident. Annually, the business units and support divisions conduct tests of business continuity plans to ensure preparedness and effectiveness of responses to disruptions on critical IT systems. To further safeguard the IT security arising from staff working from home, the Company has implemented IT security policies that require mandatory updating of the Company's laptops and servers. Besides the bi-annual IT certification exercises, regular reminders are sent to all staff on phishing and hacking risks and best IT practices. Staff are also required to undergo recurrent e-learning training on information security. To ensure cyber resilience of the SIAEC Group, IT audits and assessments are conducted on selected Group companies to ensure compliance with IT controls and where required, follow-up actions to improve standards and resilience.

RISK MANAGEMENT

Management of Key Risks	
Financial Risks	The Group's operations carry certain financial risks, including the effects of changes in foreign exchange rates and interest rates. During the year, certain financial risks were elevated due to the COVID-19 pandemic, such as impairment of assets, credit risk, cash liquidity and impact to our portfolio of companies. The Group's risk management approach is to moderate the effects of such volatility on its financial performance, including addressing the specific COVID-19 risks. The Group's policy permits the use of derivatives to hedge specific exposures. 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. The Group uses forward contracts purely as a hedging tool and does not take positions in currencies with a view to make speculative gains from currency movements. 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 to mitigate 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. More information on financial risk management is set out in the section on "Financial Risk Management Objectives and Policies" on pages 195 to 202 of this Annual Report.
Human Resources Risks	The Company recognises the importance of having a good pipeline of talents to assume key management positions so that the Company's leadership bench strength and ability to make key business decisions will not be adversely impacted. The Company has a robust process to actively identify talents with leadership qualities who can potentially assume key management positions. The Company is committed to developing the competencies of its talents through the provision of targeted training, development and deployment programmes and opportunities. The plans are reviewed regularly to ensure that our talents are provided with sufficient exposure to build up their repertoire of experiences, skills, knowledge and competencies needed for the Company's current and future leadership roles.

RISK MANAGEMENT

Managing the Risks arising from the COVID-19 Pandemic

At the onset of COVID-19 before Singapore encountered its first cases of infection, the Company took swift actions to protect its staff by activating plans that had been put in place in response to previous outbreaks, such as maintaining adequate inventory of personal protective equipment. When the situation escalated, the Pandemic Taskforce, which had experience in managing previous outbreaks, was activated to direct and coordinate the measures, including aligning with the authorities' advisories and SIA Group's pandemic responses.

The impact of COVID-19 is unprecedented. The Group's operations were severely impacted during the year, with low flight activities and a large number of parked aircraft. Although countries have progressively rolled out vaccinations for COVID-19, the recovery trajectory for the aviation industry remains uncertain and the recovery of the MRO business is contingent on the recovery of the aviation industry.

The Group has taken appropriate measures to mitigate the impact of COVID-19 and associated risks, while staying nimble and adjusting its responses according to the evolving situation. Measures taken to protect jobs include pay cuts, voluntary no-pay leave and early retirement, compulsory no-pay leave, furlough for re-employed staff, release of contract staff and scheduled shutdown of maintenance shops. The Group also remained disciplined in reducing operating costs and deferring non-critical capital expenditure to conserve cash and maintain liquidity.

Staff have been redeployed to areas with work demand, such as aircraft disinfection and preservation maintenance to ensure that airline customers' aircraft remain airworthy. Appropriate familiarisation and induction training are provided to redeployed staff prior to commencement of work in the new areas. With many parked aircraft due to the pandemic, measures have also been put in place to manage associated risks while performing maintenance.

To ensure the safety and health of all staff, safe management measures in compliance with advisories from various government ministries have been implemented at the workplace, with Safe Management Officers ensuring and enforcing compliance. Staff who have to access aircraft cabins are required to don appropriate personal protective equipment for added protection. Under a rostered routine testing programme, frontline operations staff who are at risk of exposure to COVID-19 are scheduled for regular testing, for early detection to prevent spread of infection. When workers in the airport community were given priority for COVID-19 vaccinations, the Company strongly encouraged all staff to be vaccinated.

Staff who are not required to work on-site have been working from home for certain periods. Digital solutions and the necessary IT support have empowered most of our support staff to remain connected and provide full support to operations while telecommuting. Robust cyber security and data protection measures have been continually updated to protect our IT systems.

With economic uncertainty impacting job security and working-from-home arrangements potentially leading to feelings of isolation, there has been an increasing focus on staff mental well-being. In light of these concerns, SIAEC has made it a priority to support our staff as they navigate and adjust to the new normal. A COVID-19 support portal has been set up to facilitate staff engagement. Using this portal, staff could stay updated on the latest COVID-19 news and advisories, industry happenings, and resources for physical and mental well-being. To complement the portal, articles promoting mental wellness are periodically published in the Company's newsletter, and posters with helplines for staff to reach out on mental health matters have also been put up at the work areas

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, active stewardship, 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 to promote the appropriate culture, values and ethical standards of conduct at all levels.

This report describes our corporate governance practices and activities for the financial year ended 31 March 2021 ("FY2020/21") 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 the Code, an explanation has been provided on how the practices adopted by the Group are consistent with the intent of the relevant principle or provision.

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 business strategy, direction and long-term goals; 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 sets the tone from the top 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 Executive Committee (established in FY2020/21 to replace the Board Committee) and the Technology Advisory Committee. All Board committees are constituted with clear written terms of reference, defining the duties delegated to each of them by the Board. These terms of reference set out in detail the composition of each Board committee, criteria and 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 and incorporate evolving best practices. Board approval is required for changes to the Terms of Reference of all Board committees. 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 Chairman of each Board committee provides regular updates to the Board on the decisions and significant matters discussed by the respective Board committees.

CORPORATE GOVERNANCE

THE BOARD

CHAIRMAN	*Composition*
TANG KIN FEI	7 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	*Composition*
CHEW TECK SOON	5 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

CHAIRMAN	*Composition*
CHRISTINA ONG	2 Independent Directors 1 Non-Independent Director

Key Responsibilities
To review the structure, size, composition and diversity 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	*Composition*
TANG KIN FEI	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	*Composition*
MANOHAR KHIATANI	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.

EXECUTIVE COMMITTEE

CHAIRMAN	*Composition*
TANG KIN FEI	2 Independent Directors 2 Non-Independent Directors

Key Responsibilities
To assist the Board in overseeing the execution by Management of the overall strategy relating to the Company, its subsidiaries and joint ventures, and deputise for the Board on routine matters to facilitate day-to-day administration and approve certain expenditures.

TECHNOLOGY ADVISORY COMMITTEE

CHAIRMAN	*Composition*
DR RAJ THAMPURAN	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 Partnership Management & Business Development SVP Corporate Planning, Fleet Management & Commercial	SVP Base Maintenance SVP Finance/CFO SVP Line Maintenance & Cabin Services SVP Transformation & Technology SVP Human Resources

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. Directors have exercised due care in maintaining appropriate confidentiality of the Company's information and discharged their duties responsibly in compliance with the Company's guidelines and policies, and applicable laws and regulations.

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 new Director receives a kit containing a formal letter of appointment setting out, inter alia, his/her legal obligations, key duties and responsibilities and minutes of recent Board meetings. The kit also contains the Company's recent annual reports and letters to shareholders. The Company's internally-developed "Director's Handbook", which is updated from time to time, 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 a comprehensive and tailored orientation and familiarisation programme, which includes 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. 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 the mandatory training prescribed by the SGX-ST.

CORPORATE GOVERNANCE

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 regularly 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, amongst others. Directors were consulted one-on-one for their training and personal development needs for the financial year. From time to time, professional firms are invited to conduct in-house training for the Board and Directors are updated on topics of current interest and evolving technology, business, safety and risk trends. Topical information and news articles are circulated to the Directors to keep them abreast of the latest developments, including the impact of COVID-19 on various aspects of governance, the industry and the Company's business. The Company Secretary also arranges briefings for the Directors on revisions to the applicable laws and listing rules to facilitate the Directors' performance of their statutory and fiduciary duties. 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.

During FY2020/21, the Directors attended training and development programmes or were briefed by external consultants on subjects that included:

- Listed Entity Director Essentials;
- Revisions to the SGX-ST Listing Rules in relation to Continuing Obligations, Changes in Capital, Interested Person Transactions, Significant Transactions and other topics;
- Impact and implications of COVID-19 for the MRO industry;
- How COVID-19 has Changed the Geopolitical Landscape;
- Digital trends in the MRO landscape and potential opportunities during the recovery from the COVID-19 pandemic;
- Anti-Money Laundering and Counter-Terrorism Financing;
- Practical Overview of the 2020 Amendments to the Personal Data Protection Act; and
- Statutory Interpretation in Singapore.

CORPORATE GOVERNANCE

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, business updates and emerging trends, Transformation, innovation and technology, sustainability, operational safety and efficiency, 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 on their availability, meeting dates of the Board and Board committees 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. From time to time, invitations to attend Committee meetings or working group meetings are issued by Chairmen of Board committees to Directors who are non-members to foster discussions on focused topics and to benefit from more diverse views.

Records of meetings, including key deliberations and decisions taken, are maintained by the Company Secretary or the Committee Secretaries and the minutes of meetings are circulated to Directors for review and/or approval. Participation by telephone and video conferencing and approval by circulation, which are permitted under the Constitution of the Company, also facilitate Board and Board committees' decision-making. During FY2020/21, most of the Board and Board committee meetings were held virtually on a secure video conferencing platform to adapt to and comply with the rules and regulations governing safe operations at the workplace.

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 and/or Senior Management. Five Board meetings are scheduled in each year, and ad hoc Board meetings are convened as required. During FY2020/21, six Board meetings were convened and there were numerous ad hoc Board discussions. A significant amount of time was spent regularly reviewing the evolving COVID-19 situation's impact on the Group, and the measures to ensure continuity of operations and support to customers, the safety and well-being of employees, the maintenance of fair values of assets, the conservation of cash to maintain liquidity, the preservation of business, the acceleration of Transformation and the strategic investments for future growth to safeguard long-term business sustainability.

Each year, Directors also 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 FY2020/21, the Board participated in an annual strategy meeting, which was held off-site. Aerospace industry experts were invited for panel discussions with Directors on the impact and implications of COVID-19 on the MRO industry. The Board had dynamic and in-depth discussions with senior executives on the strategies to capture opportunities in the various business segments, mitigate risks in the changed MRO landscape and strengthen human capital, as well as the roadmap and programmes for Transformation and innovation.

CORPORATE GOVERNANCE

The attendance of each Director at Board meetings, Board committee meetings and the Annual General Meeting ("AGM") held during FY2020/21 is as follows:

				Audit Committee		Nominating Committee		Compensation & HR Committee		Board Safety & Risk Committee		Executive Committee[ii]		Technology Advisory Committee		AGM
Name	**Status**	**Position**	**Att.[i]**	**Position**	**Att.[i]**	**Position**	**Att.[i]**	**Position**	**Att.[i]**	**Position**	**Att.[i]**	**Position**	**Att[i]**	**Position**	**Att[i]**	**Att[i]**
Tang Kin Fei (last re-appointed on 17 Jul 2020, first appointed on 8 May 2017)	Non-Executive / Independent	Chairman	6/6					Chairman	4/4			Chairman	2/2			1/1
Goh Choon Phong (last re-appointed on 17 Jul 2020, first appointed on 1 Jan 2011)	Non-Executive / Non-Independent	Member	6/6					Member	4/4			Member	2/2			1/1
Ng Chin Hwee[iii] (last re-appointed on 19 Jul 2019, first appointed on 18 Jul 2008)	Executive / Non-Independent	Member	6/6									Member	2/2	Member	2/2	1/1
Manohar Khiatani (last re-appointed on 19 Jul 2018, first appointed on 1 Apr 2013)	Non-Executive / Independent	Member	6/6	Member	5/5					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	6/6	Chairman	5/5	Member	1/1					Member	2/2			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	6/6	Member	5/5	Chairman	1/1									1/1
Raj Thampuran (last re-appointed on 19 Jul 2019, first appointed on 1 Sep 2016)	Non-Executive / Independent	Member	6/6	Member	4/5					Member	4/4			Chairman	2/2	1/1
Wee Siew Kim (last re-appointed on 17 Jul 2020, first appointed on 8 May 2017)	Non-Executive / Independent	Member	6/6					Member	3/4	Member	4/4					1/1
Chin Yau Seng (last re-appointed on 19 Jul 2019, first appointed on 8 Oct 2018)	Non-Executive / Non-Independent	Member	6/6	Member	5/5					Member	4/4					1/1
Mak Swee Wah (last re-appointed on 17 Jul 2020, first appointed on 1 Apr 2020)	Non-Executive / Non- Independent	Member	6/6			Member	1/1			Member	4/4					1/1
Total Number of Meetings Held In FY2020/21			6		5		1		4		4		2		2	1

Notes:

(i) "Att." refers to the number of Board and Board committee meetings attended by the respective Directors for the period served in FY2020/21.

(ii) The Executive Committee was established on 17 July 2020 to replace the Board Committee. The Board Committee did not hold any meetings.

(iii) Mr Ng Chin Hwee is the CEO of the Company.

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" on key developments in the aviation and aerospace industries.

Papers and related materials, which contain detailed explanatory information on the background, justification, risks and mitigation measures, and where applicable, budgets, business plans and financial information such as forecasts and projections relating to each agenda item brought before the Board and the Board committees, are generally provided to Directors at least seven days 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 regularly provided to Directors, and in respect of budgets, any material variance between the projections and actual results is explained and monitored. To keep the Board abreast of investors' perceptions and concerns, updates on analysts' consensus estimates and questions raised at analysts' briefings are provided at Board meetings. 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. Directors may at any time ask for additional information as needed to make informed decisions.

In line with the Company's commitment to foster a sustainability mindset throughout the organisation and embed sustainability practices in its operations, the Company makes available to Directors electronic copies of Board and Board committee papers from a dedicated and secure portal. Terms of references, training materials, regular updates and the Director's Handbook are also uploaded on the secure platform for Directors' easy access. This initiative also enhances information security as the papers are accessed via 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 for 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 of appointment 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.

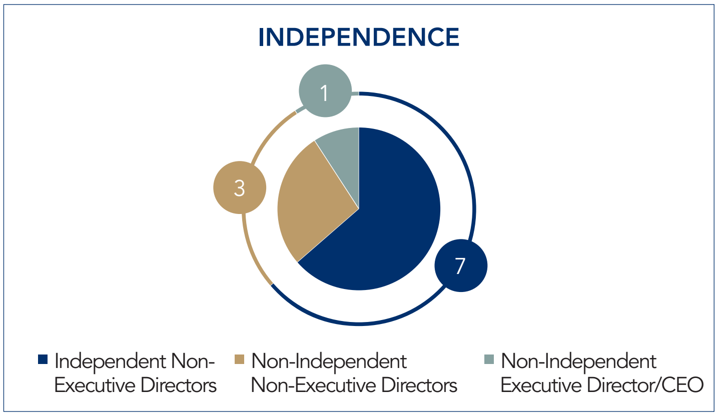
CORPORATE GOVERNANCE

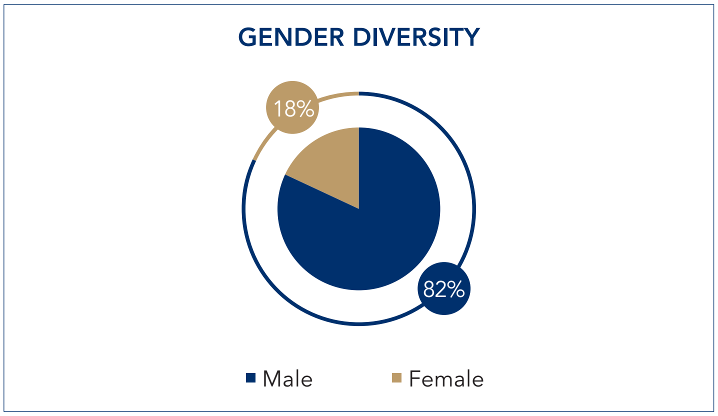
BOARD COMPOSITION AND GUIDANCE
Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

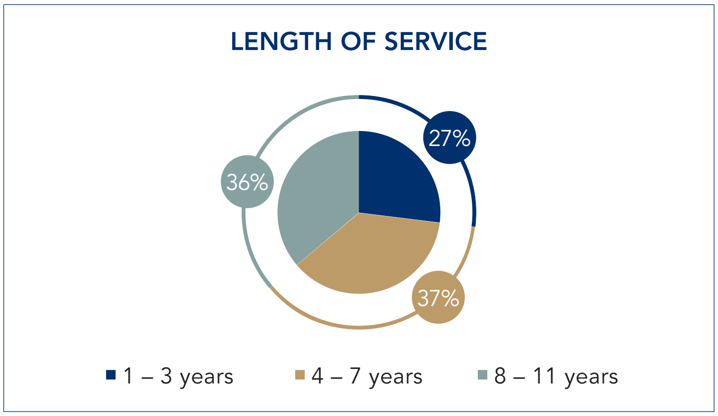
Independent Directors Make Up a Majority of the Board

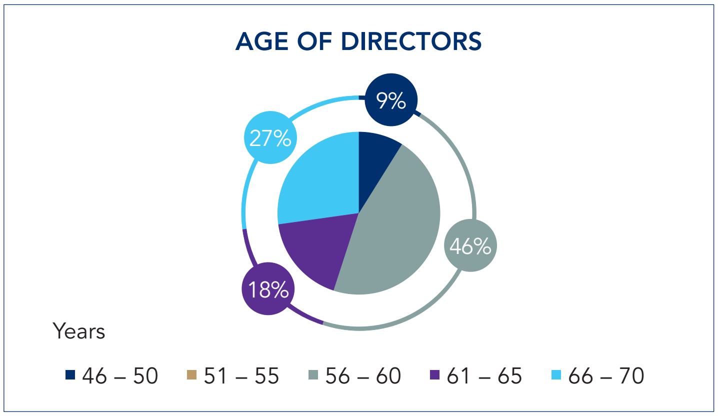
Under the Code, an "independent" director is one who is independent in conduct, character and judgment and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the 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 11 Directors of which 10 are Non-Executive Directors, and seven 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. The current Board composition reflects the Company's commitment to Board diversity as well.







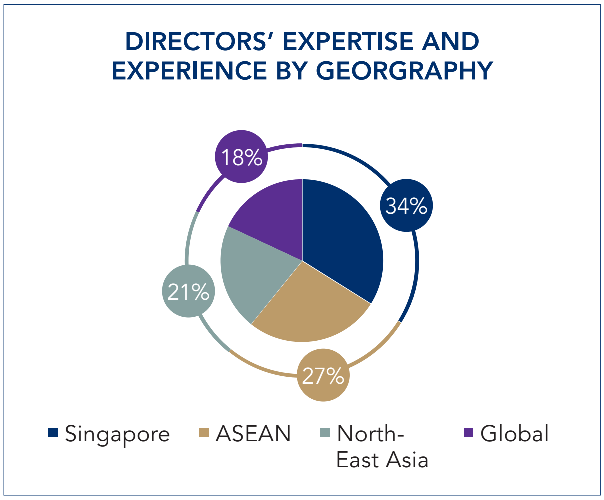


Annually, the Directors complete a declaration and confirmation of independence regarding the relationships identified in the Listing Manual and the Code, which is assessed by the Nominating Committee. The Board has an appropriate level of independence which enables it to, at all times, make decisions 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 right 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, training; 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; sales and marketing; safety and operations; and experience in key markets in both Singapore and jurisdictions outside Singapore.



Board Diversity Policy

To build an open culture and avoid groupthink, 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, while important, 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 7 to 13 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, determine 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.

During the financial year, each Director had provided information on his or her interests and confirmed that there were no relationships which interfere with the exercise of his or her independent judgement with a view to the best interests of the Company. The Nominating Committee reviews such information and considers whether the relevant Director has exercised independent judgement in discharging his or her duties and responsibilities. The Nominating Committee's recommendation is presented to the Board for its assessment. Each Director is required to recuse himself or herself from the Nominating Committee's and the Board's deliberations on his or her own independence.

CORPORATE GOVERNANCE

The Board has examined the different relationships identified by the Listing Manual and the Code that might deem a Director to be non-independent, or impair a Director's independence and objectivity, and is satisfied that none of them apply in relation to the Independent Directors. Some of our Independent Directors are Directors or executive officers of organisations that provide services to and receive payments from the Company in the ordinary course of business, but these transactions were entered into based on merit and on normal commercial, competitive terms negotiated by Management, and the relevant Directors were not involved in the process for, or approval of, the transactions. The Board is of the view that all Independent Directors have demonstrated independence in conduct and character, and have exercised independent judgement in the best interests of the Company.

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.

Mr Goh Choon Phong, Mr Mak Swee Wah and Mr Chin Yau Seng are considered Non-Independent Directors by virtue of the offices they hold in the Board or Management of Singapore Airlines Limited, the parent company of the Company. As the Chief Executive Officer of the Company, Mr Ng Chin Hwee is considered Non-Independent.

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. No single individual has unfettered powers of decision-making in the Company. 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 day-to-day operations.

The Chairman promotes a culture of openness and encourages full and frank debates amongst the Directors and between Directors and Management. At Board Meetings, he draws out contributions from all Directors so that the debate benefits from the full diversity of views, perspectives and expertise in a robust yet collegiate setting. There is strong mutual trust and respect amongst the Directors. As the Board practises collective decision-making, no individual Director influences or dominates the decision-making process.

The Chairman 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 Management Committee that deliberates on policy and operational issues, and implements Board decisions, amongst other things.

CORPORATE GOVERNANCE

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 Chairman, are independent. The members of the Nominating Committee are:

Chairman:	Mrs Christina Ong
Members:	Mr Chew Teck Soon
	Mr Mak Swee Wah

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, composition and diversity 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.

CORPORATE GOVERNANCE

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.

The Board seeks to refresh its membership progressively and in an orderly manner, whilst ensuring continuity and sustainability of corporate performance. This enables the Board to benefit from the experiences of longer-serving Directors, and at the same time, leverage external perspectives and expertise from new appointees. New appointees to the Board are carefully selected based on their merits to augment core competencies and experience of the Board relevant to the evolving needs of the Group's businesses 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. During FY2020/21, the Nominating Committee considered Board succession issues and appointed external search consultants to undertake director search services.

In March 2021, the Nominating Committee recommended the appointment of Mrs Quek Bin Hwee as Director with effect from 1 April 2021. Mrs Quek is the former Vice Chairman of PricewaterhouseCoopers ("PwC") Singapore and has extensive experience in statutory audits, corporate governance, corporate restructuring, fraud investigations, business and finance that would augment the core competencies of the Board. After a review of Mrs Quek's qualifications and experience, her appointment was approved by the Board. Mrs Quek is considered an 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.

CORPORATE GOVERNANCE

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 FY2020/21, 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 FY2021/22.

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 (which takes into consideration the overall Board size and composition, and an assessment of the retiring Directors' competence, commitment and contributions) and approval of the Board. Each member of the Nominating Committee or Director is required to recuse himself or herself from deliberations on his or her own re-election. 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 39th AGM to be held on 23 July 2021, Mr Manohar Khiatani, Mr Chew Teck Soon, Mrs Christina Ong and Mr Ng Chin Hwee will retire under Article 90 of the Constitution. Mrs Quek Bin Hwee will retire under Article 96 of the Constitution. The profiles of Mr Khiatani, Mr Chew, Mrs Ong, Mr Ng and Mrs Quek are set out on pages 7 to 13 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 230 to 239 of this Annual Report.

Having assessed their respective contributions, including their experience, expertise, competence, attendance, preparedness, participation and candour at Board and Board committee meetings, the Nominating Committee and the Board recommend the re-election of Mr Manohar Khiatani, Mr Chew Teck Soon, Mrs Christina Ong, Mr Ng Chin Hwee and Mrs Quek Bin Hwee, all of whom, being eligible, have offered themselves for re-election.

Nominating Committee's Activities During the Financial Year

During FY2020/21, the Nominating Committee held one meeting, and also undertook, inter alia, the following matters through circulation papers and numerous discussions via email and teleconference:

(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) recommended the establishment of the Executive Committee and the proposed Terms of Reference to assist the Board to oversee the execution by Management of the overall strategy in relation to the investment-related activities of the Group;

(c) reviewed the succession plans for the Directors;

(d) recommended the appointment of Mrs Quek Bin Hwee as a Non-Executive and Independent Director and member of the Audit Committee, with effect from 1 April 2021;

CORPORATE GOVERNANCE

(e) 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;

(f) considered and agreed that, given the prevailing circumstances (as explained on page 48 of this Annual Report), the appointment of a Lead Independent Director was not necessary for the time being;

(g) considered and recommended Directors to retire and seek re-election at the AGM;

(h) considered ongoing training of Directors, and recommended suitable training programmes;

(i) 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;

(j) recommended the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, of each Board committee, and of the contributions by the Chairman and each individual Director;

(k) reviewed the results of and insights from the assessment of the Board's performance and discussed the appropriate actions to address the external consultants' recommendations; and

(l) 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, which has 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 alignment, Board focus and priorities, Board composition and structure, Board and Management succession planning, Board culture and dynamics, Board partnership with Management, Board and Board committee processes and practices, Board leadership, Board agility and value-add in the areas of COVID-19 management, strategy, Transformation, digitalisation, 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. One-to-one interviews for deeper insights on specific focus areas are also conducted by the external consultants with the Chairman and individual Directors. 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, which include benchmarking information and best practices of other boards, and recommendations on areas for improvement.

CORPORATE GOVERNANCE

This is the Company's 19th year of evaluating Board performance. The Company Secretary assisted the Nominating Committee in the evaluation process. For FY2020/21, the external consultants concluded that the Board has a culture of passion, commitment and strong work ethic to support Management and the business. Overall, the Board had generally exceeded its performance objectives; maintained high-quality and effectiveness in its governance role; and progressed on a positive trajectory and with agility in anticipating and shaping the Company's future.

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;
- reviewing the risks associated with the Company's human resource administration and management; and
- the engagement of consultants and/or advisors with respect to remuneration matters.

CORPORATE GOVERNANCE

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").

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 FY2020/21, 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 FY2020/21, the Compensation & HR Committee held four meetings, and also undertook, inter alia, the following matters:

(a) conducted a review of the FY2019/20 RSP performance to-date;

(b) conducted a review of the FY2017/18, FY2018/19 and FY2019/20 PSP performance to-date;

(c) determined the allotment for the 15th RSP and PSP grants for FY2020/21;

(d) reviewed the payouts under the EBIP and STIP for FY2019/20;

(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 FY2020/21;

(h) reviewed the updates to the Compensation & HR Committee's Terms of Reference;

(i) reviewed and endorsed the 2021 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 2021;

(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 Director's or Key Executive's 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 resources 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, the Company's Remuneration Policies for Key Executives are based on the following principles:

Philosophy	Principles
Shareholder & Business Alignment	• 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-added and wealth-added goals
Motivate Right Behaviours	• 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 behaviour in age of disruptive technology and business transformation
Fair & Appropriate	• 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	• 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 programmes
Support Sustainability Agenda	• 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

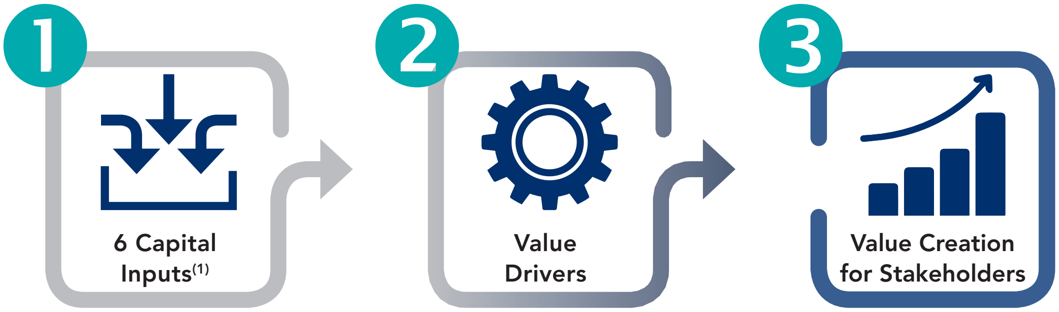
In the event of any misstatement of financial results or of misconduct resulting in financial loss to the Company as determined by the Compensation & HR Committee, the Company may, in its absolute discretion, reclaim unvested incentive components of remuneration from Key Executives. There was no such event during FY2020/21.

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:

VALUE CREATION PROCESS AT SIAEC

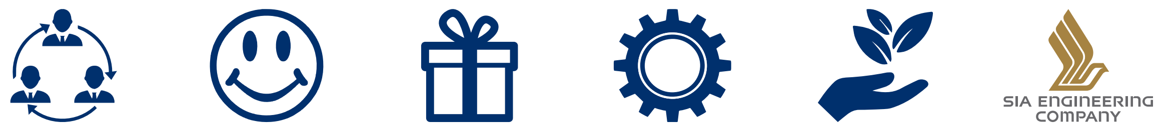


Using all forms of capital in the Company to produce value	Identifying key value drivers, performance measures and targets	Defining value creation outcomes, performance measures and targets

Inputs →	Key Value Drivers (KPIs) →		Value Creation (Outcomes)	
• Financial Capital • Human Capital • Social & Relationship Capital • Intellectual Capital • Natural Capital • Manufactured Capital	**Financials** SIAEC Group's Return on Shareholder's Funds, SIAEC Group's Net Profit Margin, Company and Subsidiaries' Operating Profit, Share of Profits of JVCs/Assoc, Group Profit After Tax, Performance Improvement Plan to reduce costs and increase third-party revenue and SIAEC Group's Return on Equity	**For Shareholders:**	Achieving **Economic Value Added (EVA)** by generating operating profit which meets the Cost of Invested Capital over the long term and successful transformation (Suspended and replaced with Group NOPAT for COVID recovery period until end FY22/23) →	**Shareholders' wealth creation** (based on absolute Total Shareholder Return[2]) (TSR)
	Non-Financials SIAEC Despatch Reliability, On Time Delivery, Customer Satisfaction, *Workplace Safety, Aviation Safety, *Succession Planning, *Employee Engagement, *Audit Report Findings, Staff Resignation Rate * Sustainability-based Value Drivers	**For Other Stakeholders:**	**Sustainable value creation for other stakeholders** (employees, customers, suppliers, communities)	

Supported by SIAEC Key Executives Total Compensation Philosophy

ALIGNMENT WITH SIAEC KEY EXECUTIVES COMPENSATION



Stakeholders & Business Alignment	Motivate Right Behaviours	Fair, Appropriate & Market Competitive	Effective Implementation	Support Sustainability Agenda	Reflect SIAEC's business strategies and core values

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

By selecting performance targets based on a 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 FY2020/21

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 in 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 FY2020/21 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[ii]	27,000
Board Safety & Risk Committee	
Chairman Fee	37,000
Member's Fee[ii]	21,000
Compensation & HR Committee and Nominating Committee	
Chairman Fee	30,000
Member's Fee[ii]	17,000
Executive Committee[iii]	
Chairman Fee	30,000
Member's Fee[ii]	17,000
Board Committee[iv]	
Member's Fee	14,000
Technology Advisory Committee	
Chairman Fee	20,000
Member's Fee[ii]	10,000

CORPORATE GOVERNANCE

Type of Appointment	Schedule of Non-Executive Directors' Fees[1] ($)
Board Meeting Attendance Fee	
For each Board Meeting held locally	1,000
For each Board Meeting held overseas	3,000

Notes:
(i) If a Director occupies a position for part of a financial year, the fee due to him or her shall be pro-rated accordingly.
(ii) Chairmen of Board committees do not receive these fees.
(iii) The Executive Committee was established on 17 July 2020 to replace the Board Committee.
(iv) The Board Committee was dissolved on 17 July 2020.

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 FY2020/21 after Directors waived 25% of their fees in solidarity with stakeholders and in line with the Company's measures to mitigate the impact of COVID-19:

	Fee ($)	Salary ($)	Bonuses[iv] ($)	Benefits ($)	Shares[v] ($)	Total ($)
Non-Executive Directors						
Tang Kin Fei	169,733	–	–	–	–	169,733
Goh Choon Phong[i]	81,840	–	–	–	–	81,840
Manohar Khiatani	105,000	–	–	–	–	105,000
Chew Teck Soon	112,513	–	–	–	–	112,513
Christina Ong	99,752	–	–	–	–	99,752
Raj Thampuran[ii]	108,000	–	–	–	–	108,000
Wee Siew Kim	85,500	–	–	–	–	85,500
Mak Swee Wah[i]	85,500	–	–	–	–	85,500
Chin Yau Seng[i]	93,000	–	–	–	–	93,000
Executive Directors						
Ng Chin Hwee[iii]	–	583,920	180,896	62,833	698,000	1,525,649

Notes:
(i) Non-Executive Directors' fees in respect of Mr Goh Choon Phong, Mr Mak Swee Wah and Mr Chin Yau Seng were paid to and retained by Singapore Airlines Limited.
(ii) Non-Executive Directors' fees due to Dr Raj Thampuran were paid to and retained by Surbana Jurong Private Limited.
(iii) As CEO, Mr Ng Chin Hwee did not receive any Non-Executive Directors' fees.
(iv) Comprises EBIP, STIP (cash component) and PSB declared for the financial year.
(v) Comprises shares awarded under the RSP and PSP during FY2020/21; the value of awards is based on the fair value of the shares awarded under the RSP ($1.85) and PSP ($1.71). Shares awarded under the RSP and PSP are subject to performance targets and other terms and conditions being met under the respective share plans.

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.

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, 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 from 1 April 2020, and to 30% and 25% respectively from 1 August 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, and to 20% from 1 August 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%. Given the impact of COVID-19 on the Group and Company's performance, there was no PSB for FY2020/21.

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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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.

The Board has approved the recommendation by the Compensation & HR Committee to suspend new EBIP funding for FY2020/21 to FY2022/23 due to the impact of COVID-19. The remaining balance in each Key Executive's EBIP account at the end of FY2022/23 will be nullified.

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 FY2020/21 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 FY2020/21 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 FY2020/21 STIP Cash payout will be paid in equal monthly instalments commencing in July 2021 and for the following six months (except for retiring participants).

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 2020 as part of FY2019/20 STIP.

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5) Share Incentive Plans

The SIAEC Restricted Share Plan 2014 ("RSP 2014") and the SIAEC Performance Share Plan 2014 ("PSP 2014") 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:

	RSP 2014	PSP 2014
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	• Achievement based on Company Operating Performance Scorecard 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.	• Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE") • Return on Equity ("ROE") • Successful Transformation from Financial/ Business Perspective (for FY18/19 and FY19/20 Award only) The above performance measures are selected as key measurement of value-creation for shareholders.
Vesting Condition	Awards granted in and after FY2016/17 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.	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.

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The achievement factor for the RSP award granted in FY2020/21, which commences vesting in July 2021, reflects the extent to which the pre-determined target performance levels were mostly met for the one-year performance period of FY2020/21 due to COVID-19 impact.

The achievement factor for the PSP award granted in FY2018/19, which fully vests in July 2021, reflects the extent to which the pre-determined target performance levels were partially met for the performance period from FY2018/19 to FY2020/21.

The Compensation & HR Committee retains the discretion to award an achievement factor up to 70% taking into account emerging COVID-19 impact at the end of the financial year for motivation, reward and retention purposes.

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 102 to 103 and 210 to 211 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 FY2020/21, 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 an adequate linkage of the executive remuneration to the performance of the Group and the Company for the review period from FY2014/15 to FY2019/20.

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.

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Disclosure of Key Executives' Remuneration

The remuneration of the Company's Key Executives (other than the CEO) for FY2020/21 is set out in the table below, in bands of $250,000.

Remuneration Bands & Key Executives	Salary (%)	Bonuses[i] (%)	Benefits (%)	Shares[ii] (%)	Total (%)
$750,001 – $1,000,000					
Ivan Neo Seok Kok Executive Vice President Operations	35	31	3	31	100
$500,001 – $750,000					
Foo Kean Shuh SVP Corporate Planning, Fleet Management & Commercial	44	28	2	26	100
Wong Yue Jeen SVP Partnership Management & Business Development	45	28	2	25	100
Philip Quek SVP Base Maintenance	42	29	2	27	100
Ng Lay Pheng SVP Finance/CFO	38	33	2	27	100
Ng Jan Lin Wilin SVP Line Maintenance & Cabin Services	40	31	2	27	100
$250,001 – $500,000					
Zarina Piperdi[iii] SVP Human Resources	49	37	3	11	100
David So Man Fung[iv] SVP Transformation & Technology	47	36	3	14	100
Below $250,001					
Chua Hock Hai[v] SVP Human Resources	58	26	2	14	100

Notes:

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

(ii) Comprises shares awarded under the RSP, PSP and DSA during FY2020/21; the value of awards is based on the fair value of the shares awarded under the RSP ($1.85), PSP ($1.71) and DSA ($1.79). 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 FY2020/21 is part of the FY2019/20 STIP.

(iii) SVP Human Resources Ms Zarina Piperdi retired on 31 January 2021.

(iv) SVP Transformation & Technology Mr David So Man Fung was promoted to the position on 11 January 2021. His remuneration includes the amount paid during his appointment as Vice President Transformation Office.

(v) SVP Human Resources Mr Chua Hock Hai joined the Company on 1 January 2021.

For FY2020/21, the aggregate total remuneration for the nine Key Executives listed above amounted to $4,718,739.

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For FY2020/21, 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 CEO[1] 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 FY2020/21.

Note:
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.

Employee Learning and Development Programmes

The Board believes that the Company's excellent and skilled workforce is critical to its success. The Company has made substantial investments in training and development to ensure that its employees are equipped to excel in their jobs. We are committed to providing equal opportunities for all employees to help them achieve their full potential and accelerate their career development. During the year, we continued to upskill and reskill our workforce to better prepare them for the new digital economy and eventual recovery from the COVID-19 situation.

Our Training Academy is an approved Maintenance Training Organisation holding multiple approvals from civil aviation authorities all over the world. Through a robust curriculum of ab-initio and specialised aerospace courses as well as aircraft type related training provided by OEM-certified Company Instructors, the Training Academy fulfils the technical training needs of our employees, joint ventures, customers and strategic partners as well as industry professionals. The Company is an approved training partner and programme manager for various government training grants. More information on the foregoing is set out in the Company's Sustainability Report.

To ensure a continuous pipeline of skilled and qualified talents for the aerospace industry, we continue to extend our expertise to institutes of higher learning. One of our collaborations is a three-year programme with the Singapore Institute of Technology which leads to a Bachelor of Engineering (with Honours) in Aircraft Systems Engineering for the University's graduates. The course of study incorporates an intensive Integrated Work Study Programme at the Company over eight months. Qualified students are awarded with a Certificate of Recognition for Basic Courses that is recognised by the Civil Aviation Authority of Singapore in meeting the requirements for a SAR-66 Aircraft Maintenance Licence, after further training with an MRO organisation.

Our training programmes, developed by experienced instructors with input from subject matter experts in their respective fields, are delivered via a multi-faceted approach comprising of classroom theory; hands-on practices in a controlled environment; and on-job-training under a competency-based training philosophy. We have invested in the latest training devices and courseware from Airbus and Boeing to enhance the quality of training for our licensed aircraft engineers and technicians, and to upskill them to service new-generation aircraft types.

Aside from technical training, our employees also enjoy a wide range of learning and development programmes to strengthen core competencies and develop new competencies in the areas of leadership and development; digital, transformation and innovation; and Lean. Structured Learning Roadmaps provide our staff with targeted and relevant learning opportunities at appropriate points in their careers. Learning needs and course syllabi are reviewed on a regular basis to ensure that the courses offered are current and relevant. During the year, corporate learning was reorganised under the Training Academy.

In preparation for a post-COVID-19 operating landscape that is expected to be vastly different, the Company advanced new-generation aircraft type and digital competency training to upskill the workforce. As part of the second phase of the Company's Transformation programme, targets have been set for employees to attend applicable training programmes. More information on the foregoing is also set out in the Company's Sustainability Report.

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.

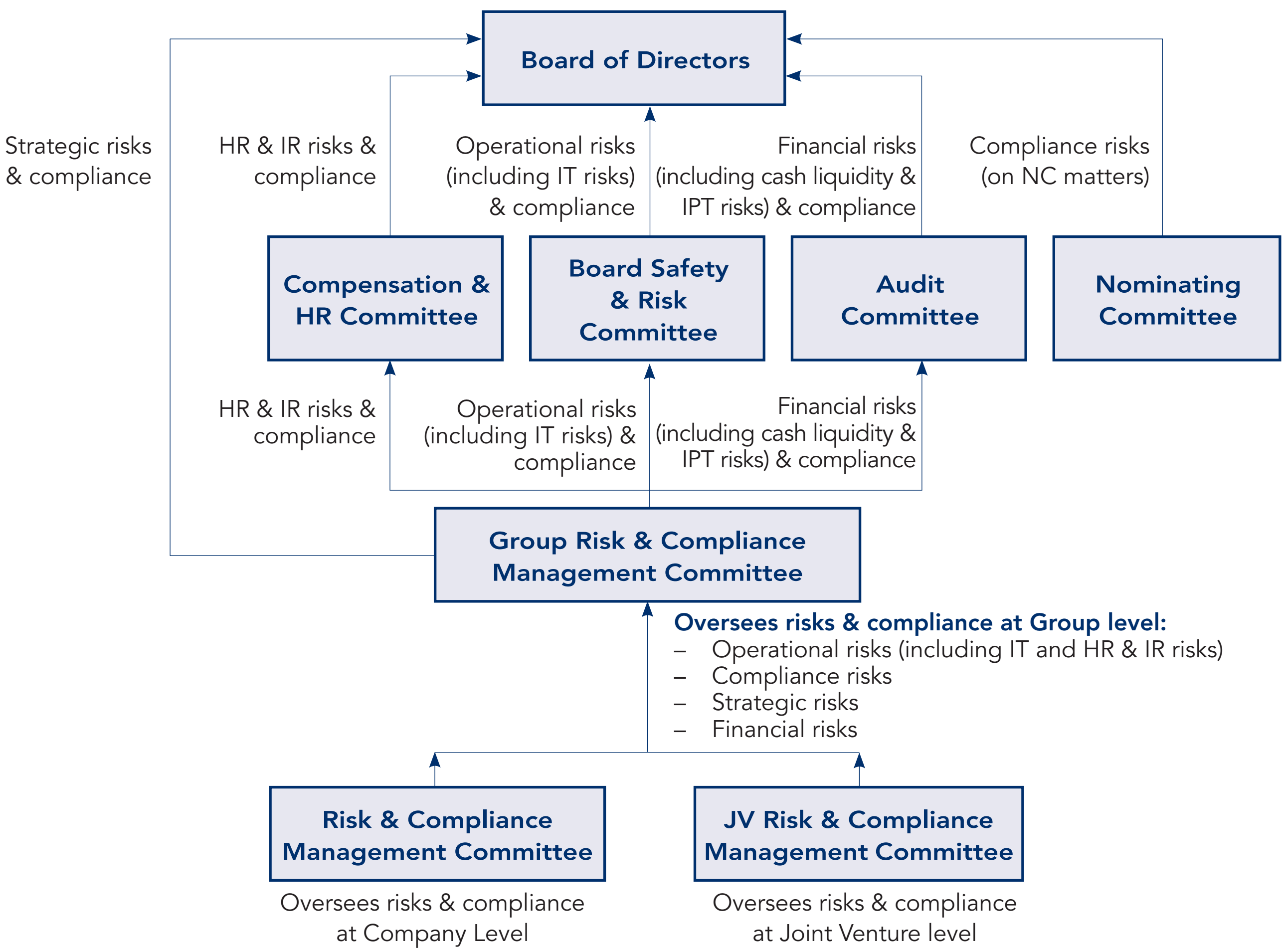
Board's Governance of Risk

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 appropriate Board committees 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



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Strategic risks pertaining to the Group's business are overseen directly by the Board. The Board Safety & Risk Committee maintains oversight of operational risks, including cyber security and information technology risks, with the support of the Group Risk & Compliance Management Committee (chaired by the CEO). The Audit Committee has oversight of the financial risks (including cash liquidity and Interested Person Transactions risks), while the Compensation & HR Committee oversees the human resources and 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.

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, which has oversight of the risks faced by the Group.

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
	Mr Mak Swee Wah
	Mr Chin Yau Seng

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.

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Risk Management Assurance

On a yearly basis, the risk management system audit is outsourced and audited by an independent team of SIA Internal Audit reporting directly to the Audit Committee to ensure the adequacy and effectiveness of risk controls, and compliance with the 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 Management Framework

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, cyber security and information technology, compliance, and human resources and industrial relations risks.

More details of the key elements of the Risk Management Framework can be found on the Company's website[1].

Risk Appetite Statements

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

<u>Strategic</u>

- 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 its presence overseas to capture growth opportunities in those markets and diversify its 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.
- SIAEC will continue to strengthen its 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.

<u>Regulatory</u>

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

[1] https://www.siaec.com.sg/pdf/SIAEC_risk_management_framework.pdf

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Safety, Health & Environment

- Safety is a 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 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.

Management of Key Risks	
Strategic Risks	The Group's strategic risks include geo-political tensions, varying competitive landscapes, changing customer demands, evolving regulatory and operating environments and technological disruptions. Uncertainties surrounding the impact of the COVID-19 pandemic, the global economy, rapid geo-political developments, competition in our core business segments and disruptive technologies continue to impact the Group. These risks are monitored constantly throughout the year, taking into consideration changing global economic and industry trends. Strategy meetings are held by the Group annually to formulate and fine-tune business strategies and responses, which will support business objectives, while addressing strategic risks and identified trends. To remain as a valued supplier and stay ahead of its competition, the Company continues to drive its Transformation efforts across the key technology areas in digitalisation and automation, as well as adoption of Lean methodology in its operations and business processes. Beyond improving operational efficiency and productivity, the transformation efforts aim to create value for its customers through delivery of high-quality services at competitive prices, develop new and relevant capabilities within the Group and promote a culture of innovation and continuous improvement. On strategic initiatives such as commercial partnerships, investment and divestment decisions, the Group has an established evaluation process and decisions 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, engaging the counsel and expertise of external advisors as required. 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 and Regulatory Risks	The Company 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; compliance with economic sanctions; 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.

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Management of Key Risks	
Compliance and Regulatory Risks	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 74 of this Annual Report. 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 Risks	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 closely monitors safety and quality performance to ensure the effectiveness of safety and quality systems, and to identify emerging trends. Due to the impact of the COVID-19 pandemic, risks associated with changes to the working environment and maintenance work performed are identified, and mitigation measures are put in place. 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 and reminded on the importance of maintaining high standards of safety and quality at the workplace. To reinforce the importance of safety and strengthen safety training, the Company first set up the Aviation Safety Promotion Centre in 2019 to focus on aviation safety. Then in 2021, the Workplace Safety Promotion Centre was established to promote workplace safety. In addition, the Maintenance Line Operations Safety Assessment programme has been put in place since 2019 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 27 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 190 physical and desktop (due to travel restrictions arising from COVID-19) audits on the operations of the Company in FY2020/21 to affirm the adherence to operational and safety standards.

CORPORATE GOVERNANCE

Management of Key Risks	
Operational Risks, 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. On an ongoing basis, business units and support divisions conduct tests of 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.
Cyber Security and Information Technology ("IT") Risks	With the increasing cyber security threats globally, the Company has taken a pro-active approach to managing its cyber security and IT risks. The Company adopts SIA Group's IT security and governance policies, which take reference from the ISO/IEC 27001 standard on information security management. In addition, the Company leverages SIA Group IT infrastructure and maintains oversight of the systems and conducts independent review to monitor that the IT security infrastructure and networks are continually kept up with evolving threats. A Cyber Incident Response Team within the Crisis Management Directorate is in place to manage IT-related crisis and responses in the event of a cybersecurity incident. Annually, the business units and support divisions conduct tests of business continuity plans to ensure preparedness and effectiveness of responses to disruptions on critical IT systems. To further safeguard the IT security arising from staff working from home, the Company has implemented IT security policies that require mandatory updating of the Company's laptops and servers. Besides the bi-annual IT certification exercises, regular reminders are sent to all staff on phishing and hacking risks and best IT practices. Staff are also required to undergo recurrent e-learning training on information security. To ensure cyber resilience of the SIAEC Group, IT audits and assessments are conducted on selected Group companies to ensure compliance with IT controls and where required, follow-up actions to improve standards and resilience.

CORPORATE GOVERNANCE

Management of Key Risks	
Financial Risks	The Group's operations carry certain financial risks, including the effects of changes in foreign exchange rates and interest rates. During the year, certain financial risks were elevated due to the COVID-19 pandemic, such as impairment of assets, credit risk, cash liquidity and impact to our portfolio of companies. The Group's risk management approach is to moderate the effects of such volatility on its financial performance, including addressing the specific COVID-19 risks. The Group's policy permits the use of derivatives to hedge specific exposures. 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. The Group uses forward contracts purely as a hedging tool and does not take positions in currencies with a view to make speculative gains from currency movements. 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 to mitigate 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. More information on financial risk management is set out in the section on "Financial Risk Management Objectives and Policies" on pages 195 to 202 of this Annual Report.
Human Resources Risks	The Company recognises the importance of having a good pipeline of talents to assume key management positions so that the Company's leadership bench strength and ability to make key business decisions will not be adversely impacted. The Company has a robust process to actively identify talents with leadership qualities who can potentially assume key management positions. The Company is committed to developing the competencies of its talents through the provision of targeted training, development and deployment programmes and opportunities. The plans are reviewed regularly to ensure that our talents are provided with sufficient exposure to build up their repertoire of experiences, skills, knowledge and competencies needed for the Company's current and future leadership roles.

CORPORATE GOVERNANCE

Managing the Risks arising from the COVID-19 Pandemic

At the onset of COVID-19 before Singapore encountered its first cases of infection, the Company took swift actions to protect its staff by activating plans that had been put in place in response to previous outbreaks, such as maintaining adequate inventory of personal protective equipment. When the situation escalated, the Pandemic Taskforce, which had experience in managing previous outbreaks, was activated to direct and coordinate the measures, including aligning with the authorities' advisories and SIA Group's pandemic responses.

The impact of COVID-19 is unprecedented. The Group's operations were severely impacted during the year, with low flight activities and a large number of parked aircraft. Although countries have progressively rolled out vaccinations for COVID-19, the recovery trajectory for the aviation industry remains uncertain and the recovery of the MRO business is contingent on the recovery of the aviation industry.

The Group has taken appropriate measures to mitigate the impact of COVID-19 and associated risks, while staying nimble and adjusting its responses according to the evolving situation. Measures taken to protect jobs include pay cuts, voluntary no-pay leave and early retirement, compulsory no-pay leave, furlough for re-employed staff, release of contract staff and scheduled shutdown of maintenance shops. The Group also remained disciplined in reducing operating costs and deferring non-critical capital expenditure to conserve cash and maintain liquidity.

Staff have been redeployed to areas with work demand, such as aircraft disinfection and preservation maintenance to ensure that airline customers' aircraft remain airworthy. Appropriate familiarisation and induction training are provided to redeployed staff prior to commencement of work in the new areas. With many parked aircraft due to the pandemic, measures have also been put in place to manage associated risks while performing maintenance.

To ensure the safety and health of all staff, safe management measures in compliance with advisories from various government ministries have been implemented at the workplace, with Safe Management Officers ensuring and enforcing compliance. Staff who have to access aircraft cabins are required to don appropriate personal protective equipment for added protection. Under a rostered routine testing programme, frontline operations staff who are at risk of exposure to COVID-19 are scheduled for regular testing, for early detection to prevent spread of infection. When workers in the airport community were given priority for COVID-19 vaccinations, the Company strongly encouraged all staff to be vaccinated.

Staff who are not required to work on-site have been working from home for certain periods. Digital solutions and the necessary IT support have empowered most of our support staff to remain connected and provide full support to operations while telecommuting. Robust cyber security and data protection measures have been continually updated to protect our IT systems.

With economic uncertainty impacting job security and working-from-home arrangements potentially leading to feelings of isolation, there has been an increasing focus on staff mental well-being. In light of these concerns, SIAEC has made it a priority to support our staff as they navigate and adjust to the new normal. A COVID-19 support portal has been set up to facilitate staff engagement. Using this portal, staff could stay updated on the latest COVID-19 news and advisories, industry happenings, and resources for physical and mental well-being. To complement the portal, articles promoting mental wellness are periodically published in the Company's newsletter, and posters with helplines for staff to reach out on mental health matters have also been put up at the work areas.

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

During FY2020/21, the Board Safety & Risk Committee held four meetings, and also undertook, inter alia, the following matters:

(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;

(f) reviewed the management of COVID-19-related risks; and

(g) 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 six 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
Mrs Quek Bin Hwee (appointed 1 April 2021)

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;

CORPORATE GOVERNANCE

- 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;
- 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. During the financial year under review, the Audit Committee met four times with the external auditors and four times with the internal auditors of the Company separately, without the presence of Management. The external and internal auditors report their findings and recommendations to the Audit Committee independently.

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 outsourced and undertaken by an independent team of SIA Internal Audit pursuant to an agreement between the Company and SIA. SIA Internal Audit adopts a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes by conducting risk-based process audits, information technology audits and Control Self-Assessment audits across the Group. 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.

CORPORATE GOVERNANCE

Annually, the Audit Committee evaluates the adequacy of the internal audit resources 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. It is free from any undue influence that would impair its ability to discharge its responsibilities objectively and has appropriate standing within the Company. The Head of Internal Audit meets quarterly with the Audit Committee without the presence of Management. 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.

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; segregation of duties and regular rotation of sensitive positions; 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. The reviews are conducted from time to time and at least once annually.

Group's Whistle-Blowing Policy

The Group's whistle-blowing policy encourages employees, vendors and third parties to report improprieties, malpractices, misconduct or wrongdoing. For the financial year, the Audit Committee had completed its annual review of the whistle-blowing policy and made enhancements thereto. The policy is made available to all employees on the Company's intranet. There is a confidential line of communication to make reports to the Whistle-Blowing Committee. Reports can be lodged by calling the hotline at +65 93875667 or via email at Ethics_Hotline@singaporeair.com.sg. We are committed to ensure protection of the whistle-blower against detrimental or unfair treatment. 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 to ensure timely, independent and thorough investigation. Our internal processes ensure that there is independent and thorough investigation by the Internal Audit team 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.

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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 audit complements 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.

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 business updates for the first and third quarters of the financial year, and one month prior to the announcement of half-year and 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

Prior to Audit Committee meetings, the Chairman and members of the Audit Committee meet with Management and the external auditors for open discussions and confirmation of Audit Committee meeting agendas.

The Audit Committee held five meetings during the financial year. The attendance of individual Directors at these meetings is shown on page 43 of this Annual Report.

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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

Following amendments to the Listing Manual in February 2020, the Company has adopted half-yearly reporting of its financial results and voluntary business updates for the first and third quarters of each financial year from FY2020/21. The business updates included relevant financial information; operating statistics on the Company's performance; and non-financial information such as significant matters and factors that relate to the Company's performance and/or prospects.

During the year, the Audit Committee reviewed the half-yearly and annual financial announcements and financial statements required by the Listing Manual, and voluntary business updates for the first and third quarters 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, key audit matters, 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.

(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 2021. Please refer to pages 105 to 112 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
Impairment risk on property, plant and equipment and right-of-use assets (collectively "PPE") and intangible assets	The Audit Committee reviewed and considered the methodology applied to the relevant valuation models and their key assumptions, the probable adverse outcome of an intangible asset under the engine development programme, 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 96 to 104 of this Annual Report. The Audit Committee considered the findings of the external auditors, including their assessments and appropriateness of their key assumptions. 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 96 to 104 of this Annual Report.

CORPORATE GOVERNANCE

Key Audit Matters	How the Audit Committee reviewed these matters and what decisions were made
Impairment risk on investments in subsidiaries, associated and joint venture companies	The Audit Committee reviewed and considered the approach and methodology applied to the impairment of subsidiaries, associated and joint venture companies, focusing on those with indicators of impairment and the key assumptions used in the determination of their value-in-use, including the forecasted impact of the COVID-19 pandemic, macroeconomic outlook and reasonableness of the cash flow forecast. The Audit Committee considered the findings of the external auditors, including their assessment of the value-in-use of the subsidiaries, associated and joint venture companies with indicators of impairment and appropriateness of their key assumptions. 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 96 to 104 of this Annual Report.
Recognition of revenue and profits on long-term contracts	The Audit Committee reviewed the recognition of revenue and profits on long–term contracts of the Group including significant joint ventures and associated companies. The Audit Committee considered the findings of the external auditors including the accounting treatment of materials used in MRO service contracts which had been recognised as one performance obligation. The Audit Committee was satisfied that the revenue and profit recognition of the Group had been appropriately accounted for in the consolidated financial statements.
Risk of counterparty credit default	The Audit Committee reviewed and considered Management's credit risk assessment and noted that Management has recognised an increase default risk of its customers due to the severe impact of the COVID-19 pandemic on the aviation industry. The Audit Committee also reviewed the 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. 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. 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 96 to 104 of this Annual Report.

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 $347,000 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 $16,000. 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 2021 and the re-appointment of KPMG for shareholders' approval at the 2021 AGM.

CORPORATE GOVERNANCE

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 2021.

(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 closely monitored the Group's capital and liquidity positions to ensure that they remained healthy and that the Company retained financial flexibility to pursue business opportunities. 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 & Compliance Management 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 2021.

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 & Compliance Management 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 2021. 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.

CORPORATE GOVERNANCE

(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, and is satisfied that the IPTs were made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Shareholders' Mandate, which is published in the Appendix to the Letter to Shareholders, 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 212 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, Chapter 50 of Singapore. As at 31 March 2021, there were no loans granted to Directors.

(f) Whistle-Blowing

The Audit Committee had reviewed and was satisfied with the adequacy of the 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.

BOARD COMMITTEE AND EXECUTIVE COMMITTEE

The Board Committee formerly deputised 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. Before the Committee was dissolved on 17 July 2020, the members of the Board Committee were:

Members: Mr Tang Kin Fei
Mr Goh Choon Phong

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

CORPORATE GOVERNANCE

The Executive Committee was established on 17 July 2020 to replace the Board Committee. The Executive Committee comprises four Directors, half of whom, including the Chairman, are independent. The members of the Executive Committee are:

Chairman: Mr Tang Kin Fei
Members: Mr Chew Teck Soon
Mr Goh Choon Phong
Mr Ng Chin Hwee

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

- overseeing the execution by Management of the overall strategy relating to the Company, its subsidiaries and joint ventures (collectively the "Group") and such matters delegated by the Board set out herein;
- monitoring the Group's operations, performance, investments and partnership affairs;
- reviewing Group funding and related financial projections;
- making administrative decisions on matters including delegation of authority, opening and operation of bank accounts and allotment of shares; and
- carrying out any other functions or duties as may be delegated by the Board.

The Executive Committee is authorised by the Board to consider, evaluate, approve or recommend for the Board's consideration and approval business opportunities, group funding requirements, strategic investments and divestments, within its Financial Authority Limits ranging from $5 million to $10 million. Like the former Board Committee, the Executive Committee relieves the Board of decision-making on routine day-to-day administrative matters and enables the Company to deal with such matters expeditiously in its daily operations.

During FY2020/21, the Executive Committee held 2 meetings, and also undertook, inter alia, the following activities:

(a) reviewed essential capital expenditure for software platform(s);

(b) reviewed nominations to the boards of Group companies and appointments of the Company's corporate representatives;

(c) discussed the organisation design review, initiatives to achieve synergy and efficiency across divisions, and automation of workflow and processes for higher productivity and accuracy;

(d) reviewed the performance of joint venture companies, status of joint venture projects that are in progress, and new opportunities to strengthen the Company's capabilities and growth;

(e) reviewed the appointment of an external consultant to support the Company's Lean programme; and

(f) reviewed the acquisition of assets to support Base Maintenance operations.

CORPORATE GOVERNANCE

TECHNOLOGY ADVISORY COMMITTEE

The Technology Advisory Committee comprises two Directors, and five other eminent business leaders and industry experts. Collectively, the members' expertise covers a range of topics relating to digital transformation, 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: Dr Alan H. Epstein (Professor Emeritus, Massachusetts Institute of Technology)
Mr Peter Ho (CEO, Hope Technik)
Prof Quek Tong Boon (Chief Scientific Advisor, Ministry of Trade and Industry)
Prof Yeo Kiat Seng (Associate Provost, Singapore University of Technology and Design)
Mr George Wang (SVP IT, Singapore Airlines Limited)
Mr Ng Chin Hwee (Director and CEO 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 Executive 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.

During the financial year, the Technology Advisory Committee held two meetings. External consultants were invited to share on digital trends in the digital MRO landscape and potential opportunities during the recovery from the COVID-19 pandemic.

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 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.

CORPORATE GOVERNANCE

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 price-sensitive and trade-sensitive 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 price-sensitive and trade-sensitive information include 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 Company generally provides shareholders with longer than the minimum statutory notice period required for general meetings. 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 enables indirect investors, including CPF and SRS 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 2021 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.

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.

CORPORATE GOVERNANCE

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, 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 for the entire duration of these meetings to address questions from shareholders. The Chairman of the Meeting facilitates constructive dialogue between shareholders and the Board, Management, external auditors and other relevant professionals. 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.

Alternative Arrangements for 2020 AGM and forthcoming 2021 AGM

Due to the COVID-19 situation in Singapore, the AGM held in respect of the financial year ended 31 March 2020, was convened and held by way of 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 ("COVID-19 Order"). 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, were put in place for the AGM and communicated to shareholders through an announcement posted on SGXNet and the Company's website. The Notice of AGM, proxy form, annual report and letter to shareholders were published on SGXNet and the Company's website. The Company's responses to substantial and relevant questions received from shareholders were published on SGXNet and the Company's website prior to the AGM. The Chairman, the Audit Committee Chairman and the CEO were present in person at the virtual 2020 AGM proceedings, while the rest of the Directors attended via video conference.

As a precautionary measure due to the ongoing COVID-19 situation in Singapore, shareholders will not be able to attend the 2021 AGM in person. The forthcoming 2021 AGM will again be convened and held by way of electronic means on 23 July 2021 pursuant to the COVID-19 Order. Shareholders may pre-register to participate in the Company's 2021 AGM to observe and/or listen to the AGM proceedings via live audio-visual webcast or live audio-only stream. They may submit questions in advance of, or live at, the AGM, and appoint the Chairman of the Meeting as proxy to attend, speak and vote on their behalf. More details on the alternative arrangements for the 2021 AGM are provided in a separate announcement released on SGXNet and the Company's website.

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. The minutes of the 2020 AGM proceedings were published on SGXNet and the Company's website within one month after the 2020 AGM.

CORPORATE GOVERNANCE

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, investment plans and cash requirements. The past four years' dividend payouts are set out in the "Five-Year Financial Summary of the Group" section of the Annual Report. The Board will not be recommending a dividend in respect of the financial year ended 31 March 2021 as COVID-19 has adversely impacted the Group's financial results. The Board has taken into consideration the losses incurred, the imperative to sustain the business through the continuing uncertainties, and the need to retain financial flexibility to pursue business opportunities.

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;

(h) First quarter and third quarter business updates; and

(i) Analysts and media briefing presentations.

The Company has adopted half-yearly reporting of its financial results from FY2020/21 onwards. The half-year and full-year financial results contain detailed financial statements, key business drivers and Management commentaries on the financial performance of the Group. They are announced within 45 and 60 days from the end of each respective financial period. As part of the Company's commitment to engage shareholders through clear, timely and consistent communication, the Company provides voluntary business updates for the first and third quarters of each financial year to give shareholders a better insight into the Company's performance in between the half-year and full-year financial results.

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 its 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, non-deal road shows, corporate access forums and conferences, institutional investor meetings and conference calls between senior management representatives and analysts/investors are held to facilitate their understanding of the Company's business and performance. Presentation materials are made available to shareholders on SGXNet and the Company's website prior to these sessions.

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 adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, which may have an impact on the Company's long-term sustainability. The Company regularly engages its stakeholders, namely, its employees, customers, shareholders, joint venture partners, suppliers and the community, to understand and address their interests and concerns. Regular communications with its stakeholders, which has been enhanced through various channels, enable the Company to identify key economic, environmental, social and governance risks, and impacts and opportunities that are material and relevant. The Company conducts an annual materiality assessment to better understand these key topics and calibrates its responses to address stakeholders' interests effectively.

Methods of Engagement with Key Stakeholders

Stakeholder	Engagement Methods
Employees	• Mobile communication application and Employee Self-Service On-The-Go • Intranet portal, in-house magazine, communication packages • Dialogues with Senior Management • Surveys on organisational climate, Transformation, digitalisation • Events such as Safety & Security Week, Innovation Week and Innovation Challenge • Engagement with unions • Grievance mechanism through the Whistle-blowing programme
Customers	• Regular status updates or sharing of key performance indicators through emails, teleconferences and meetings • Company updates through Customer Newsletter and LinkedIn • Independent customer survey • Events such as Singapore Airshow and international MRO shows and exhibitions • Grievance mechanism through the Whistle-blowing programme
Shareholders	• Company announcements, press releases, financial results, business updates, Annual Reports, Sustainability Reports and information of interest to shareholders available on SGXNet and Company's website • Annual dialogue between shareholders, Board of Directors and Senior Management at the AGM • Half-yearly analysts briefings • Management participation in non-deal road shows, corporate access forums and conferences, institutional investor meetings and conference calls • Investor relations contact details available on Company's website • Grievance mechanism through the Whistle-blowing programme

CORPORATE GOVERNANCE

Stakeholder	Engagement Methods
Joint Venture ("JV") Partners	• Frequent engagement to explore growth opportunities, develop new capabilities, provide advice and support for strategic restructuring and acquisition/divestment activities • Partners Forum to enhance sharing of perspectives and foster closer collaboration between the Company, its network of joint venture companies and OEM partners, to prepare for recovery in the post-COVID-19 aerospace industry • Management review of JVs' performance and issues • Representation and participation of the Company's nominee directors at JV Board meetings • Presentation to SIAEC's Board on JVs' performance and growth plans • Regular internal audits on JVs' internal controls and compliance, and regulatory audits on safety and quality standards • Grievance mechanism through the Whistle-blowing programme
Suppliers	• Regular meetings, emails and teleconferences with suppliers to discuss commercial and operational matters • Review of suppliers' performance to ensure compliance with the established standards, procedures or key performance indicators • Evaluate any breaches of Supplier Code of Conduct • Questionnaire for new suppliers • Supplier risk assessments during the selection phase • Grievance mechanism through the Whistle-blowing programme
Community	• Community engagement programmes and projects • Donations

In its pursuit to be the MRO service provider of choice, the Company aims to create growth through innovation, technology and transformation, in collaboration with its business partners. The Company acts responsibly, ensuring environmental and social sustainability throughout operations and the supply chain, with a particular emphasis on the safety of all staff and customers. It strives to contribute to the society and deliver value to its employees and local communities. Please refer to the Sustainability Report on the Company's website for more information on stakeholder engagement activities.

Dedicated Public Affairs & Investor 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.

CORPORATE GOVERNANCE

SUMMARY OF DISCLOSURE ON THE CODE

Rule 710 of the Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the Code in their annual reports for financial years commencing on or after 1 January 2019. This Summary of Disclosures describes our corporate governance practices with specific reference to the principles and provisions of the Code.

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STATISTICAL HIGHLIGHTS

	2020/21	2019/20	% Change
FINANCIAL STATISTICS [R1]			
Financial Results ($ million)			
Revenue	**443.0**	994.1	– 55.4
Expenditure	**468.0**	926.4	– 49.5
Operating (loss)/profit	**(25.0)**	67.7	n.m.
(Loss)/Profit before taxation	**(35.6)**	204.5	n.m.
(Loss)/Profit attributable to owners of the parent	**(11.2)**	193.8	n.m.
Financial Position ($ million)			
Equity attributable to owners of the parent	**1,533.6**	1,628.8	– 5.8
Total assets	**1,809.8**	2,005.5	– 9.8
Return on equity holders' funds (%) [R2]	**(0.7)**	12.3	13.0 pts
Value added ($ million)	**247.5**	770.1	– 67.9
Per Share Data (cents)			
(Loss)/Earnings – basic [R3]	**(1.00)**	17.30	n.m.
(Loss)/Earnings – diluted [R4]	**(1.00)**	17.26	n.m.
Net asset value [R5]	**136.8**	145.4	– 5.9
Dividends (cents per share)			
Interim dividend	**–**	3.0	– 3.0 cts
Final dividend	**–**	5.0	– 5.0 cts
PRODUCTIVITY AND EMPLOYEE DATA			
Average number of employees	**6,253**	6,761	– 7.5
Revenue per employee ($)	**70,845**	147,041	– 51.8
Value added per employee ($)	**39,583**	113,904	– 65.2
Staff costs per employee ($) [R6]	**56,413**	74,996	– 24.8

n.m. – not meaningful

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

R4 In the prior year, earnings after tax per share (diluted) were computed by dividing the (loss)/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. For the year ended 31 March 2021, the potential ordinary shares from the Company's share-based incentive plans were excluded from the diluted weighted average number of ordinary shares calculation as the conversion to ordinary shares would decrease loss per share. As such, the effect was considered anti-dilutive.

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.

R6 Staff costs excluding wage support from government support schemes.

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FINANCIAL REVIEW

EARNINGS

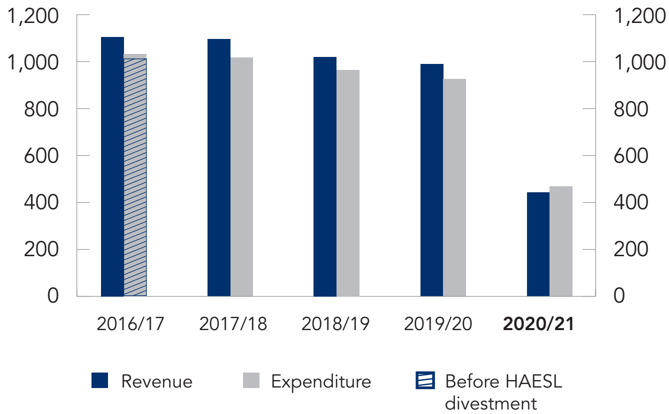
Group revenue at $443.0 million was $551.1 million (-55.4%) lower than last year. Expenditure decreased $458.4 million (-49.5%) year-on-year to $468.0 million, mainly due to lower staff, subcontract and material costs. Operating loss of $25.0 million was a deterioration of $92.7 million as compared to the operating profit of $67.7 million last year.

The Group posted a loss attributable to owners of the parent of $11.2 million in 2020/21, $205.0 million lower than the profit of $193.8 million recorded in 2019/20.

Basic loss per share for the Group stood at 1.00 cent, 18.30 cents lower than the basic earnings per share of 17.30 cents last year.

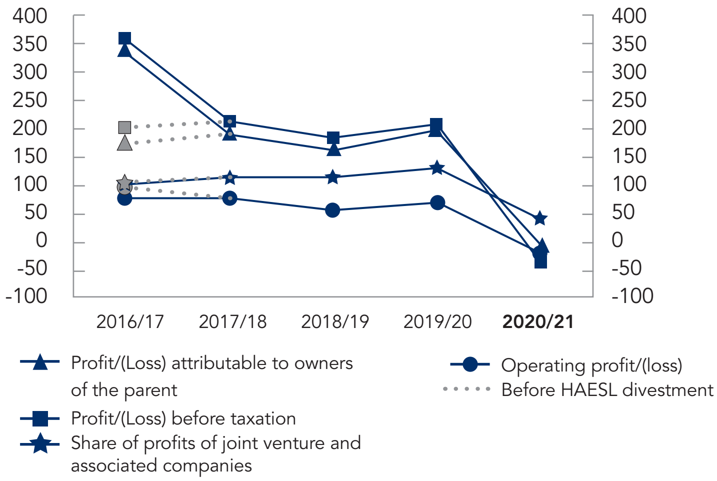
GROUP REVENUE AND EXPENDITURE

($ million)

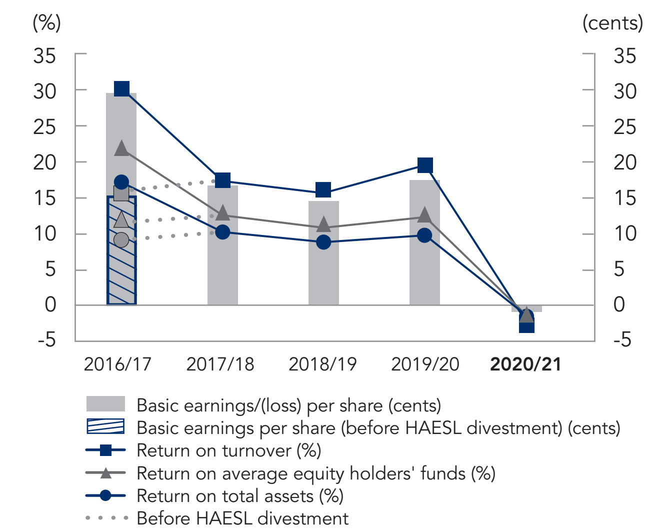


GROUP OPERATING PROFIT, PROFIT BEFORE TAXATION AND PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

($ million)



GROUP PROFITABILITY RATIOS



Profitability ratios of the Group are as follows:

	2020/21 %	2019/20 %	Change % points
Return on turnover	**(2.5)**	19.5	n.m.
Return on average equity holders' funds	**(0.7)**	12.3	n.m.
Return on total assets	**(0.6)**	9.7	n.m.

n.m. – not meaningful

FINANCIAL REVIEW

REVENUE*

The Group's revenue composition is as follows:

	2020/21 $ million	2019/20 $ million	Change $ million	%
Airframe and line maintenance				
– Airframe overhaul and line maintenance	**376.7**	879.3	– 502.6	– 57.2
– Fleet management programme	**51.6**	88.4	– 36.8	– 41.6
	428.3	967.7	– 539.4	– 55.7
Engine and component	**14.7**	26.4	– 11.7	– 44.3
Total	**443.0**	994.1	– 551.1	– 55.4

Revenue decreased $551.1 million (-55.4%) to $443.0 million. All business segments were adversely affected during the year by the low flight activities and massive reduction in the number of active aircraft. In addition, fleet management programme revenue was impacted by the cessation of contracts.

* 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:

	2020/21 $ million	2019/20 $ million	Change $ million	%
Staff costs	**209.0**	481.4	– 272.4	– 56.6
Material costs	**60.5**	128.5	– 68.0	– 52.9
Subcontract costs	**33.0**	110.1	– 77.1	– 70.0
Overheads	**165.5**	206.4	– 40.9	– 19.8
Total	**468.0**	926.4	– 458.4	– 49.5

Expenditure decreased $458.4 million or 49.5%. The adverse impact of COVID-19 on the Group's financial performance was cushioned by grants from government support schemes; most significantly, the Jobs Support Scheme (JSS), which the Group accounted for as an offset against staff costs. Excluding grants from government support schemes, staff costs would have decreased $154.2 million or 30.4% due to cost saving measures implemented which included compulsory no-pay leave, furlough of re-employed staff, voluntary no-pay leave and salary cuts for management staff, as well as decrease in staff strength. Material and subcontract costs decreased in line with lower workload. Overheads were lower mainly due to lower company accommodation costs, maintenance of equipment, departmental expenses, provision of doubtful debts, and depreciation. This was partially offset by less favourable exchange movements and higher IT expenses.

FINANCIAL REVIEW

OPERATING (LOSS)/PROFIT

The Group's operating (loss)/profit by segment is as follows:

	2020/21 $ million	2019/20 $ million	Change $ million	 %
Airframe and line maintenance	**(20.8)**	71.2	– 92.0	n.m.
Engine and component	**(4.2)**	(3.5)	– 0.7	– 20.0
Total	**(25.0)**	67.7	– 92.7	n.m.

Contributions from the airframe and line maintenance segment decreased as the decrease in revenue outweighed cost reductions. Losses in the engine and component segment relate mainly to the Group's share in two engine programmes.

SHARE OF PROFITS OF ASSOCIATED AND JOINT VENTURE COMPANIES

Share of profits of associated and joint venture companies at $39.9 million was $88.0 million (-68.8%) lower year-on-year, with profits of $49.8 million from the engine and component segment and a negative contribution of $9.9 million from the airframe and line maintenance segment. The reduction in flying hours and extension of maintenance intervals continued to have an adverse impact on contributions from associated and joint venture companies. In addition, a one-time tax charge due to an upward revision in tax provision was made by certain engine and component centres in the fourth quarter[1]. This was partially alleviated by cost-saving measures and government support received. Some of the group companies also incurred one-time staff redundancy costs during the financial year.

ESA's engine shipments were 149 in 2020/21, compared with 135 in 2019/20. SAESL's engine shipments were 178 in 2020/21, compared with 270 in 2019/20.

TAXATION

The Group recorded a tax credit of $16.0 million for the financial year 2020/21, as compared to a tax provision of $14.0 million in the prior year.

FINANCIAL POSITION

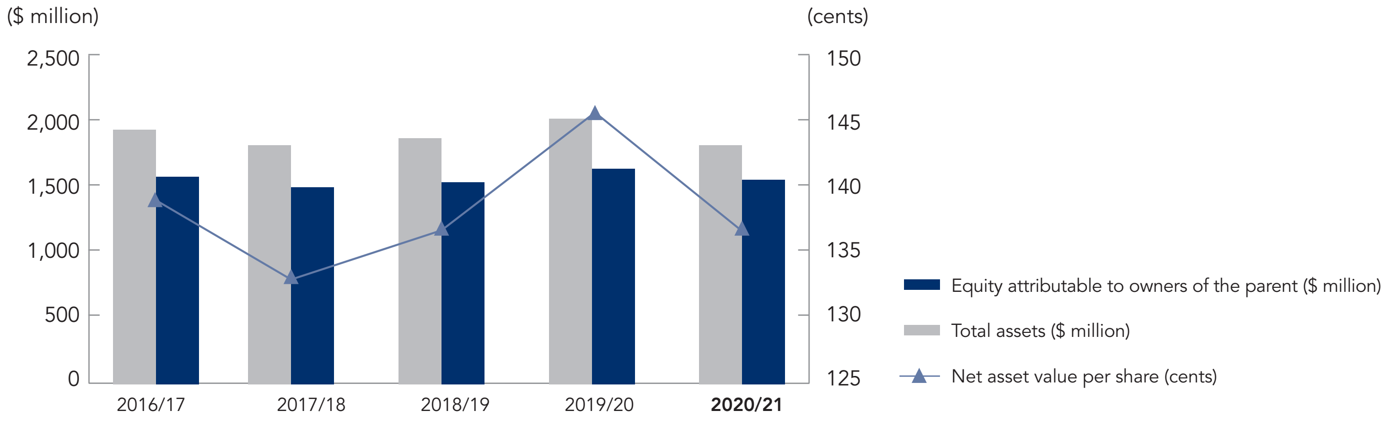
As at 31 March 2021, equity attributable to owners of the parent of $1,533.6 million was $95.2 million or 5.8% lower than at 31 March 2020. The decrease was mainly due to payment of the final dividend in respect of 2019/20, a loss in the foreign currency translation reserve due to the weakening of the US dollar and losses incurred for the period.

Total assets stood at $1,809.8 million as of 31 March 2021, a decrease of $195.7 million (-9.8%). The liquidity position of the Group remains healthy with cash balance of $616.0 million as of 31 March 2021, an increase of $96.3 million (+18.5%), and low borrowings. Net asset value per share as at 31 March 2021 was 136.8 cents, a decrease of 8.6 cents or 5.9%.

1 Staff rationalization measures and impact of COVID-19 pandemic affected certain qualifying criteria of the tax incentive scheme at these associated companies. In the absence of a waiver for these criteria, a one-time tax charge was provided for and tax provision was revised upwards to the prevailing corporate tax rate.

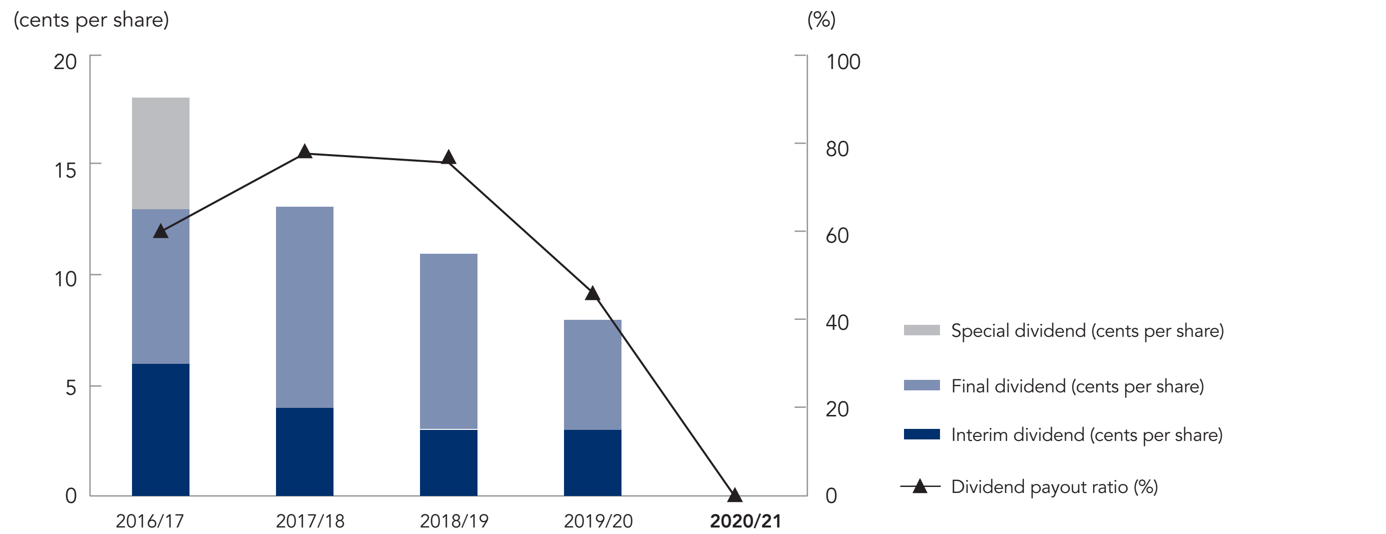
FINANCIAL REVIEW

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



DIVIDENDS

In view of the losses incurred, the need to conserve cash to sustain the business through the uncertain recovery path and retain financial flexibility to pursue business opportunities, the Board will not be recommending any dividend for 2020/21.



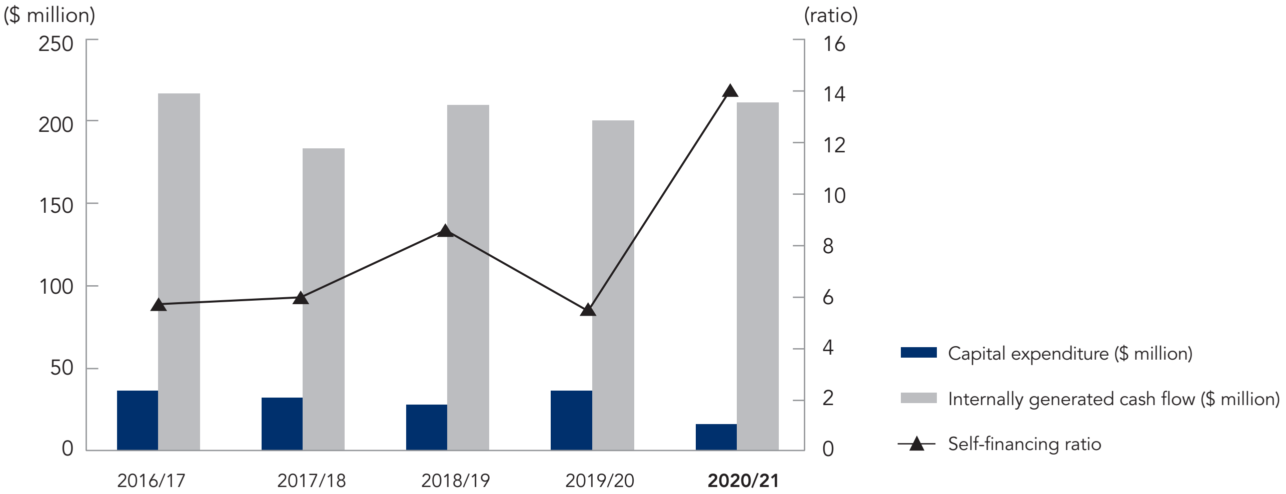
FINANCIAL REVIEW

CAPITAL EXPENDITURE AND CASH FLOW

Capital expenditure by the Group decreased by $21.6 million (-58.7%) to $15.2 million in 2020/21. Approximately 58% of the expenditure was spent on plant, equipment and tooling projects, while 4% was on office equipment.

Internally generated cash flow (including grants received from government support schemes) increased $11.1 million (+5.6%) to $210.6 million. The self-financing ratio of cash flow to capital expenditure was 13.9 times, compared to 5.4 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:

	2020/21	2019/20	% change
Revenue per employee ($)	**70,845**	147,041	– 51.8
Value added per employee ($)	**39,583**	113,904	– 65.2
Staff costs per employee ($)*	**56,413**	74,996	– 24.8
Average number of employees	**6,253**	6,761	– 7.5

* Staff costs excluding wage support from government support schemes

FINANCIAL REVIEW

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

	2020/21	2019/20
Revenue	**443.0**	994.1
Less:		
Purchase of goods and services	**(187.8)**	(364.6)
Value added on operations	**255.2**	629.5
Add:		
Interest income	**3.9**	10.4
(Loss)/Surplus on disposal of property, plant and equipment and intangible assets	**(5.0)**	2.5
Impairment of non-financial assets	**(48.3)**	–
Surplus on disposal of a subsidiary company	**2.0**	–
Impairment of an associated company	**(0.2)**	–
Loss on liquidation of an associated company	**–**	(0.2)
Share of profits of associated and joint venture companies, net of tax	**39.9**	127.9
Total value added available for distribution	**247.5**	770.1
Applied as follows:		
To employees		
– Salaries and other staff costs*	**352.8**	507.0
To government		
– Corporate taxes	**2.2**	14.0
– Wage support from government support schemes	**(143.8)**	(25.6)
To suppliers of capital		
– Interest charges	**2.9**	3.8
– Interim and proposed dividends	**–**	89.7
– Non-controlling interests	**(8.4)**	(3.3)
Retained for future capital requirements		
– Depreciation	**67.8**	72.8
– Amortisation of intangibles	**3.4**	3.3
– Impairment for property, plant and equipment	**–**	4.3
– Retained (losses)/profit	**(29.4)**	104.1
Total value added	**247.5**	770.1
Value added per $ revenue ($)	**0.56**	0.77
Value added per $ employment cost* ($)	**0.70**	1.52
Value added per $ investment in property, plant and equipment ($)	**0.33**	1.01

* Staff costs excluding 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 2021.

In our opinion:

(a) the financial statements set out on pages 113 to 211 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 2021, 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)
Manohar Khiatani	(Independent)
Chew Teck Soon	(Independent)
Christina Hon Kwee Fong (Christina Ong)	(Independent)
Raj Thampuran	(Independent)
Wee Siew Kim	(Independent)
Mak Swee Wah	(Non-Independent)
Chin Yau Seng	(Non-Independent)
Chua Bin Hwee (Quek Bin Hwee)	(Independent, from 1 April 2021)

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 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:

	Direct interest		Deemed interest	
Name of Director	1.4.2020/ date of appointment	31.3.2021	1.4.2020/ date of appointment	31.3.2021
Interest in Singapore Airlines Limited				
Ordinary shares				
Goh Choon Phong	1,132,149	3,074,209	–	–
Ng Chin Hwee	480,108	874,164	–	–
Manohar Khiatani	–	–	4,000	10,000
Chew Teck Soon	44,000[(1)]	–	–	–
Mak Swee Wah	544,737	850,961	–	–
Chin Yau Seng	121,684	149,946	–	–
Conditional award of Restricted Share Plan ("RSP") shares[(2)]				
Goh Choon Phong				
– Base Awards	75,000	106,000	–	–
– Final Awards (Pending Release)	55,800	51,669	–	–
Ng Chin Hwee				
– Base Awards	36,000	–	–	–
– Final Awards (Pending Release)	27,900	25,294	–	–
Mak Swee Wah				
– Base Awards	36,000	51,000	–	–
– Final Awards (Pending Release)	27,900	25,294	–	–
Chin Yau Seng				
– Base Awards	26,000	25,900	–	–
– Final Awards (Pending Release)	21,063	17,381	–	–
Conditional award of Performance Share Plan ("PSP") shares[(3)]				
Goh Choon Phong				
– Base Awards	235,250	386,927	–	–
Ng Chin Hwee				
– Base Awards	96,100	103,609	–	–
Mak Swee Wah				
– Base Awards	96,100	160,609	–	–
Chin Yau Seng				
– Base Awards	44,000	65,018	–	–
Conditional award of deferred restricted shares[(4)]				
Goh Choon Phong				
– Base Awards	44,600	33,113	–	–
Ng Chin Hwee				
– Base Awards	20,820	15,456	–	–
Mak Swee Wah				
– Base Awards	20,820	15,456	–	–
Chin Yau Seng				
– Base Awards	11,910	8,842	–	–

DIRECTORS' STATEMENT

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

Name of Director	Direct interest 1.4.2020/ date of appointment	Direct interest 31.3.2021	Deemed interest 1.4.2020/ date of appointment	Deemed interest 31.3.2021
Interest in Singapore Airlines Limited				
Conditional award of transformation restricted shares[5]				
Goh Choon Phong				
– Base Awards	80,295	–	–	–
– Final Awards (Pending Release)	41,500	29,451	–	–
Ng Chin Hwee				
– Base Awards	37,471	–	–	–
– Final Awards (Pending Release)	15,500	38,000	–	–
Mak Swee Wah				
– Base Awards	37,471	–	–	–
– Final Awards (Pending Release)	15,500	11,000	–	–
Chin Yau Seng				
– Base Awards	21,412	–	–	–
– Final Awards (Pending Release)	8,850	6,280	–	–
Conditional award of Strategic restricted shares[6]				
Goh Choon Phong				
– Final Awards (Pending Release)	–	93,350	–	–
Mak Swee Wah				
– Final Awards (Pending Release)	–	43,550	–	–
Chin Yau Seng				
– Final Awards (Pending Release)	–	24,900	–	–
$600 million 3.16% Notes due 2023				
Tang Kin Fei	$250,000	$250,000	–	–
Rights Mandatory Convertible Bonds				
Ng Chin Hwee	–	$80,000	–	–
Interest in SIA Engineering Company Limited				
Ordinary shares				
Tang Kin Fei	–	–	20,000	20,000
Ng Chin Hwee	10,000[7]	10,000[7]	–	–
Conditional award of RSP shares[8]				
Ng Chin Hwee				
– Base Awards	–	174,800	–	–
Conditional award of PSP shares[9]				
Ng Chin Hwee				
– Base Awards	–	218,800	–	–
Interest in Singapore Telecommunications Limited				
Ordinary shares				
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	52,190[1]	60,190[1]	–	–
Raj Thampuran	600	600	–	–
Wee Siew Kim	1,060	501,838	190	190
Mak Swee Wah	1,550	1,550	1,180	1,180

DIRECTORS' STATEMENT

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

	Direct interest		Deemed interest	
Name of Director	1.4.2020/ date of appointment	31.3.2021	1.4.2020/ date of appointment	31.3.2021
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
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 Olam International Limited				
Ordinary shares				
Ng Chin Hwee	2,000	2,000	–	–
Interest in Mapletree Commercial Trust				
Units				
Ng Chin Hwee	48,800	48,800	–	–
Chew Teck Soon	20,000[(1)]	20,000[(1)]	–	–
Wee Siew Kim	–	45,312	–	–
Interest in Mapletree Europe Income Trust				
Units				
Christina Ong	–	394	–	–
Ng Chin Hwee	–	591	–	–
Interest in Mapletree Global Student Accommodation Private Trust				
Units				
Class A (USD)				
Goh Choon Phong	4,823	4,823	–	–
Ng Chin Hwee	1,600	1,600	–	–
Class B (GBP)				
Goh Choon Phong	4,823	4,823	–	–
Ng Chin Hwee	1,600	1,600	–	–
Interest in Mapletree Industrial Trust				
Units				
Tang Kin Fei	24,000	50,000	–	–
Ng Chin Hwee	18,100	18,100	–	–
Interest in Mapletree Logistics Trust				
Units				
Tang Kin Fei	20,000	40,000	–	–
Ng Chin Hwee	2,000	4,600	–	–
Chew Teck Soon	10,000[(1)]	10,000[(1)]	–	–
Interest in Mapletree Treasury Services Limited				
$700 million 3.95% Perpetual Bonds				
Tang Kin Fei	$500,000	$500,000	–	–

DIRECTORS' STATEMENT

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

	Direct interest		Deemed interest	
Name of Director	1.4.2020/ date of appointment	31.3.2021	1.4.2020/ date of appointment	31.3.2021
Interest in Mapletree US & EU Logistics Private Trust				
Units				
(USD)				
Ng Chin Hwee	185	185	–	–
Christina Ong	185	185	–	–
Wee Siew Kim	300	300	–	–
(EUR)				
Ng Chin Hwee	185	185	–	–
Christina Ong	185	185	–	–
Wee Siew Kim	300	300	–	–
Interest in Ascendas Real Estate Investment Trust				
Units				
Chew Teck Soon	46,400[1]	46,400[1]	–	–
Interest in StarHub Ltd				
Ordinary shares				
Chew Teck Soon	13,000[1]	13,000[1]	–	–
Wee Siew Kim	72,600	72,600	–	–
Interest in Astrea IV Pte. Ltd.				
$242 million Class A-1 4.35% Secured Fixed Rate Bonds due 2028				
Chin Yau Seng	$133,000	$133,000	–	–
Interest in Astrea V Pte. Ltd.				
$315 million Class A-1 3.85% Secured Fixed Rate Bonds due 2029				
Ng Chin Hwee	$5,000	$5,000	–	–
US$140 million Class B 5.75% Secured Fixed Rate Bonds due 2029				
Ng Chin Hwee	US$200,000	US$200,000	–	–
Interest in Astrea VI Pte. Ltd.				
US$200,000 Class B 4.35% Secured Fixed Rate Bonds due 2031				
Ng Chin Hwee	–	US$200,000	–	–
Interest in Temasek Financial (IV) Private Limited				
$500 million 2.7% Notes due 2023				
Chew Teck Soon	$6,000	$6,000	–	–
Ascott Residence Trust				
Units				
Manohar Khiatani	82,498	82,498	–	–

DIRECTORS' STATEMENT

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

Name of Director	Direct interest 1.4.2020/ date of appointment	Direct interest 31.3.2021	Deemed interest 1.4.2020/ date of appointment	Deemed interest 31.3.2021
Interest in CapitaLand Limited				
Ordinary shares				
Goh Choon Phong	35,000	35,000	–	–
Manohar Khiatani	36,582	92,743	40,000[10]	40,000[10]
Chew Teck Soon	4,500[1]	4,500[1]	–	–
Ng Chin Hwee	–	5,000	–	–
Unvested Restricted shares[11] to be delivered after 2019				
Manohar Khiatani	73,165[13][15]	36,583[14][15]	–	–
Unvested Restricted shares[12] to be delivered after 2020				
Manohar Khiatani	–	35,988[13][15]	–	–
Contingent award of Performance shares[16] to be delivered after 2021				
Manohar Khiatani (88,039 shares)	0 to 176,078[18]	0 to 176,078[18]	–	–
Contingent award of Performance shares[17] to be delivered after 2022				
Manohar Khiatani (40,485 shares)	–	0 to 80,970[18]	–	–
Interest in CapitaLand Commercial Trust[19]				
Units				
Goh Choon Phong	6,700	–	–	–
Manohar Khiatani	30,000	–	30,000[10]	–
Interest in CapitaLand Integrated Commercial Trust[19] (formerly known as CapitaLand Mall Trust)				
Units				
Goh Choon Phong	–	4,824	–	–
Manohar Khiatani	–	21,600	40,000[10]	61,600[10]

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 Transformation Share Award of fully-paid ordinary shares will partially vest after a one-year performance period commencing from the date of grant of the award. The actual number of Final Awards will range from 0% to 200% of the Base Awards and will vest over three years with 50% vesting after the end of the first year, and the balance at 25% over the next two years. On the vesting date, an additional kicker equivalent to 20% of the Final Awards will be settled with the participants.
6. The Final Strategic Award will vest over two years with 50% vesting immediately upon the date of grant, and the balance at 25% over the next 2 years.
7. Held in the name of DBS Nominees (Private) Limited.
8. 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 relevant awards.
9. 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.
10. Held jointly with spouse in the name of DBS Nominees (Private) Limited.
11. Awards made pursuant to the CapitaLand Restricted Share Plan 2010.
12. Awards made pursuant to the CapitaLand Restricted Share Plan 2020.

DIRECTORS' STATEMENT

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

Notes (continued):

13. Being the unvested two-thirds of the award.
14. Being the unvested remaining one-third of the award.
15. An additional number of shares of a total value equal to the value of the accumulated dividends 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.
16. Awards made pursuant to the CapitaLand Performance Share Plan 2010.
17. Awards made pursuant to the CapitaLand Performance Share Plan 2020.
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/unit 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/units than the baseline award could be released delivered up to a maximum of 200% of the baseline award.
19. Pursuant to the merger of CapitaLand Mall Trust ("CMT") and CapitaLand Commercial Trust ("CCT") through the acquisition by CMT of all the issued and paid-up units in CCT held by unitholders of CCT, an aggregate of 2,780,549,536 new units in CMT were allotted and issued to unitholders of CCT on 28 October 2020 as part consideration of the merger. CapitaLand Mall Trust Management Limited was renamed CapitaLand Integrated Commercial Trust Management Limited with effect from 30 October 2020. On 3 November 2020, CapitaLand Mall Trust was renamed as CapitaLand Integrated Commercial Trust and CCT was delisted from SGX-ST.

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 2021.

Mrs Quek Bin Hwee, who was appointed as a Director of the Company on 1 April 2021, did not have any interests in the Company's shares as at 21 April 2021.

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.

DIRECTORS' STATEMENT

4. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

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

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.

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.

5. AUDIT COMMITTEE

At the date of this statement, the Audit Committee comprises the following six Non-Executive directors, five of whom are independent directors:

Chew Teck Soon – Chairman
Manohar Khiatani
Christina Ong
Raj Thampuran
Chin Yau Seng
Quek Bin Hwee (appointed on 1 April 2021)

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.

DIRECTORS' STATEMENT

5. AUDIT COMMITTEE (continued)

The Audit Committee has held 5 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.

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

4 May 2021

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
SIA ENGINEERING COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the 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 2021, 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 113 to 211.

In our opinion, the accompanying 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 2021 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

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

Refer to Note 2 'Business impact and financial implications of the COVID-19 pandemic', Note 3(l) 'Impairment of non-financial assets' and Note 4 'Significant accounting estimates and critical judgements' together with the relevant accounting policies.

Risk	Our response
During the financial year, the COVID-19 pandemic on a global scale continued to severely impact the economic activities of the airframe maintenance, repair and component overhaul ("MRO") businesses, and other related businesses. Accordingly, there are indications that the PPE deployed across the Base Maintenance, Line Maintenance, Fleet Management units, and intangible assets from the Group's participative right in Engine Development Programme (collectively, the "Cash-generating units" or "CGUs"), may be impaired. The recoverable amounts determined for these CGUs entail a high degree of judgement. Many countries around the world continue to impose travel restrictions amid the COVID-19 pandemic. The duration and severity of the global economic uncertainties together with the international travel restrictions that Management has considered in assessing the recoverable amounts of the individual CGUs are inherently difficult to estimate and involves a high degree of uncertainty. **<u>Airframe and Line Maintenance</u>** Airframe Maintenance – The Group recorded an impairment loss of $35,000,000 on the carrying value of PPE during the year. The value-in-use calculation was prepared by Management to derive the recoverable amount. This calculation assumed a reduction in work volume for heavy maintenance at hangars, mitigated by certain cost-cutting measures. Line Maintenance – No impairment loss on PPE was considered necessary by Management on the assumption of gradual lifting of international travel restrictions with flights returning to pre-pandemic levels that was incorporated in the value-in-use calculation. Fleet Management – No impairment loss on PPE was considered necessary following a review of individual customer contracts, factoring in the contractual revenues secured and the financial performance of existing contracts. **<u>Intangible asset – Deferred engine development costs</u>** The Group has a participative right in an Engine Development Programme with Pratt and Whitney under the PurePower PW1000G Risk Revenue Sharing Programmes. As at 31 March 2021, the carrying costs capitalised were $22,448,000, net of impairment loss of $11,360,000. The impairment loss was recognised in current year's profit or loss following suspension of the SpaceJet programme.	We assessed the appropriateness of the identified CGUs and related non-financial assets. We reviewed the basis and methodology used to derive the recoverable amounts of the CGUs. We held discussions with senior management to understand the basis of the assumptions underpinning the assessment of the recoverable amount of the CGUs. These assumptions include the timing of recovery of flight operations and work volume of MRO activities for future periods, operating costs, gross profit margins and discount rates. We evaluated these assumptions by comparing them to past historical performance, approved plans on cost mitigation measures, publicly available market reports on industry outlook and other market data for the MRO industry. We stress-tested Management's key assumptions, by including additional scenarios that could possibly arise from the uncertain outlook for the aviation and MRO sectors. We considered the appropriateness of disclosures in the financial statements in describing the inherent degree of subjectivity and key assumptions in the estimates.

Findings

The Group has a process of identifying and reviewing the CGUs for impairment testing. We found the key assumptions applied by Management in the cash flow forecasts, in particular, the recovery of flight operations, work volume of MRO activities and discount rates to be reasonable and consistent with corroborative market evidence. Our independent stress-test outcomes were not contradictory with the overall conclusion reached by Management. We also found the related disclosures in the financial statements to be appropriate.

INDEPENDENT AUDITORS' REPORT

Impairment risk on investments in subsidiary, associated and joint venture companies

Refer to Note 3(l) 'Impairment of non-financial assets', Note 4 'Significant accounting estimates and critical judgements', Notes 19 and 20 – Investments in Subsidiaries and Associated companies, together with the relevant accounting policies.

Risk	Our response
The Company holds significant strategic investments with original equipment manufacturers and airlines by way of joint formation as subsidiaries, associated or joint venture companies. The COVID-19 pandemic has caused severe disruption to global economic activities, particularly in the aviation and aerospace industry. The recovery outlook remains uncertain and change to the MRO landscape is likely to accelerate. The Company closely monitors the economic performance of its investments portfolio, including an assessment of the valuation of its investments. Such an assessment involves a high degree of management judgement and use of estimates. During the year, the Company recorded significant impairment losses as follows: $22,804,000* for two subsidiaries following cessation of operations at one subsidiary and suspension of the engine development programme (refer to Key Audit Matter for "Impairment risk on PPE and Intangible Assets"). $25,812,000* for an associated company after Management has determined that there is a significant decline in fair value due to plans to restructure the associated company's business model. * Eliminated at Group level	We reviewed Management's process for evaluation of valuation of its investment portfolio. We held discussions with senior management to review the investees' business strategies and operating model, and their economic performance. We evaluated Management assumptions supporting the valuation of the investments. We considered the appropriateness of disclosures in the financial statements in describing the inherent degree of subjectivity and key assumptions in the estimates.

Findings

We found Management's appraisal of the recoverability of the Company's equity investments in subidiary, associated and joint venture companies to be appropriate. We also found the related disclosures in the financial statements to be relevant.

INDEPENDENT AUDITORS' REPORT

Recognition of revenue and profits on long-term contracts

Refer to Note 3(r) 'Revenue' and Note 4 'Significant accounting estimates and critical judgements' together with the relevant accounting policies.

Risk	Our response
The Group's contract revenues are derived mainly from airframe maintenance and component overhaul services and fleet management (the "MRO Services"). The MRO Services, embedding materials and labour, represent one single performance obligation. Such performance obligation is continuously transferred to customers over time. Revenue is measured using the input method. 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. Any variable consideration arising from variation orders is also subject to customer approval.	We tested the controls designed and implemented by the Group over contract evaluation and authorisation, review and approval of project costing, and verification of the input method used to measure revenue. We reviewed the contractual terms of customer contracts to identify performance obligations and assessed how the fair value of revenue has been recognised and measured, including any revenue-constraint applied by Management. We challenged the cost and man-hour estimates used by Management and tested them by reference to historical cost experience of comparable contracts. We also reviewed the consistency of Management's application of the input method to recognise revenue over time. We verified the data used in the input method and any variable consideration to relevant supporting documents. We assessed the Group's disclosure of the nature, timing and fulfilment of performance obligations and related revenue recognition policies, alongside movements in contract assets and contract liabilities.

Findings

We found management's approach towards revenue recognition to be balanced.

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(k)(v) 'Impairment of financial instruments', Note 4 'Significant accounting estimates and critical judgements' together with the relevant accounting policies.

Risk	Our response
As at 31 March 2021, outstanding trade receivables, contract assets and amounts owing by related parties (collectively, the "trade receivables") amounted to $155,325,000, net of credit loss allowance of $11,404,000. The Group's customers are airlines with cash conservation as their top priority, and this may limit their ability to pay in a timely manner. Credit-default risk has also heightened for counterparties in the aviation and aerospace sectors as a result of travel restrictions caused by the COVID-19 pandemic. The determination of the credit loss allowances on the outstanding trade receivables, including the identification and assessment of which customers are credit-impaired, requires significant judgement. Assumptions applied to estimate the credit loss allowances include customers' historical payment trends, adjusted for current market conditions and forward-looking information.	We reviewed Management's ageing and credit analysis of the Group's trade receivables, including the credit-impaired accounts. We assessed the Group's measurement of the expected credit losses. We independently tested Management's allowance loss matrix by age group used for provisioning and cross-checked to probability default factors of individual customers and the aviation sector appropriate for credit loss allowances. We assessed the appropriateness of disclosures in describing the areas of judgement and estimation uncertainty involving recoverability of trade receivables.

Findings

The Group has a prescribed process to recognise credit-impaired receivables and expected credit losses on trade receivables. The expected credit loss allowances created were found to be balanced.

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 *FY2020/21 At a Glance, Corporate Profile, Chairman's Statement, Corporate Calendar, Board of Directors, Key Executives, The Year in Review, Business Segments, Corporate Governance, Share Price and Turnover, 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.

INDEPENDENT AUDITORS' REPORT

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

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.

- 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.

INDEPENDENT AUDITORS' REPORT

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
4 May 2021

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 31 March 2021 (in thousands of $)

		The Group	
	Notes	2020/21	2019/20
REVENUE	5	**442,994**	994,146
EXPENDITURE			
Staff costs	6	**208,973**	481,419
Material costs		**60,470**	128,550
Depreciation	16,17	**67,759**	72,831
Amortisation of intangible assets	18	**3,443**	3,327
Impairment of property, plant and equipment	16	**–**	4,263
Company accommodation		**11,742**	22,609
Subcontract costs		**32,952**	110,114
Other operating expenses		**82,618**	103,369
		467,957	926,482
OPERATING (LOSS)/PROFIT	7	**(24,963)**	67,664
Interest income	8	**3,947**	10,361
Finance charges		**(2,922)**	(3,797)
(Loss)/Surplus on disposal of property, plant and equipment and intangible assets		**(5,007)**	2,535
Impairment of non-financial assets	16,18	**(48,297)**	–
Surplus on disposal of a subsidiary company	19	**1,973**	–
Impairment of an associated company	20	**(206)**	–
Loss on liquidation of an associated company	20	**–**	(197)
Share of profits of associated companies, net of tax		**25,734**	83,355
Share of profits of a joint venture company, net of tax		**14,154**	44,543
(LOSS)/PROFIT BEFORE TAXATION		**(35,587)**	204,464
Taxation	9	**16,033**	(13,990)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(19,554)**	190,474
(LOSS)/PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		**(11,249)**	193,783
Non-controlling interests		**(8,305)**	(3,309)
		(19,554)	190,474
BASIC (LOSS)/EARNINGS PER SHARE (CENTS)	10	**(1.00)**	17.30
DILUTED (LOSS)/EARNINGS PER SHARE (CENTS)	10	**(1.00)**	17.26

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2021 (in thousands of $)

	The Group	
	2020/21	**2019/20**
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	**(19,554)**	190,474
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		
Item that will not be reclassified to profit or loss:		
Actuarial loss on remeasurement of defined benefit plan	**(32)**	(1,166)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation of foreign operations	**(41,027)**	36,139
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	**(112)**	–
Net fair value adjustment on cash flow hedges	**(2,733)**	2,052
Share of other comprehensive income of associated/joint venture companies	**9,470**	(10,276)
	(34,402)	28,098
Other comprehensive income, net of tax	**(34,434)**	26,932
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**(53,988)**	217,406
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE PARENT	**(44,653)**	219,373
Non-controlling interests	**(9,335)**	(1,967)
	(53,988)	217,406

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

BALANCE SHEETS

As at 31 March 2021 (in thousands of $)

	Notes	The Group 2021	The Group 2020	The Company 2021	The Company 2020
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	12	**420,044**	420,044	**420,044**	420,044
Treasury shares	13	**(9,769)**	(13,689)	**(9,769)**	(13,689)
Capital reserve	14	**2,772**	2,828	**2,772**	2,828
Share-based compensation reserve	14	**4,783**	5,445	**4,783**	5,445
Foreign currency translation reserve	14	**(23,809)**	15,964	**–**	–
Fair value reserve	14	**(2,300)**	(8,682)	**669**	3,402
Equity transaction reserve	14	**(2,173)**	(4,525)	**–**	–
General reserve	14	**1,144,145**	1,211,431	**786,180**	894,470
		1,533,693	1,628,816	**1,204,679**	1,312,500
NON-CONTROLLING INTERESTS		**10,593**	32,191	**–**	–
TOTAL EQUITY		**1,544,286**	1,661,007	**1,204,679**	1,312,500
NON-CURRENT LIABILITIES					
Deferred taxation	15	**1,209**	18,451	**1,362**	17,847
Lease liabilities		**52,433**	77,891	**45,835**	69,680
Long-term bank loan	32	**2,785**	7,335	**–**	–
		56,427	103,677	**47,197**	87,527
		1,600,713	1,764,684	**1,251,876**	1,400,027
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	16	**170,132**	231,270	**131,794**	177,048
RIGHT-OF-USE ASSETS	17	**71,317**	97,059	**64,124**	79,172
INTANGIBLE ASSETS	18	**31,680**	51,882	**9,052**	12,760
SUBSIDIARY COMPANIES	19	**–**	–	**126,670**	146,966
ASSOCIATED COMPANIES	20	**431,769**	457,392	**190,567**	216,719
JOINT VENTURE COMPANY	21	**170,220**	159,187	**61,867**	61,867
PREPAYMENTS AND OTHER DEBTORS	24	**8,697**	10,601	**–**	5,998
CURRENT ASSETS					
Trade debtors	22	**34,817**	60,326	**26,222**	44,088
Contract assets	23	**101,572**	234,642	**93,667**	197,456
Prepayments and other debtors	24	**41,958**	24,696	**33,404**	17,581
Amounts owing by immediate holding company	25	**68,568**	53,520	**68,395**	52,777
Amounts owing by related parties	26	**18,936**	51,649	**28,446**	74,987
Inventories	27	**35,112**	39,443	**24,016**	25,362
Short-term deposits	28	**521,497**	480,364	**508,166**	467,697
Cash and bank balances	29	**94,467**	39,258	**66,465**	6,628
		916,927	983,898	**848,781**	886,576
Assets held for sale	16	**9,026**	14,227	**9,026**	14,227
		925,953	998,125	**857,807**	900,803
Less:					
CURRENT LIABILITIES					
Trade and other creditors	30	**156,586**	177,490	**137,472**	132,366
Contract liabilities	23	**11,305**	16,428	**11,089**	16,384
Lease liabilities		**21,731**	21,318	**20,411**	19,735
Amounts owing to related parties	26	**2,795**	680	**12,679**	13,545
Bank loans	32	**7,130**	5,868	**–**	–
Tax payable		**9,508**	19,048	**8,354**	19,276
		209,055	240,832	**190,005**	201,306
NET CURRENT ASSETS		**716,898**	757,293	**667,802**	699,497
		1,600,713	1,764,684	**1,251,876**	1,400,027

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 2021 (in thousands of $)

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve
The Group					
Balance at 1 April 2020		**420,044**	**(13,689)**	**2,828**	**5,445**
Loss for the year		–	–	–	–
Actuarial loss on remeasurement of defined benefit plan		–	–	–	–
Foreign currency translation of foreign operations		–	–	–	–
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		–	–	–	–
Share-based compensation expense	14	–	–	–	**3,202**
Share awards released	13,14	–	**3,864**	–	**(3,864)**
Treasury shares reissued pursuant to equity compensation plans	13	–	**56**	**(56)**	–
Dividends	11	–	–	–	–
Total contributions by and distributions to owners		–	**3,920**	**(56)**	**(662)**
Acquisition of non-controlling interests without change in control	19	–	–	–	–
Disposal of a subsidiary with non-controlling interests	19	–	–	–	–
Total changes in ownership interests in subsidiary companies		–	–	–	–
Balance at 31 March 2021		**420,044**	**(9,769)**	**2,772**	**4,783**

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

Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total	Non-controlling interests	Total equity
Attributable to Owners of the Parent						
15,964	(8,682)	(4,525)	1,211,431	1,628,816	32,191	1,661,007
–	–	–	(11,249)	(11,249)	(8,305)	(19,554)
–	–	–	(13)	(13)	(19)	(32)
(40,016)	–	–	–	(40,016)	(1,011)	(41,027)
(112)	–	–	–	(112)	–	(112)
–	(2,733)	–	–	(2,733)	–	(2,733)
355	9,115	–	–	9,470	–	9,470
(39,773)	6,382	–	(13)	(33,404)	(1,030)	(34,434)
(39,773)	6,382	–	(11,262)	(44,653)	(9,335)	(53,988)
–	–	–	–	3,202	–	3,202
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	(56,070)	(56,070)	(340)	(56,410)
–	–	–	(56,070)	(52,868)	(340)	(53,208)
–	–	2,352	–	2,352	(6,433)	(4,081)
–	–	–	46	46	(5,490)	(5,444)
–	–	2,352	46	2,398	(11,923)	(9,525)
(23,809)	(2,300)	(2,173)	1,144,145	1,533,693	10,593	1,544,286

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2021 (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/(loss) for the year		–	–	–	–
Actuarial loss on remeasurement of defined benefit plan		–	–	–	–
Foreign currency translation of foreign operations		–	–	–	–
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	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

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

Attributable to Owners of the Parent						
Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total	Non-controlling interests	Total equity
(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 2021 (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 2020		**420,044**	**(13,689)**	**2,828**	**5,445**	**3,402**	**894,470**	**1,312,500**
Loss for the year		–	–	–	–	–	(52,220)	(52,220)
Other comprehensive income for the year, net of tax:								
Net fair value adjustment on cash flow hedges		–	–	–	–	(2,733)	–	(2,733)
Total comprehensive income for the financial year		–	–	–	–	(2,733)	(52,220)	(54,953)
Share-based compensation expense	14	–	–	–	3,202	–	–	3,202
Share awards released	13,14	–	3,864	–	(3,864)	–	–	–
Treasury shares reissued pursuant to equity compensation plans	13	–	56	(56)	–	–	–	–
Dividends	11	–	–	–	–	–	(56,070)	(56,070)
Total contributions by and distributions to owners		–	3,920	(56)	(662)	–	(56,070)	(52,868)
Balance at 31 March 2021		**420,044**	**(9,769)**	**2,772**	**4,783**	**669**	**786,180**	**1,204,679**

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

	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	14	–	–	–	4,073	–	–	4,073
Share awards released	13,14	–	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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2021 (in thousands of $)

	Notes	The Group 2020/21	2019/20
NET CASH PROVIDED BY OPERATING ACTIVITIES	33	**165,791**	91,027
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	16	**(15,209)**	(36,780)
Purchase of intangible assets	18	**(5,184)**	(6,822)
Proceeds from disposal of property, plant and equipment and intangible assets		**2,564**	6,299
Proceeds from liquidation of an associated company		**–**	5,110
Proceeds from disposal of a subsidiary company, net of cash disposed of		**5,331**	–
Investment in associated companies		**–**	(347)
Dividends received from associated companies		**26,552**	45,600
Dividends received from a joint venture company		**2,900**	38,441
Interest received from deposits		**5,869**	10,888
NET CASH PROVIDED BY INVESTING ACTIVITIES		**22,823**	62,389
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	11	**(56,070)**	(123,235)
Dividends paid by subsidiary companies to non-controlling interests		**(340)**	(1,266)
Acquisition of non-controlling interests without change in control		**(3,116)**	–
Finance charges paid	33	**(251)**	(614)
Repayment of lease liabilities	33	**(27,473)**	(27,548)
Proceeds from borrowings	33	**673**	–
Repayment of borrowings	33	**(3,183)**	(6,776)
NET CASH USED IN FINANCING ACTIVITIES		**(89,760)**	(159,439)
NET CASH INFLOW/(OUTFLOW)		**98,854**	(6,023)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**519,622**	521,575
Effect of exchange rate changes		**(2,512)**	4,070
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		**615,964**	519,622
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short-term deposits	28	**521,497**	480,364
Cash and bank balances	29	**94,467**	39,258
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		**615,964**	519,622

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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 2021 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 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 4 May 2021.

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

The aviation and MRO industries had been severely impacted by the COVID-19 pandemic. The border closures/restrictions and consequential reduction in flight activities had directly and significantly impacted all the Group's business segments throughout the financial year, resulting in a more than 50% decline in the Group's revenue.

The financial effects from business impacts of the COVID-19 pandemic considered by the Group in the preparation of the consolidated financial statements for the year ended 31 March 2021 include the following:

(i) Government assistance grants

A wage support grant of $143,778,000 (2019/20: $25,630,000), mainly referring to the Stabilisation and Support Package provided by the Singapore Government, has been recognised and deducted against staff costs in current year's profit or loss (Note 6). Such wage support refers principally to cash grant under the Jobs Support Scheme ("JSS").

As at 31 March 2021, the cumulative grant received of $32,459,000 but meant to defray the Group's payroll costs in future periods was recorded as deferred income (Note 30). Such deferred income shall be released to future period's profit or loss over the remaining relevant periods.

(ii) Impairment of non-financial assets

The Group has conducted impairment tests on all significant CGUs. Due to significant decline in hangar revenue projections brought about by lower flight hours, together with large number of aircraft taken out of operations and parked with the likelihood that some of the parked older generation aircraft will not return to operation, an impairment loss of $35,000,000 was recognised during the year (2019/20: Nil) on the Base Maintenance Division ("BMD") CGU where the net carrying value had exceeded the expected recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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

(ii) Impairment of non-financial assets (continued)

With respect to the Group's other related businesses, an impairment loss of $11,360,000 was recognised during the year (2019/20: Nil) following the suspension of one of the aircraft engine development programmes the Group participates in.

Further details on impairment of non-financial assets, together with the risk of estimation uncertainties in the key assumptions used in determining the recoverable amounts (as disclosed in Note 4(f)) are disclosed in Notes 16, 18, 19 and 20 to the financial statements.

(iii) Credit and counterparty risk

As at 31 March 2021, the expected credit loss allowances of $11,404,000 (Note 36(c)) (2020: $12,784,000) were recorded against the Group's receivables from airline customers. Of this allowance, $8,544,000 (2020: $11,065,000) were made against receivables that were credit-impaired (refer to accounting policy in Note 3(k)).

(iv) Liquidity risk

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, at least for the next 12 months from the date of authorisation of this set of financial statements. To maintain the liquidity requirements, the Group continues to remain vigilant and disciplined in the management of operating costs and capital expenditure.

The pace of recovery in the aviation and aerospace sector remains uncertain. The accounting estimates recognised by the Group for the current year may be subject to revision in future periods.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 2020:

- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Definition of a Business* (Amendments to IFRS 3)
- *Definition of Material* (Amendments to IAS 1 and IAS 8)
- *Interest Rate Benchmark Reform* (Amendments to IFRS 9, IAS 39 and IFRS 7)
- *COVID-19-Related Rent Concessions* (Amendment to IFRS 16)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

Definition of a Business (Amendments to IFRS 3)

The Group applied the amendments relating to definition of a business to business combinations whose acquisition dates are on or after 1 April 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policies are set out in Note 3(d).

Adoption of *COVID-19-Related Rent Concessions* (Amendments to IFRS 16)

The Group has early adopted *COVID-19-Related Rent Concessions* (Amendments to IFRS 16) issued on 28 May 2020. The amendment introduces an optional practical expedient in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 April 2020. The effect on the current year's Group results is disclosed in Note 31.

(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 2022 are as follows:

Description	Effective from
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 April 2023
IFRS 17 Insurance Contracts	1 April 2023
COVID-19-related rent concessions (Amendment to IFRS 16)	1 April 2021
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28)	NA

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

Business combinations are accounted for by applying the acquisition method when the acquired set of activities and assets meets the definition of business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset of group of similar identifiable assets. 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.

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.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 a 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.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Others

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets (continued)

Amortisation (continued)

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 39 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 recognised in other comprehensive income and 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 rates prevailing at the reporting date. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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(t).

When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment loss, if any, 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.

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 rotable spares	3 – 15 years	Nil
Office furniture, computer equipment and motor vehicles	1 – 7 years	Nil

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases

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.

(i) As a lessee

The Group recognises an ROU asset and lease liability at the lease commencement date.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases (continued)

(i) As a lessee (continued)

Lease liability (continued)

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 right-of-use 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.

COVID-19 related rent concessions

The Group has applied *COVID-19-Related Rent Concessions* (Amendments to IFRS 16). The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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.

(k) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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.

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 or FVTPL.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(iii) Derecognition (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(v) Impairment (continued)

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).

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.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

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

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

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

Cash flow hedges (continued)

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.

(l) 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.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Provisions (continued)

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

(n) 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.

(o) 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.

(p) 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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Taxation (continued)

(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.

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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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.

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 maintenance 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 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) 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.

(t) 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.

(u) 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, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

(v) 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, Performance Share Plan and Deferred Share Awards 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 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) 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 defined contribution 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.

(w) 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 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held and mandatory convertible bonds. Diluted earnings per share determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible bonds and share awards granted to employees.

(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 2021

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 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.

The on-going COVID-19 pandemic has weakened the financial positions of market participants in the aviation and aerospace sectors. The estimates on ECL have included the expected effects that pandemic may have on the recoverability of the Group's receivables from airline and OEM customers. The aggregated carrying amounts of the Group's and Company's trade receivables, contract assets and amounts owing by related parties as at 31 March 2021 were approximately $155,325,000 (2020: $346,617,000) and $148,335,000 (2020: $316,531,000), respectively.

(b) Depreciation of plant, equipment and engine overhaul tooling, and aircraft rotable spares

The costs of plant, equipment and engine overhaul tooling, and aircraft rotable 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 rotable spares as at 31 March 2021 was approximately $68,199,000 (2020: $92,608,000) and $63,396,000 (2020: $77,509,000) 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 2021

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 2021 were approximately $9,508,000 (2020: $19,048,000) and $1,209,000 (2020: $18,451,000) respectively.

The carrying amounts of the Company's current tax payable and deferred tax liabilities as at 31 March 2021 were approximately $8,354,000 (2020: $$19,276,000) and $1,362,000 (2020: $17,847,000) respectively.

(d) Contract assets

Contract assets refer to services rendered which have not been billed and is stated at cost plus estimated profit earned, according to 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 amounts of the Group's and Company's contract assets as at 31 March 2021 were approximately $101,572,000 (2020: $234,642,000) and $93,667,000 (2020: $197,456,000) 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. Where the Group assesses it is likely to exercise the extension options available to it, the extensions were included in the measurement of lease liabilities. The carrying amounts of the Group's and Company's right-of-use assets as at 31 March 2021 were approximately $71,317,000 (2020: $97,059,000) and $64,124,000 (2020: $79,172,000), respectively. The carrying amounts of the Group's and Company's lease liabilities as at 31 March 2021 were approximately $74,164,000 (2020: $99,209,000) and $66,246,000 (2020: $89,415,000), respectively.

(f) Impairment of non-financial assets

Management performs impairment testing for the following items:

- Property, plant and equipment (refer to Note 16);
- Right-of-use assets;
- Intangible assets, relating to deferred engine development costs (refer to Note 18); 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 rotable spares, the current fair market value is determined based on an independent valuation, which takes into account the expected resale prices in the secondary markets and the service condition of the rotables.

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 forecast approved by Management. These cash flow assumptions are premised on Management's assessment of market conditions and outlook relevant to the cash-generating units, and therefore subject to risk of estimation uncertainties.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

5. REVENUE (IN THOUSANDS OF $)

	The Group 2020/21	2019/20
Airframe and line maintenance		
Airframe overhaul and line maintenance	**376,623**	879,339
Fleet management programme	**51,635**	88,380
	428,258	967,719
Engine and component	**14,736**	26,427
	442,994	994,146

(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	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Primary geographical markets								
East Asia	**294,571**	627,154	**50,043**	81,225	**4,435**	12,715	**349,049**	721,094
Europe	**35,759**	189,722	**1,067**	6,256	**857**	2,243	**37,683**	198,221
South West Pacific	**3,843**	19,271	**65**	403	**560**	531	**4,468**	20,205
Americas	**16,347**	6,800	**–**	22	**8,363**	9,706	**24,710**	16,528
West Asia and Africa	**26,103**	36,392	**460**	474	**521**	1,232	**27,084**	38,098
	376,623	879,339	**51,635**	88,380	**14,736**	26,427	**442,994**	994,146
Major service line								
Services rendered	**376,623**	879,339	**51,635**	88,380	**14,736**	26,427	**442,994**	994,146
	376,623	879,339	**51,635**	88,380	**14,736**	26,427	**442,994**	994,146
Timing of revenue recognition								
Transferred over time	**376,623**	879,339	**51,635**	88,380	**14,736**	26,427	**442,994**	994,146
	376,623	879,339	**51,635**	88,380	**14,736**	26,427	**442,994**	994,146

(b) Transaction price allocated to the remaining performance obligations

As at 31 March 2021, 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 $86,000,000 (2019/20: $47,000,000) for financial periods 2021/22 to 2023/24 (2019/20: 2020/21 to 2022/23).

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 2021

6. STAFF COSTS (IN THOUSANDS OF $)

	The Group	
	2020/21	2019/20
Salary, bonuses and other costs	**167,054**	429,848
CPF and other defined contributions	**38,697**	47,498
Share-based compensation expense	**3,222**	4,073
	208,973	481,419

The Group contributes to unfunded, non-contributory, defined benefit plans for some of the regular employees. Defined benefit expenses for the Group were approximately $979,000 (2019/20: $541,000). As the financial effects of the defined benefit plan are not material to the overall financial statements, no further disclosures of the plan are provided. Disclosures relating to share-based compensation expense are in Note 12.

During the year, staff costs were offset by the following items:

(a) $143,778,000 (2019/20: $25,630,000) of government grants, namely the Jobs Support Scheme (JSS) implemented by the Singapore Government, measured at 75% of the qualifying wages recorded by group entities (refer to Note 2); and

(b) $8,165,000 (2019/20: Nil) of wage subsidy under the Payroll Support Program and Employee Retention Credit scheme announced by the United States of America ("USA") Government to support business that were significantly affected by COVID-19. Such scheme was extended to a subsidiary incorporated in USA.

7. OPERATING (LOSS)/PROFIT (IN THOUSANDS OF $)

Operating (loss)/profit for the financial year is arrived at after charging/(crediting):

	The Group	
	2020/21	2019/20
Impairment loss allowance for trade receivables, contract assets and amounts owing by related parties	**1,956**	10,883
Net exchange loss/(gain)*	**4,195**	(2,782)
Provision for obsolete stocks, net	**2,555**	2,271
Professional fee paid to a firm in which a director is a member	**282**	84
Audit fees		
– Auditors of the Company	**313**	285
– Other auditors	**18**	35
Non-audit fees		
– Auditors of the Company	**16**	26

* Amount includes a net fair value gain on forward currency contracts used for hedging purposes of approximately $272,000 (2019/20: net fair value loss of $133,000), which was realised in the current financial year. Disclosures relating to fair value changes on derivative financial instruments are in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

8. INTEREST INCOME (IN THOUSANDS OF $)

	The Group	
	2020/21	**2019/20**
Deposits placed with immediate holding company	**3,693**	9,606
Deposits placed with banks	**254**	755
	3,947	10,361

9. TAXATION (IN THOUSANDS OF $)

The major components of taxation for the years ended 31 March 2021 and 2020 are as follows:

	The Group	
	2020/21	**2019/20**
Current tax		
Provision for the financial year	**(2,637)**	(18,681)
Over/(Under)-provision in respect of prior years	**398**	(2)
	(2,239)	(18,683)
Deferred tax		
Movement in temporary differences	**19,267**	5,106
Under-provision in respect of prior years	**(995)**	(413)
	18,272	4,693
Taxation recognised in profit or loss	**16,033**	(13,990)

Deferred tax related to other comprehensive income:

	The Group	
	2020/21	**2019/20**
Net change in the fair value of derivative financial instruments designated as cash flow hedges	**(560)**	421
Actuarial loss on revaluation of defined benefit plans	**–**	(78)
	(560)	343

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

9. TAXATION (IN THOUSANDS OF $) (continued)

A reconciliation between taxation and the product of accounting (loss)/profit multiplied by the applicable tax rate for the financial years ended 31 March is as follows:

	The Group	
	2020/21	**2019/20**
(Loss)/Profit before taxation	**(35,587)**	204,464
Less: share of results of associated and joint venture companies	**(39,888)**	(127,898)
	(75,475)	76,566
Taxation at statutory tax rate of 17.0%	**12,831**	(13,016)
Adjustments		
Income not subject to tax	**22,628**	3,757
Deferred tax assets not recognised	**(11,155)**	(3,560)
Expenses not deductible for tax purposes	**(9,615)**	(3,596)
Effects of difference in tax rates of other countries	**1,178**	11
Under-provision in relation to prior years	**(597)**	(415)
Writeback of withholding tax expense	**765**	786
Tax incentives	**–**	1,861
Others	**(2)**	182
Taxation	**16,033**	(13,990)

10. (LOSS)/EARNINGS PER SHARE

	The Group	
	2020/21	**2019/20**
(Loss)/Profit attributable to owners of the parent (in thousands of $)	**(11,249)**	193,783
Weighted average number of ordinary shares in issue used for computing basic (loss)/earnings per share*	**1,121,130,335**	1,120,012,784
Adjustment for dilutive potential ordinary shares	**–**	2,915,173
Weighted average number of ordinary shares in issue used for computing diluted (loss)/earnings per share	**1,121,130,335**	1,122,927,957
Basic (loss)/earnings per share (cents)	**(1.00)**	17.30
Diluted (loss)/earnings per share (cents)	**(1.00)**	17.26

* The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

In the prior 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

10. (LOSS)/EARNINGS PER SHARE (continued)

As at 31 March 2021, the potential ordinary shares from the Company's share-based incentive plans were excluded from the diluted weighted average number of ordinary shares calculation as the conversion to ordinary shares would decrease loss per share. As such, the effect was considered anti-dilutive.

11. DIVIDENDS PAID AND PROPOSED (IN THOUSANDS OF $)

	The Group and Company	
	2020/21	**2019/20**
Dividends paid:		
Final dividend of 5.0 cents per share in respect of 2019/20 (2019/20: final dividend of 8.0 cents per share in respect of 2018/19)	**56,070**	89,625
Nil interim dividend in respect of 2020/21 (2019/20: 3.0 cents per share in respect of 2019/20)	–	33,610
	56,070	123,235

No tax exempt (one-tier) dividends were proposed for the financial year ended 31 March 2021.

12. SHARE CAPITAL (IN THOUSANDS OF $)

	The Group and Company			
	Number of shares		Amount	
	2021	**2020**	**2021**	**2020**
Issued and fully paid				
Balance at 1 April and 31 March	**1,124,116,360**	1,124,116,360	**420,044**	420,044

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 1,089,003 (2019/20: 1,203,197) treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

12. SHARE CAPITAL (IN THOUSANDS OF $) (continued)

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	Awards granted prior to 2020/21 • Group and Company EBITDA# Margin • Group and Company Value Added per $ Employment Cost Awards granted in and after 2020/21 • Achievement based on Company Operating Performance Scorecard 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.	• Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE) • Return on Equity (ROE) • Successful Transformation from Financial/Business Perspective (for 2018/19 and 2019/20 Award Only) The above performance measures are selected as key measurement of value-creation for shareholders.	None

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

12. SHARE CAPITAL (IN THOUSANDS OF $) (continued)

Share-based incentive plans (continued)

	Restricted Share Plan	Performance Share Plan	Deferred Share Award
Vesting Condition	Awards granted prior to 2016/17 Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements. Awards granted in and after 2016/17 Based on meeting stated performance conditions over a one-year performance period, 1/3 of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over the three-year performance period.	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. Additional dividend kicker upon final vesting.
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 2021

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

	Number of Restricted shares				
Date of grant	Balance at 1.4.2020/ date of grant	Adjustments*	Cancelled	Released	Balance at 31.3.2021
07.07.2017	345,884	–	–	(345,884)	**–**
06.07.2018	616,924	–	–	(333,922)	**283,002**
05.07.2019	1,137,100	(227,420)	(14,635)	(331,368)	**563,677**
07.07.2020	1,454,160	–	(17,280)	–	**1,436,880**
04.01.2021	7,900	–	–	–	**7,900**
	3,561,968	(227,420)	(31,915)	(1,011,174)	**2,291,459**

* Adjustments at the end of performance period upon meeting stated performance targets and adjustments for number of days in service for retirees.

PSP

	Number of Performance shares				
Date of grant	Balance at 1.4.2020/ date of grant	Adjustments*	Cancelled	Released	Balance at 31.3.2021
07.07.2017	193,287	(110,175)	(5,283)	(77,829)	**–**
06.07.2018	175,300	–	–	–	**175,300**
05.07.2019	273,400	–	–	–	**273,400**
07.07.2020	422,200	–	–	–	**422,200**
04.01.2021	7,100	–	–	–	**7,100**
	1,071,287	(110,175)	(5,283)	(77,829)	**878,000**

* Adjustments at the end of performance period upon meeting stated performance targets and adjustments for number of days in service for retirees.

DSA

	Number of Deferred shares				
Date of grant	Balance at 1.4.2020/ date of grant	Adjustments*	Cancelled	Released	Balance at 31.3.2021
05.07.2019	173,278	–	–	–	**173,278**
07.07.2020	155,616	–	–	–	**155,616**
	328,894	–	–	–	**328,894**

* 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 2021

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 January 2021, July 2020 and July 2019 award:

	January 2021 Award		July 2020 Award			July 2019 Award		
	RSP	PSP	RSP	PSP	DSA	RSP	PSP	DSA
Expected dividend yield (%)	Management's forecast in line with dividend policy							
Expected volatility (%)	31.28	31.28	30.03	30.03	30.03	18.46	18.46	18.46
Risk-free interest rate (%)	0.29 – 0.33	0.31	0.26 – 0.31	0.31	0.31	1.66 – 1.71	1.67	1.67
Expected term (years)	0.50 – 2.50	2.50	1.00 – 3.00	3.00	3.00	1.00 – 3.00	3.00	3.00
Share price at date of grant ($)	1.99	1.99	2.00	2.00	2.00	2.89	2.89	2.89

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 $1.79 to $1.94 (2019/20: $2.61 to $2.78), the estimated fair value at date of grant for each share granted under the PSP ranges from $1.64 to $1.71 (2019/20: $2.98) and the estimated fair value at date of grant for each share granted under the DSA is $1.79 (2019/20: $2.67).

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 2021, were 2,291,459 (2020: 2,099,908), 878,000 (2020: 641,987) and 328,894 (2020: 173,278) 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 3,013,849 (2020: 2,668,458), 1,756,000 (2020: 1,283,974) and 328,894 (2020: 173,278) fully-paid ordinary shares for RSP, PSP and DSA respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

12. SHARE CAPITAL (IN THOUSANDS OF $) (continued)

Share-based incentive plans (continued)

For the current financial year, the Group has provided approximately $3,222,000 (2019/20: $4,073,000) 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	
	2020/21	**2019/20**
Share-based compensation expense		
– Restricted share plan	**2,393**	3,361
– Performance share plan	**581**	581
– Deferred share award	**248**	131
	3,222	4,073

13. TREASURY SHARES (IN THOUSANDS OF $)

	The Group and Company 31 March	
	2021	**2020**
Balance at 1 April	**(13,689)**	(18,020)
Treasury shares reissued pursuant to equity compensation plans:		
– RSP/PSP awarded	**3,864**	4,246
– Loss on reissuance of treasury shares	**56**	85
	3,920	4,331
Balance at 31 March	**(9,769)**	(13,689)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the financial year 2021 and 2020, the Company did not purchase any treasury shares.

The Company reissued 1,089,003 (2020: 1,203,197) treasury shares pursuant to share-based incentive plans. The number of treasury shares as at 31 March 2021 was 2,713,774 (2020: 3,802,777).

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 2021

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	
	2021	**2020**
Balance at 1 April	**(8,682)**	(906)
Net (loss)/gain on fair value adjustment	**(2,461)**	1,919
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	**314**	(453)
Recognised in "other operating expenses" in profit or loss on occurrence of hedging ineffectiveness	**(586)**	586
Share of other comprehensive income of a joint venture company	**9,115**	(9,828)
Balance at 31 March	**(2,300)**	(8,682)

	The Company 31 March	
	2021	**2020**
Balance at 1 April	**3,402**	1,350
Net (loss)/gain on fair value adjustment	**(2,461)**	1,919
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	**314**	(453)
Recognised in "other operating expenses" in profit or loss on occurrence of hedging ineffectiveness	**(586)**	586
Balance at 31 March	**669**	3,402

(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. 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

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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	
	2021	2020	2020/21	2019/20	2021	2020
Deferred tax liabilities						
Differences in depreciation of property, plant and equipment	**21,282**	21,598	**(316)**	(2,357)	**20,762**	21,078
Revaluation of forward currency contracts to fair value	**137**	697	**–**	–	**137**	697
Undistributed profits of a subsidiary company	**–**	578	**(578)**	(18)	**–**	–
Undistributed profits of overseas associated companies	**211**	339	**(128)**	(1,032)	**–**	–
Other items	**22**	257	**(235)**	(1)	**–**	–
Deferred tax assets						
Actuarial loss on revaluation of defined benefit plans	**(514)**	(514)	**–**	–	**(514)**	(514)
Provisions	**(5,482)**	(3,413)	**(2,069)**	(1,368)	**(5,482)**	(3,414)
Unabsorbed capital allowances and tax losses	**(14,162)**	–	**(14,162)**	–	**(13,541)**	–
Other items	**(285)**	(1,091)	**(784)**	83	**–**	–
	1,209	18,451			**1,362**	17,847
Deferred income tax expense			**(18,272)**	(4,693)		

As at 31 March 2021, the Group and Company have deferred tax effects of changes in fair value of derivative financial instruments of approximately $560,000 (2020: $421,000) which were recognised in other comprehensive income (Refer to Note 9).

Deferred income tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable. The deferred tax assets of $14,162,000 recognised during the year (2019/20: Nil) came from tax losses that arose from business impacts from the COVID-19 pandemic. With expectation of a gradual recovery in flight operations, Management has forecast certain group entities to be generating future taxable profits in the foreseeable future to utilise some of these carryforward tax losses.

As at 31 March 2021, the Group has remaining unrecognised tax losses of approximately $132,843,000 (2020: $70,544,000) 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. In Singapore, these tax losses do not expire under current tax legislation.

As at 31 March 2021, there were no deferred tax liability (2020: $578,000) recognised for taxes that would be payable on the undistributed earnings of one of the Group's overseas 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. As at 31 March 2021, such temporary differences for which no deferred tax liability has been recognised aggregated to $13,886,000 (2020: $11,172,000). The deferred tax liability is estimated to be $4,166,000 (2020: $3,352,000).

NOTES TO THE FINANCIAL STATEMENTS

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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							
At 1 April 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
Additions	371	8,805	2,795	565	223	2,450	15,209
Transfers (including transfers from intangible assets)	–	937	149	4,246	–	(3,967)	1,365
Reclassification from assets held for sale	–	–	9,460	–	–	–	9,460
Disposals	(263)	(6,456)	(325)	(826)	(330)	30	(8,170)
Disposal of a subsidiary company	(459)	(13,511)	–	(2,297)	(623)	(9)	(16,899)
Exchange differences	(2,683)	(2,188)	(308)	220	(57)	120	(4,896)
At 31 March 2021	**290,099**	**295,805**	**93,421**	**67,595**	**8,323**	**1,050**	**756,293**
Accumulated depreciation and impairment losses							
At 1 April 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
Depreciation	8,994	19,016	4,992	5,792	620	–	39,414
Disposals	(202)	(6,343)	(304)	(661)	(268)	–	(7,778)
Disposal of a subsidiary company	(293)	(10,876)	–	(1,999)	(382)	–	(13,550)
Reclassification from assets held for sale	–	–	6,667	–	–	–	6,667
Impairment losses	22,313	12,687	–	–	–	–	35,000
Exchange differences	(699)	(1,822)	(250)	241	(16)	–	(2,546)
At 31 March 2021	**200,817**	**251,948**	**69,079**	**57,726**	**6,591**	**–**	**586,161**
Net book value							
At 31 March 2020	122,429	68,932	23,676	11,334	2,473	2,426	231,270
At 31 March 2021	**89,282**	**43,857**	**24,342**	**9,869**	**1,732**	**1,050**	**170,132**

Advance and progress payments comprise mainly plant, equipment and engine overhaul tooling (2020: plant, equipment and engine overhaul tooling).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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							
At 1 April 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
Additions	–	11,647	2,625	495	31	2,896	17,694
Transfers (including transfers from intangible assets)	–	567	–	4,246	–	(3,448)	1,365
Reclassification from assets held for sale	–	–	9,460	–	–	–	9,460
Disposals	–	(6,262)	(263)	(84)	(224)	–	(6,833)
At 31 March 2021	**243,452**	**254,912**	**87,973**	**64,745**	**6,630**	**524**	**658,236**
Accumulated depreciation and impairment losses							
At 1 April 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
Depreciation	7,181	14,197	4,745	5,362	505	–	31,990
Reclassification from assets held for sale	–	–	6,667	–	–	–	6,667
Impairment losses	22,313	12,687	–	–	–	–	35,000
Disposals	–	(6,164)	(245)	(84)	(224)	–	(6,717)
At 31 March 2021	**186,469**	**214,846**	**64,643**	**55,253**	**5,231**	**–**	**526,442**
Net book value							
At 31 March 2020	86,477	54,834	22,675	10,113	1,873	1,076	177,048
At 31 March 2021	**56,983**	**40,066**	**23,330**	**9,492**	**1,399**	**524**	**131,794**

Advance and progress payments comprise mainly plant, equipment and engine overhaul tooling (2020: plant, equipment and engine overhaul tooling).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

16. PROPERTY, PLANT AND EQUIPMENT (IN THOUSANDS OF $) (continued)

Assets held for sale

During the year, there was a change in business plan not to sell certain aircraft rotable spares that were previously classified as assets held for sale. This revised business plan came following some potential inventory management contracts to be entered with airline customers requiring such rotable spares. As a result, this group of aircraft rotable spares are reclassified to property, plant and equipment at the lower of their carrying amount adjusted for any depreciation that would have been recognised had the asset not been classified as held for sale or its recoverable amount at the date of the decision not to sell.

Movements of assets held for sale for the current and previous years are set out below.

	The Group and Company
Balance as at 1 April 2019	–
Reclassification from property, plant and equipment	16,070
Disposal during the year	(1,843)
Balance as at 31 March 2020	14,227
Impairment losses	(1,937)
Reclassification to property, plant and equipment	(2,793)
Disposal during the year	(471)
Balance as at 31 March 2021	**9,026**

As at 31 March 2021, the remaining assets held for sale continue to be actively marketed. The Group has attributed the additional time required to complete the sale of these rotables to COVID-19 pandemic.

In the financial year ended 31 March 2021, an impairment loss of approximately $1,937,000 (2020: $4,263,000) was recognised on certain assets held for sale based on fair value less costs to sell according to the Group's accounting policy in Note 3(p). 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 rotables.

The fair value of rotables fall under level 3 of fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

16. PROPERTY, PLANT AND EQUIPMENT (IN THOUSANDS OF $) (continued)

Impairment test

The COVID-19 pandemic and its detrimental effect on the aviation and MRO industry caused by global travel restrictions and border controls has led to significant reduction in the Group's and Company's profitability and cash flows. Management has determined that this event is an indicator that the property, plant and equipment and right-of-use assets may be impaired. Management's impairment test included the following CGUs:

Base Maintenance Division ("BMD") CGU

The Group has recognised an impairment loss of $35,000,000 where the net carrying value exceeded the expected recoverable amount of the BMD CGU. The recoverable amount of the BMD CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a five-year period (2020: five-year period). The approved financial forecasts factored work volume reduction at hangars following reduced checks from reduced flight hours of aircraft and acceleration of retirement of older generation aircraft, but mitigated by certain cost-cutting measures. Owing to the on-going travel restrictions imposed by many countries, and the uncertain outlook for the aviation industry, the Group applied pre-tax rate(s) of 7.0% to 9.0% (2020: 7.0%) to discount the forecast cash flows. The terminal value has been assumed using net cash inflow at the end of Year 5 through the expiry of the hangar lease period, i.e. at FY2039/40, at zero growth rate. Using these cash flow assumptions as described above, the net carrying value of the non-financial assets deployed in the BMD CGU falls within this reasonable range of recoverable amount(s).

In addition to the impairment losses of $35,000,000 recognised on the BMD CGU and $1,937,000 recognised on the assets held for sale that were reclassified to property, plant and equipment, the Group also recognised an impairment loss of $11,360,000 following the suspension of one of the Group's aircraft engine development projects (refer to Note 18). The total impairment loss on non-financial assets amounted to $48,297,000.

Line Maintenance Division ("LMD") CGU

The recoverable amount of the LMD CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a five-year period (2020: five-year period). The approved financial forecasts assume gradual recovery of flight operations under varying scenarios of flight recovery. The pre-tax discount rate applied to cash flow projections is 7.0% (2020: 7.0%).

Under the above assumptions, the estimated recoverable amount(s) of the LMD CGU continue to be in excess of the net carrying value of the property, plant and equipment, and as such, no impairment loss is considered necessary.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

17. RIGHT-OF-USE ASSETS (IN THOUSANDS OF $)

The 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
Additions	3,981	104	22	4,107
Lease termination	(963)	(58)	–	(1,021)
Disposal of a subsidiary company	(80)	–	–	(80)
Depreciation	(27,436)	(808)	(101)	(28,345)
Exchange differences	(385)	(10)	(8)	(403)
At 31 March 2021	**69,573**	**1,544**	**200**	**71,317**
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
Additions	2,510	–	–	2,510
Reinstatement of right-of-use assets*	6,794	–	–	6,794
Depreciation	(23,800)	(527)	(25)	(24,352)
At 31 March 2021	**62,771**	**1,256**	**97**	**64,124**

* Derecognition of the right-of-use *("ROU")* assets during FY2019/20 was as a result of the Company entering into a finance sub-lease arrangement with a subsidiary company. The subsidiary company underwent restructuring which led to the termination of the sub-lease in FY2020/21 (refer to Note 19); and this resulted in the Company reinstating the ROU assets.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

18. INTANGIBLE ASSETS (IN THOUSANDS OF $)

	Computer software	Deferred engine development costs	Advance and progress payments#	Total
The Group				
Cost				
At 1 April 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
Additions	217	304	4,663	5,184
Transfers (including transfers to property, plant and equipment)	2,191	–	(3,556)	(1,365)
Disposals	(470)	(505)	(5,795)	(6,770)
Disposal of a subsidiary company	(382)	–	–	(382)
Exchange differences	(62)	(237)	–	(299)
At 31 March 2021	**48,674**	**45,523**	**4,881**	**99,078**
Accumulated amortisation and impairment losses				
At 1 April 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
Amortisation	1,853	1,590	–	3,443
Disposal	(337)	(35)	–	(372)
Disposal of a subsidiary company	(292)	–	–	(292)
Impairment losses	–	11,360	–	11,360
Exchange differences	(54)	2,485	–	2,431
At 31 March 2021	**44,323**	**23,075**	**–**	**67,398**
Net book value				
At 31 March 2020	4,027	38,286	9,569	51,882
At 31 March 2021	**4,351**	**22,448**	**4,881**	**31,680**

\# Advance and progress payments comprise mainly computer software (2020: computer software).

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 together with other companies (the "Cash-generating unit" or "CGU").

During the year, following suspension of one of the aircraft engine development projects, a full impairment loss of $11,360,000 associated with the Group's share of the capitalised costs of development was charged to profit or loss. This programme suspension, however, has not affected the business viability of the other engine programme.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

18. INTANGIBLE ASSETS (IN THOUSANDS OF $) (continued)

Impairment testing of deferred engine development costs (continued)

An impairment assessment has been performed on the carrying value of the remaining engine programme, where the Group found no need for any impairment loss. The recoverable amount of the remaining engine programme 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 37 years (2020: 38 years). The pre-tax discount rate applied to cash flow projections is 8.0% (2020: 8.0%).

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 engine development programme, 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 after completing the 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 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
Additions	70	4,663	4,733
Transfers (including transfers to property, plant and equipment)	2,191	(3,556)	(1,365)
Disposals	(93)	(5,351)	(5,444)
At 31 March 2021	**46,899**	**4,881**	**51,780**
Accumulated amortisation			
At 1 April 2019	39,934	–	39,934
Amortisation	1,536	–	1,536
Disposals	(374)	–	(374)
At 31 March 2020	41,096	–	41,096
Amortisation	1,704	–	1,704
Disposals	(72)	–	(72)
At 31 March 2021	**42,728**	**–**	**42,728**
Net book value			
At 31 March 2020	3,635	9,125	12,760
At 31 March 2021	**4,171**	**4,881**	**9,052**

Advance and progress payments comprise mainly computer software (2020: computer software).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

19. SUBSIDIARY COMPANIES (IN THOUSANDS OF $)

	The Company 31 March 2021	The Company 31 March 2020
Unquoted shares, at cost	**155,857**	153,349
Accumulated impairment loss	**(29,187)**	(6,383)
	126,670	146,966

(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 2021	Cost 2020	Percentage equity held by the Group 2021	Percentage equity held by the Group 2020
NexGen Network (1) Holding Pte. Ltd. *	Investment holding	Singapore	**12,000**	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	**4,711**	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	**17,187**	24,575	**100**	65

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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 2021	Cost 2020	Percentage equity held by the Group 2021	Percentage equity held by the Group 2020
SIA Engineering (Philippines) Corporation ^	Provide airframe maintenance and component overhaul services	Philippines	**38,645**	27,175	**100**	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
Aviation Partnership (Philippines) Corporation ^	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Philippines	**–**	2,762	**–**	51

* 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 financial year:

1. The Company invested approximately $651,000 in SIA Engineering Japan Corporation ("SIAEJ").

2. The Company invested approximately $537,000 in NexGen Network (1) Holding Pte. Ltd. ("NGN1"). The Company recognised a full impairment loss of $12,000,000 on its investment in NGN1 following suspension of its aircraft engine development programme.

3. The Company sold 51% interest in Aviation Partnership (Philippines) Corporation ("APPC") for a cash consideration of approximately $7,610,000. APPC ceased to be a subsidiary of SIAEC from 3 November 2020, upon completion of the divestment.

4. The Company acquired 35% interest in SIA Engineering (Philippines) Corporation ("SIAEP") from non-controlling interest. Consequently, SIAEP became a wholly-owned subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

19. SUBSIDIARY COMPANIES (IN THOUSANDS OF $) (continued)

(a) Composition of the Group (continued)

5. The Company acquired 35% interest in Heavy Maintenance Singapore Services Pte. Ltd. ("HMSS") from non-controlling interest. Consequently, HMSS became a wholly-owned subsidiary and the business operations, together with the airframe maintenance facilities and assembled workforce were integrated with the Company. Arising from this restructuring, an additional impairment loss of $10,804,000 (2019/20: $6,383,000) was recognised and charged to the current year's profit or loss resulting in the cost of investment to be Nil as at 31 March 2021 (2020: $24,575,000)

Movements in allowance for impairment loss

	The Company 31 March	
	2021	2020
At 1 April	**(6,383)**	–
Impairment loss	**(22,804)**	(6,383)
At 31 March	**(29,187)**	(6,383)

Acquisition of non-controlling interests

HMSS

During the year, the Group acquired the remaining 35% of issued and paid-up share capital of HMSS at nominal consideration of $1 and received a cash compensation of $7,388,000 from a non-controlling shareholder for terminating the shareholders' agreement. At the Group, the compensation received net of incremental net liabilities assumed of $3,946,000 was recorded in the consolidated statement of changes in equity.

SIAEP

With the excess of incremental net assets acquired over the consideration (cash and contingent) settled, the Group recognised gain of $1,594,000 in the consolidated statement of changes in equity.

	31 March 2021
Consideration paid for acquisition of non-controlling interests	10,503
Contingent consideration	966
Decrease in equity attributable to non-controlling interests	(9,875)
Decrease in equity attributable to owners of the Company	1,594

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

19. SUBSIDIARY COMPANIES (IN THOUSANDS OF $) (continued)

(a) Composition of the Group (continued)

Disposal of a subsidiary company

The carrying values of assets and liabilities of APPC disposed of, together with the associated financial effects are set out below:

	As at date of disposal
Property, plant and equipment	3,349
Right-of-use assets	80
Intangible assets	90
Trade and other debtors	8,337
Contract assets	1,404
Inventories	937
Cash and bank balances	2,279
Less: Trade and other creditors	(5,144)
Lease liabilities	(83)
Net assets derecognised	11,249
Less: Non-controlling interest	(5,512)
Net assets disposed	5,737
Surplus on disposal:	
Cash received	7,610
Contingent consideration	10
Net assets disposed	(5,737)
Realisation of foreign currency translation reserve	112
Realisation of other comprehensive income	(22)
Surplus on disposal	1,973

Contingent consideration

The Group is required to compensate the selling shareholder for any recovery of bad debts and insurance claims after the acquisition. The Group has included approximately $956,000 as contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

19. SUBSIDIARY COMPANIES (IN THOUSANDS OF $) (continued)

(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 2021 %	Ownership interests held by NCI 2020 %
SIA Engineering (Philippines) Corporation	Philippines	Airframe and line maintenance	**–***	35
Aerospace Component Engineering Services Pte. Limited	Singapore	Engine and component	**49**	49

* SIAEP became a wholly-owned subsidiary after the Group acquired the remaining 35% shareholdings.

(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:

	Aerospace Component Engineering Services Pte. Limited 31 March 2021	Aerospace Component Engineering Services Pte. Limited 31 March 2020	SIA Engineering (Philippines) Corporation* 31 March 2020
Summarised balance sheet			
Current			
Assets	**17,602**	18,963	24,064
Liabilities	**(2,044)**	(2,644)	(20,189)
Net current assets	**15,558**	16,319	3,875
Non-Current			
Assets	**6,154**	7,233	44,176
Liabilities	**(1,526)**	(1,683)	(10,812)
Net non-current assets	**4,628**	5,550	33,364
Net assets	**20,186**	21,869	37,239
Summarised statement of comprehensive income			
Revenue	**9,739**	22,140	45,732
Profit before income tax	**157**	1,882	175
Taxation	**47**	(316)	(175)
Profit after tax	**204**	1,566	–
Other comprehensive income	**–**	–	(282)
Total comprehensive income	**204**	1,566	(282)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

19. SUBSIDIARY COMPANIES (IN THOUSANDS OF $) (continued)

(c) Summarised financial information about subsidiary companies with material NCI (continued)

	Aerospace Component Engineering Services Pte. Limited 31 March 2021	2020	SIA Engineering (Philippines) Corporation* 31 March 2020
Other summarised information			
Net cash flow from operations	**3,263**	1,416	13,805
Acquisition of significant property, plant and equipment	**(289)**	(1,061)	(2,614)

* SIAEP became a wholly-owned subsidiary after the Group acquired the remaining 35% shareholdings.

20. ASSOCIATED COMPANIES (IN THOUSANDS OF $)

	The Group 2021	2020	The Company 2021	2020
Unquoted shares, at cost	**219,437**	219,437	**219,437**	219,437
Share of post-acquisition reserves	**318,933**	319,750	**–**	–
Share of other comprehensive income	**811**	455	**–**	–
Goodwill written-off to reserves	**(24,398)**	(24,398)	**–**	–
Translation adjustment	**(80,270)**	(55,314)	**–**	–
Impairment loss	**(2,744)**	(2,538)	**(28,870)**	(2,718)
	431,769	457,392	**190,567**	216,719

The associated companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2021	Cost 2020	Percentage equity held by the Group 2021	2020
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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

20. ASSOCIATED COMPANIES (IN THOUSANDS OF $) (continued)

Name of company	Principal activities	Country of incorporation and place of business	Cost 2021	Cost 2020	Percentage equity held by the Group 2021	Percentage equity held by the Group 2020
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
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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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	
			2021	2020	2021	2020
Turbine Coating Services Pte Ltd #+	Repair and overhaul of aircraft engine turbine airfoils	Singapore	**5,671**	5,671	**24.5**	24.5
Line Maintenance Partnership (Thailand) Company Limited ##++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Thailand	**340**	340	**49.0**	49.0
GE Aviation, Overhaul Services – Singapore Pte. Ltd ##++	Repair and servicing of aircraft and spacecraft (including aircraft engines and other parts)	Singapore	**7**	7	**49.0**	49.0

@ Audited by KPMG LLP, Singapore
# 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

During the financial year:

1. Owing to continued losses incurred by Boeing Asia Pacific Aviation Services Pte. Ltd. since it commenced operations in August 2017, together with an expected restructuring of the business model, the Company prepared an assessment of the fair value of the investment. Such valuation is premised on cash flows from continuing operations and new service contracts post-restructuring and discounted at 7.0%. The cash flow forecast covers a period of 5 years with the terminal value assumed based on Year 5 cash flow with zero growth rate. On this basis, an impairment loss of $25,812,000 was recorded and charged to current year's profit or loss (2019/20: Nil).

2. The Company made a provision for impairment for Line Maintenance Partnership (Thailand) Company Limited, following its registration for dissolution during the year.

In the prior year:

1. The Company invested approximately $340,000 in Line Maintenance Partnership (Thailand) Company Limited, governed under terms of the shareholder's agreement.

2. The Company invested approximately $7,000 in GE Aviation, Overhaul Services – Singapore Pte. Ltd., governed under terms of the shareholder's agreement.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

20. ASSOCIATED COMPANIES (IN THOUSANDS OF $) (continued)

3. The Company completed the dissolution of International Aerospace Tubes – Asia Pte. Ltd. and received proceeds of $5,110,000 which were offset against cost of investment. The remaining cost of investment not recovered of $197,000 was written off.

Movements in allowance for impairment loss

	The Group		The Company	
	2021	2020	2021	2020
At 1 April	**(2,538)**	(2,538)	**(2,718)**	(2,718)
Impairment loss	**(206)**	–	**(26,152)**	–
At 31 March	**(2,744)**	(2,538)	**(28,870)**	(2,718)

The carrying amount of the material investment is as follows:

	The Group 31 March	
	2021	2020
Eagle Services Asia Private Limited ("ESA")	**224,502**	228,440
Other associated companies	**207,267**	228,952
	431,769	457,392

The activities of ESA complement the Group's activities.

No dividends were received from ESA in 2020/21 (2019/20: $13,258,000).

Summarised financial information in respect of ESA is as follows:

	31 March	
	2021	2020
Summarised balance sheet		
Funds employed:		
Current assets	**732,788**	657,468
Non-current assets	**148,380**	162,181
	881,168	819,649
Current liabilities	**(394,390)**	(331,348)
Non-current liabilities	**(28,610)**	(22,097)
	458,168	466,204
Financed by:		
Shareholders' equity	**458,168**	466,204

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

20. ASSOCIATED COMPANIES (IN THOUSANDS OF $) (continued)

	2020/21	2019/20
Summarised statement of comprehensive income		
Revenue	**1,582,871**	1,617,810
Profit after taxation from continuing operations	**18,005**	86,135
Total comprehensive income	**18,005**	86,135

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).

A reconciliation of the summarised financial information to the carrying amounts of ESA is as follows:

	The Group 31 March	
	2021	2020
Group's share of 49% of net assets	**224,502**	228,440

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:

	The Group 31 March	
	2021	2020
Summarised balance sheet		
Funds employed:		
Current assets	**248,346**	258,244
Non-current assets	**74,462**	87,213
	322,808	345,457
Current liabilities	**(108,209)**	(97,953)
Non-current liabilities	**(10,343)**	(21,563)
	204,256	225,941
Financed by:		
Shareholders' equity	**204,256**	225,941

The Group's share of the results is as follows:

	2020/21	2019/20
Summarised statement of comprehensive income		
Profit after tax from continuing operations	**16,912**	41,149
Other comprehensive income	**355**	(447)
Total comprehensive income	**17,267**	40,702

NOTES TO THE FINANCIAL STATEMENTS

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21. JOINT VENTURE COMPANY (IN THOUSANDS OF $)

	The Group 31 March		The Company 31 March	
	2021	2020	2021	2020
Unquoted shares, at cost	**61,867**	61,867	**61,867**	61,867
Share of post-acquisition reserves	**132,276**	121,023	**–**	–
Share of other comprehensive income	**(2,968)**	(12,085)	**–**	–
Translation adjustment	**(20,955)**	(11,618)	**–**	–
	170,220	159,187	**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	
			2021	2020	2021	2020
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	
	2021	2020
Singapore Aero Engine Services Private Limited ("SAESL")	**170,220**	159,187

The Group has 50% (2020: 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 partner governed under a contractual agreement that requires unanimous consent for all major decisions over the relevant activities.

Dividends of approximately $2,900,000 (2019/20: $38,441,000) were received from SAESL.

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21. JOINT VENTURE COMPANY (IN THOUSANDS OF $) (continued)

Summarised financial information in respect of SAESL is as follows:

	31 March 2021	31 March 2020
Summarised balance sheet		
Funds employed:		
Cash and short-term deposits	**24,523**	23,402
Other current assets	**721,911**	957,000
Total current assets	**746,434**	980,402
Non-current assets	**292,413**	324,941
Total assets	**1,038,847**	1,305,343
Current liabilities	**(585,407)**	(680,755)
Non-current liabilities	**(113,001)**	(306,214)
Total liabilities	**(698,408)**	(986,969)
Net assets	**340,439**	318,374
Financed by:		
Shareholders' equity	**340,439**	318,374

	2020/21	2019/20
Summarised statement of comprehensive income		
Revenue	**1,677,854**	2,914,549
Depreciation and amortisation	**(37,603)**	(30,632)
Interest income	**93**	79
Interest expense	**(7,132)**	(10,294)
Profit before tax	**33,640**	94,872
Taxation	**(5,333)**	(5,787)
Profit after taxation	**28,307**	89,085
Other comprehensive income	**18,232**	(19,657)
Total comprehensive income	**46,539**	69,428

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 2021	The Group 31 March 2020
Group's share of 50% of net assets	**170,220**	159,187

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22. TRADE DEBTORS (IN THOUSANDS OF $)

	The Group 31 March 2021	The Group 31 March 2020	The Company 31 March 2021	The Company 31 March 2020
Trade debtors, net	**34,817**	60,326	**26,222**	44,088

The table below is an analysis of trade debtors as at 31 March:

	The Group 31 March 2021	The Group 31 March 2020	The Company 31 March 2021	The Company 31 March 2020
Not past due and not impaired	**9,848**	28,519	**5,279**	19,961
Past due but not impaired	**24,969**	31,807	**20,943**	24,127
	34,817	60,326	**26,222**	44,088
Impaired trade debtors – collectively assessed	**2,860**	1,719	**2,430**	658
Less: Accumulated impairment losses	**(2,860)**	(1,719)	**(2,430)**	(658)
	–	–	**–**	–
Credit impaired trade debtors – individually assessed	**4,369**	6,231	**1,537**	3,713
Less: Accumulated impairment losses	**(4,369)**	(6,231)	**(1,537)**	(3,713)
	–	–	**–**	–
Total trade debtors, net	**34,817**	60,326	**26,222**	44,088

<u>Aging of trade debtors that are past due but not impaired</u>

	The Group 31 March 2021	The Group 31 March 2020	The Company 31 March 2021	The Company 31 March 2020
Less than 30 days	**4,622**	11,575	**3,173**	6,729
30 days to 60 days	**3,141**	12,389	**1,976**	11,227
61 days to 90 days	**782**	1,716	**630**	1,062
More than 90 days	**16,424**	6,127	**15,164**	5,109
	24,969	31,807	**20,943**	24,127

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 2021, trade debtors in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 51% (2020: 67%) for the Group and 67% (2020: 81%) for the Company.

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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	
	2021	2020	2021	2020
Contract assets	**101,572**	234,642	**93,667**	197,456
Contract liabilities	**(11,305)**	(16,428)	**(11,089)**	(16,384)

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 $61,080,000 (2020: $87,617,000) and $61,007,000 (2020: $87,336,000) for the Group and Company respectively, and services rendered to fellow subsidiaries of the immediate holding company of approximately $5,332,000 (2020: $25,378,000) and $5,515,000 (2020: $28,869,000) 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 $239,000 (2020: $712,000) on contract assets that have been assessed as credit-impaired.

The contract liabilities primarily relate to 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	
		2021	2020	2021	2020
The Group					
(a)	Revenue recognised that was included in the contract liability balance at the beginning of the year	**–**	–	**15,444**	32,174
(b)	Increases due to cash received, excluding amounts recognised as revenue during the year	**–**	–	**(10,302)**	(14,137)
(c)	Contract assets recognised	**127,255**	212,313	**–**	–
(d)	Transfer from contract assets to trade debtors	**(255,481)**	(161,677)	**–**	–

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31 March 2021

23. CONTRACT BALANCES (IN THOUSANDS OF $) (continued)

	Contract assets 31 March		Contract liabilities 31 March	
	2021	2020	2021	2020
The Company				
(a) Revenue recognised that was included in the contract liability balance at the beginning of the year	**–**	–	**14,071**	31,904
(b) Increases due to cash received, excluding amounts recognised as revenue during the year	**–**	–	**(8,776)**	(13,987)
(c) Contract assets recognised	**80,877**	161,953	**–**	–
(d) Transfer from contract assets to trade debtors	**(183,254)**	(128,635)	**–**	–

24. PREPAYMENTS AND OTHER DEBTORS (IN THOUSANDS OF $)

	The Group 31 March		The Company 31 March	
	2021	2020	2021	2020
Current assets				
Prepayments	**5,469**	10,411	**782**	2,558
Other debtors	**36,489**	14,285	**32,622**	15,023
	41,958	24,696	**33,404**	17,581
Non-current assets				
Prepayments	**8,697**	10,601	**–**	–
Other debtors	**–**	–	**–**	5,998
	8,697	10,601	**–**	5,998

As at 31 March 2021, other debtors include fair value gain of forward contracts of approximately $42,000 (2020: Nil) for the Group and Company and JSS grant receivable of approximately $21,699,000 (2020: Nil) and $20,662,000 (2020: Nil) for the Group and Company respectively.

Of the outstanding prepayments, $10,708,000 (2020: $15,094,000) is 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 3 years (2020: 4 years).

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25. AMOUNTS OWING BY 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 subject to offsetting arrangement are as follows:

	The Group			The Company		
	31 March 2021			31 March 2021		
	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	**108,626**	**(40,058)**	**68,568**	**108,453**	**(40,058)**	**68,395**
Payables	**(40,058)**	**40,058**	**–**	**(40,058)**	**40,058**	**–**

	31 March 2020			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	–

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	
	2021	2020	2021	2020
Amounts owing by related parties				
– Fellow subsidiaries	**16,087**	31,328	**14,444**	28,738
– Subsidiaries	**–**	–	**11,207**	25,974
– Joint venture/associated companies	**1,975**	19,647	**1,921**	19,601
– Others	**874**	674	**874**	674
	18,936	51,649	**28,446**	74,987
Amounts owing to related parties				
– Fellow subsidiaries	**–**	(58)	**–**	–
– Subsidiaries	**–**	–	**(9,885)**	(12,923)
– Joint venture/associated companies	**(2,795)**	(622)	**(2,794)**	(622)
	(2,795)	(680)	**(12,679)**	(13,545)

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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 subject to offsetting arrangement are as follows:

	The Group 31 March 2021			The Company 31 March 2021		
	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	**16,087**	**–**	**16,087**	**14,444**	**–**	**14,444**
– Subsidiaries	**–**	**–**	**–**	**12,441**	**(1,234)**	**11,207**
– Joint venture/ associated companies	**1,975**	**–**	**1,975**	**1,921**	**–**	**1,921**
– Others	**874**	**–**	**874**	**874**	**–**	**874**
	18,936	**–**	**18,936**	**29,680**	**(1,234)**	**28,446**
Amounts owing to related parties						
– Subsidiaries	**–**	**–**	**–**	**(9,980)**	**95**	**(9,885)**
– Joint venture/ associated companies	**(2,795)**	**–**	**(2,795)**	**(2,794)**	**–**	**(2,794)**
	(2,795)	**–**	**(2,795)**	**(12,774)**	**95**	**(12,679)**

	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
	51,649	–	51,649	76,113	(1,126)	74,987
Amounts owing to related parties						
- Fellow subsidiaries	(58)	–	(58)	–	–	–
– Subsidiaries	–	–	–	(13,202)	279	(12,923)
– Joint venture/ associated companies	(622)	–	(622)	(622)	–	(622)
	(680)	–	(680)	(13,824)	279	(13,545)

Amounts owing by related parties are stated after deducting impairment losses. During the year, the Group and Company made a full impairment loss of $3,936,000 (2019/20: $4,122,000) and $11,917,000 (2019/20: $4,122,000) respectively on amounts owing by related parties that have 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	
	2021	2020	2021	2020
Aircraft and component spares	**27,415**	30,660	**21,879**	23,875
Consumable stores and stocks	**7,697**	8,783	**2,137**	1,487
Total inventories at lower of cost and net realisable value	**35,112**	39,443	**24,016**	25,362

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	
	2021	2020	2021	2020
Balance at 1 April	**20,593**	22,857	**19,912**	22,201
Charge to profit or loss, net	**2,555**	2,271	**1,997**	2,015
Provision utilised during the year	**(754)**	(4,535)	**(174)**	(4,304)
Balance at 31 March	**22,394**	20,593	**21,735**	19,912

28. SHORT-TERM DEPOSITS (IN THOUSANDS OF $)

	The Group 31 March		The Company 31 March	
	2021	2020	2021	2020
Deposits placed with the immediate holding company	**506,644**	466,177	**506,644**	466,177
Fixed deposits placed with banks	**14,853**	14,187	**1,522**	1,520
	521,497	480,364	**508,166**	467,697

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 0.01% to 2.62% (2019/20: 0.20% 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 (2020: 1 to 12 months).

As at 31 March 2021, short-term deposits in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 17% (2020: 22%) for the Group and 18% (2020: 21%) for the Company.

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 0.3% (2019/20: 0.0% to 1.0%) per annum.

As at 31 March 2021, cash and bank balances in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 18% (2020: 24%) for the Group and 22% (2020: 75%) for the Company.

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30. TRADE AND OTHER CREDITORS (IN THOUSANDS OF $)

	The Group 31 March		The Company 31 March	
	2021	2020	2021	2020
Trade	**9,862**	24,249	**2,943**	856
Accruals	**111,841**	151,835	**101,799**	130,919
Contingent consideration	**956**	–	**956**	–
Deferred income	**32,459**	–	**30,685**	–
Provision for warranty claims	**1,468**	1,406	**1,089**	591
	156,586	177,490	**137,472**	132,366

These amounts are non-interest bearing.

As at 31 March 2020, trade and other creditors include fair value loss of forward contracts of $1,991,000 for the Group and Company.

The contract/notional amounts of the forward currency contracts as at 31 March 2021 were approximately $35,037,000 (2020: $60,611,000) for the Group and Company. These contracts were entered into by the Company's immediate holding company, on behalf of the Group and Company.

As at 31 March 2021, trade and other creditors in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 6% (2020: 3%) for the Group and 7% (2020: 5%) for the Company.

Disclosures relating to contingent consideration are in Note 19.

Deferred income

Under the JSS, employers receive cash grants in relation to the gross monthly wages of eligible employees. The cumulative grant received as at 31 March 2021 that was intended to defray the Group's payroll costs in future periods is recorded as "deferred income". Such deferred income shall be released to future period's profit or loss on a systematic basis over the remaining relevant periods.

In accordance with ISCA Financial Reporting Bulletin 6 ("FRB 6") *COVID-19 Government Relief Measures: Accounting for the grant provided by the Singapore Government for wages paid to local employees under the Jobs Support Scheme*, the Group exercised its judgement to use the JSS to defray payroll costs in future periods.

Provision for warranty claims

An analysis of the provision for warranty claims is as follows:

	The Group 31 March		The Company 31 March	
	2021	2020	2021	2020
Balance at 1 April	**1,406**	2,733	**591**	1,254
Charge/(Credit) to profit or loss, net	**840**	(680)	**677**	(325)
Provision utilised during the year	**(778)**	(647)	**(179)**	(338)
Balance at 31 March	**1,468**	1,406	**1,089**	591

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31. LEASES (IN THOUSANDS OF $)

(a) As lessee

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 (2020: 1 and 48 years). There are no restrictions placed upon the Group or the Company by these lease arrangements.

As at 31 March 2021, one of the leased properties was sub-let by the Group. The lease and sub-lease were due to expire in August 2035 and December 2021 respectively.

In the prior year, one of the leased properties was also sub-let by the Company to a subsidiary. The lease and sub-lease were due to expire in March 2023. Following a restructuring of the said subsidiary which was completed in 2021, the Company early terminated the sub-lease (refer to Note 19).

Amounts recognised in consolidated income statement

	The Group	
	2020/21	2019/20
Leases under IFRS 16		
Finance charges	**2,671**	3,183
Income from sub-leasing right-of-use assets	**(88)**	(93)
Expenses relating to variable lease payments not included in the measurement of lease liabilities	**807**	1,342
Expenses relating to short-term leases	**2,267**	2,130
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**355**	326

Amounts recognised in statement of cash flows

	The Group	
	2020/21	2019/20
Total cash outflow for leases	**27,473**	27,548

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 $42,000 (2020: $91,000).

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31. LEASES (IN THOUSANDS OF $) (continued)

(a) As lessee (continued)

Rent concessions

The Group negotiated rent concessions with its landlords for the majority of its property leases as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its property leases.

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is $2,790,000 (2019/20: Nil).

(b) As lessor

Finance lease

In the prior year, the Company sub-leased a hangar to a subsidiary with similar back-to-back lease periods. The sub-lease was, however, terminated during the year upon restructuring of the subsidiary (refer to Note 19).

Future minimum lease receivables under finance lease are as follows:

	The Company	
	2021	2020
Within one year	–	2,867
After one year but less than five years	–	5,998
	–	8,865

Operating lease

As at 31 March 2021, the Company leased its property to another subsidiary for a lease term of three years. Another subsidiary also leased out its property to a third party for a period of 9 months (2020: 21 months).

In the prior year, the Company leased a hangar to a subsidiary for a lease term of ten years. The original sub-lease with the subsidiary was terminated during the year upon restructuring of the said subsidiary.

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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:

	The Group 31 March 2021	The Group 31 March 2020	The Company 31 March 2021	The Company 31 March 2020
Within one year	**68**	91	**564**	4,650
After one year but less than five years	**–**	68	**335**	24,622
More than five years	**–**	–	**–**	12,619
	68	159	**899**	41,891

32. BANK LOANS (IN THOUSANDS OF $)

	The Group 31 March 2021	The Group 31 March 2020
Current liabilities		
Current portion of long-term bank loan	**2,314**	4,401
Revolving credit facilities	**4,816**	1,467
	7,130	5,868
Non-current liability		
Long-term bank loan	**2,785**	7,335

The revolving credit facilities denominated in United States dollars taken by a subsidiary company are unsecured and bear interest at an average floating rate of 1.44% to 2.70% (2019/20: 3.20%) 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 1.44% (2019/20: 3.20%) per annum, re-priced on a quarterly basis. This loan is repayable by 29 April 2022.

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33. CASH FLOW FROM OPERATING ACTIVITIES (IN THOUSANDS OF $)

	The Group	
	2020/21	2019/20
(Loss)/Profit before taxation	**(35,587)**	204,464
Adjustments for:		
Depreciation	**67,759**	72,831
Amortisation of intangible assets	**3,443**	3,327
Impairment of property, plant and equipment	**–**	4,263
Impairment loss allowance for trade receivables, contract assets and amounts owing by related parties	**1,956**	10,883
Share-based compensation expense	**3,222**	4,073
Rent concessions	**(2,790)**	–
Unrealised exchange differences	**4,195**	(2,782)
Interest income	**(3,947)**	(10,361)
Finance charges	**2,922**	3,797
Loss/(Surplus) on disposal of property, plant and equipment and intangible assets	**5,007**	(2,535)
Loss on liquidation of an associated company	**–**	197
Surplus on disposal of a subsidiary company	**(1,973)**	–
Impairment of an associated company	**206**	–
Impairment of non-financial assets	**48,297**	–
Share of profits of associated and joint venture companies, net of tax	**(39,888)**	(127,898)
Operating profit before working capital changes	**52,822**	160,259
(Increase)/Decrease in debtors	**(3,905)**	18,311
Decrease/(Increase) in contract assets	**130,984**	(51,435)
Decrease/(Increase) in inventories	**3,394**	(3,879)
Decrease in creditors	**(17,749)**	(9,901)
Decrease in contract liabilities	**(5,123)**	(17,071)
(Increase)/Decrease in amounts owing by immediate holding company	**(16,968)**	37,994
Decrease/(Increase) in amounts owing by related parties, net	**35,011**	(25,123)
Cash generated from operations	**178,466**	109,155
Income taxes paid	**(12,675)**	(18,128)
Net cash provided by operating activities	**165,791**	91,027

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.

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31 March 2021

33. CASH FLOW FROM OPERATING ACTIVITIES (IN THOUSANDS OF $) (continued)

	Long-term lease liabilities	Lease liabilities	Long-term bank loan	Bank loans	Total
Balance at 1 April 2020	**77,891**	**21,318**	**7,335**	**5,868**	**112,412**
Changes from financing cash flows					
Finance charges paid	**–**	**–**	**(250)**	**(1)**	**(251)**
Repayment of lease liabilities	**–**	**(27,473)**	**–**	**–**	**(27,473)**
Proceeds from borrowings	**–**	**–**	**–**	**673**	**673**
Repayment of borrowings	**–**	**–**	**–**	**(3,183)**	**(3,183)**
Total changes from financing cash flows	**–**	**(27,473)**	**(250)**	**(2,511)**	**(30,234)**
Non-cash changes					
Interest expense	**–**	**2,671**	**250**	**1**	**2,922**
Additions	**2,913**	**173**	**–**	**–**	**3,086**
Reclassification	**(27,893)**	**27,893**	**(4,102)**	**4,102**	**–**
Disposal of a subsidiary company	**(76)**	**(7)**	**–**	**–**	**(83)**
Rent concessions	**–**	**(2,790)**	**–**	**–**	**(2,790)**
Foreign exchange movement	**(402)**	**(54)**	**(448)**	**(330)**	**(1,234)**
	(25,458)	**27,886**	**(4,300)**	**3,773**	**1,901**
Balance at 31 March 2021	**52,433**	**21,731**	**2,785**	**7,130**	**84,079**

	Long-term lease liabilities	Lease liabilities	Long-term bank loan	Bank loans	Total
Balance at 1 April 2019	81,172	20,492	12,561	6,727	120,952
Changes from financing cash flows					
Finance charges paid	–	–	(596)	(18)	(614)
Repayment of lease liabilities	–	(27,548)	–	–	(27,548)
Repayment of borrowings	–	–	–	(6,776)	(6,776)
Total changes from financing cash flows	–	(27,548)	(596)	(6,794)	(34,938)
Non-cash changes					
Interest expense	–	3,183	596	18	3,797
Additions	16,157	4,909	–	–	21,066
Reclassification	(19,907)	19,907	(5,671)	5,671	–
Foreign exchange movement	469	375	445	246	1,535
	(3,281)	28,374	(4,630)	5,935	26,398
Balance at 31 March 2020	77,891	21,318	7,335	5,868	112,412

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34. CAPITAL EXPENDITURE COMMITMENTS (IN THOUSANDS OF $)

The Group and the Company have commitments for capital expenditure, with an aggregate value of approximately $34,688,000 (2020: $44,504,000) for the Group and $32,645,000 (2020: $36,505,000) for the Company.

In addition, the Group's share of a joint venture company's commitments for capital expenditure is approximately $4,909,000 (2020: $11,394,000).

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.

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	Mandatorily at FVTPL – others	Total
The Group					
31 March 2021					
Assets					
Trade debtors	34,817	–	–	–	34,817
Contract assets	101,572	–	–	–	101,572
Other debtors	36,447	42	–	–	36,489
Amount due from immediate holding company	68,568	–	–	–	68,568
Amounts owing by related parties	18,936	–	–	–	18,936
Short-term deposits	521,497	–	–	–	521,497
Cash and bank balances	94,467	–	–	–	94,467
Total financial assets	876,304	42	–	–	876,346
Assets held for sale					9,026
Total non-financial assets					924,396
Total assets					1,809,768
Liabilities					
Trade and other creditors*	–	–	123,171	–	123,171
Contingent consideration	–	–	–	956	956
Contract liabilities	–	–	11,305	–	11,305
Amounts owing to related parties	–	–	2,795	–	2,795
Bank loans	–	–	7,130	–	7,130
Long-term bank loan	–	–	2,785	–	2,785
Total financial liabilities	–	–	147,186	956	148,142
Total non-financial liabilities					117,340
Total liabilities					265,482

* Excluding deferred income and contingent consideration

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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 2020				
Assets				
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
Liabilities				
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

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31 March 2021

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	Mandatorily at FVTPL – others	Total
The Company					
31 March 2021					
Assets					
Trade debtors	26,222	–	–	–	26,222
Contract assets	93,667	–	–	–	93,667
Other debtors	32,580	42	–	–	32,622
Immediate holding company	68,395	–	–	–	68,395
Amounts owing by related parties	28,446	–	–	–	28,446
Short-term deposits	508,166	–	–	–	508,166
Cash and bank balances	66,465	–	–	–	66,465
Total financial assets	823,941	42	–	–	823,983
Assets held for sale					9,026
Total non-financial assets					608,872
Total assets					1,441,881
Liabilities					
Trade and other creditors*	–	–	105,831	–	105,831
Contingent consideration	–	–	–	956	956
Contract liabilities	–	–	11,089	–	11,089
Amounts owing to related parties	–	–	12,679	–	12,679
Total financial liabilities	–	–	129,599	956	130,555
Total non-financial liabilities					106,647
Total liabilities					237,202

* Excluding deferred income and contingent consideration

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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				
Assets				
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
Liabilities				
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

(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.

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).

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35. FINANCIAL INSTRUMENTS (IN THOUSANDS OF $) (continued)

(b) Fair values (continued)

Financial instruments carried at fair value

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 Company 31 March 2021			
	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				
Financial asset				
Currency hedging contracts	–	42	–	42
Financial liability				
Contingent consideration	–	–	(956)	(956)
	–	42	(956)	(914)

	The Group and Company 31 March 2020			
	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				
Financial liability				
Currency hedging contracts	–	(1,991)	–	(1,991)
	–	(1,991)	–	(1,991)

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.

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31 March 2021

35. FINANCIAL INSTRUMENTS (IN THOUSANDS OF $) (continued)

(b) Fair values (continued)

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.

Level 3 fair value measurements

The fair value of the contingent consideration is determined by reference to specific debts provisioning and insurance claims settled post acquisition.

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 subsidiaries, 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 2021, these accounted for 25% of total revenue (2019/20: 14%) and 9% of total operating expenses (2019/20: 6%). 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 $107,628,000 (2020: $111,013,000) and $105,663,000 (2020: $104,730,000) for the Group and the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF $) (continued)

(a) Foreign currency risk (continued)

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.

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 2021, a net fair value gain before tax of $806,000 (2019/20: net fair value gain before tax of $4,099,000) with a related deferred tax asset $137,000 (2020: deferred tax asset of $697,000), were included in fair value reserve in respect of these contracts.

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	
	2021	2020	2021	2020
Effect of weakening of SGD against USD				
Profit before taxation R1	**1,111**	1,331	**1,089**	1,220
Equity R2	**(350)**	(626)	**(350)**	(626)
Effect of strengthening of SGD against USD				
Profit before taxation R1	**(1,111)**	(1,331)	**(1,089)**	(1,220)
Equity R2	**350**	626	**350**	626

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 2021

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. All hedges were effective in 2020/21. In 2019/20, the Group reclassified $586,000 of foreign currency hedging loss from fair value reserve to profit or loss, caused by hedge ineffectiveness from reduced foreign currency denominated revenue collections from customers and dividends from associate and joint venture companies 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 2021, 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 $28,000 (2019/20: $29,000) 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 2021 in relation to each class of recognised financial assets are as follows:

	The Group 31 March		The Company 31 March	
	2021	2020	2021	2020
Trade debtors	**34,817**	60,326	**26,222**	44,088
Contract assets	**101,572**	234,642	**93,667**	197,456
Other debtors	**36,489**	14,285	**32,622**	15,023
Amount due from immediate holding company	**68,568**	53,520	**68,395**	52,777
Amounts owing by related parties	**18,936**	51,649	**28,446**	74,987
Short-term deposits	**521,497**	480,364	**508,166**	467,697
Cash and bank balances	**94,467**	39,258	**66,465**	6,628
	876,346	934,044	**823,983**	858,656

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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 2021, the only trade debtor exceeding 43% (2020: 30%) of the Group's trade debtors was an amount of approximately $68,568,000 (2020: $53,520,000) 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.

<u>Expected credit loss assessment for trade receivables, contract assets and amounts owing by related parties</u>

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.

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 2021 and 31 March 2020:

		The Group 31 March 2021	
	Weighted average loss rate	Gross carrying amount	Impairment loss allowance
Less than 30 days	0.40%	124,700	(505)
30 days to 60 days	4.38%	4,179	(183)
61 days to 90 days	3.80%	1,790	(68)
More than 90 days	29.53%	36,060	(10,648)
		166,729	(11,404)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2021

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 Group 31 March 2020		
	Weighted average loss rate	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)

	The Company 31 March 2021		
	Weighted average loss rate	Gross carrying amount	Impairment loss allowance
Less than 30 days	**0.02%**	**109,986**	**(26)**
30 days to 60 days	**1.43%**	**3,014**	**(43)**
61 days to 90 days	**1.46%**	**3,843**	**(56)**
More than 90 days	**33.26%**	**47,376**	**(15,759)**
		164,219	**(15,884)**

	The Company 31 March 2020		
	Weighted average loss rate	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)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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 Not credit-impaired Collectively assessed	Credit-impaired Individually assessed	Total
Balance at 1 April 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
Charged during the year	1,466	490	1,956
Disposal of a subsidiary company	(164)	(30)	(194)
Provision utilised during the year	(161)	(2,981)	(3,142)
Balance at 31 March 2021	**2,860**	**8,544**	**11,404**

Lifetime ECL	The Company Not credit-impaired Collectively assessed	Credit-impaired Individually assessed	Total
Balance at 1 April 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
Charged during the year	1,772	7,519	9,291
Provision utilised during the year	–	(1,900)	(1,900)
Balance at 31 March 2021	**2,430**	**13,454**	**15,884**

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 2021 and 31 March 2020.

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 liquidity and financial positions of the immediate holding company including the ability to raise funds from capital markets and financial institutions, together with the overall viability of the immediate 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.

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31 March 2021

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	
	2021	2020	2021	2020	2021	2020	2021	2020
Counterparty profiles								
By industry:								
Airlines	**708,482**	813,808	**81%**	87%	**706,018**	810,299	**86%**	94%
Financial institutions	**108,008**	51,324	**12%**	5%	**67,987**	8,148	**8%**	1%
Others	**23,367**	54,628	**3%**	6%	**17,356**	25,187	**2%**	3%
	839,857	919,760	**96%**	98%	**791,361**	843,634	**96%**	98%
By region:								
East Asia	**775,066**	776,921	**89%**	83%	**752,252**	744,966	**91%**	87%
Europe	**38,544**	101,541	**4%**	11%	**33,685**	74,914	**4%**	9%
South West Pacific	**873**	3,754	**0%**	0%	**–**	1,104	**–**	0%
Americas	**22,595**	35,620	**3%**	4%	**2,924**	21,403	**1%**	2%
West Asia and Africa	**2,779**	1,924	**0%**	0%	**2,500**	1,247	**0%**	0%
	839,857	919,760	**96%**	98%	**791,361**	843,634	**96%**	98%
By Moody's credit ratings:								
Investment grade (A to Aaa)	**108,902**	49,018	**13%**	5%	**67,987**	8,149	**8%**	1%
Non-rated	**730,955**	870,742	**83%**	93%	**723,374**	835,485	**88%**	97%
	839,857	919,760	**96%**	98%	**791,361**	843,634	**96%**	98%

(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 2021, the Group had at its disposal, cash and short-term deposits amounting to approximately $615,964,000 (2020: $519,622,000).

In response to possible future liquidity constraints arising from the COVID-19 pandemic, the Group also maintains available undrawn short-term credit facilities amounting to $18,214,000 (2019: $21,503,000) that are unsecured and can be drawn down to meet short-term financing needs.

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 2021

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							
2021							
Financial liabilities							
Trade and other creditors*	**124,127**	**–**	**–**	**–**	**–**	**–**	**124,127**
Contract liabilities	**11,305**	**–**	**–**	**–**	**–**	**–**	**11,305**
Amounts owing to related parties	**2,795**	**–**	**–**	**–**	**–**	**–**	**2,795**
Lease liabilities	**26,212**	**22,126**	**4,399**	**3,146**	**3,013**	**32,154**	**91,050**
Bank loans	**7,961**	**–**	**–**	**–**	**–**	**–**	**7,961**
Long-term bank loan	**140**	**2,808**	**–**	**–**	**–**	**–**	**2,948**
Total undiscounted financial and lease liabilities	**172,540**	**24,934**	**4,399**	**3,146**	**3,013**	**32,154**	**240,186**
2020							
Financial liabilities							
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
The Company							
2021							
Financial liabilities							
Trade and other creditors*	**106,787**	**–**	**–**	**–**	**–**	**–**	**106,787**
Contract liabilities	**11,089**	**–**	**–**	**–**	**–**	**–**	**11,089**
Amounts owing to related parties	**12,679**	**–**	**–**	**–**	**–**	**–**	**12,679**
Lease liabilities	**24,220**	**20,628**	**3,114**	**2,496**	**2,497**	**20,891**	**73,846**
Total undiscounted financial and lease liabilities	**154,775**	**20,628**	**3,114**	**2,496**	**2,497**	**20,891**	**204,401**
2020							
Financial liabilities							
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

* Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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.

Associated and joint venture companies contribute significantly to the performance of the Group. Management has organised the presentation of the segment results and revenue to better reflect the 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.

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 2021 and 31 March 2020 and certain assets information of the operating segments as at those dates.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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
2020/21						
SEGMENT REVENUE						
External revenue						
Company and subsidiaries		428,258	14,736	442,994	–	442,994
Associated companies	(a)	87,977	2,077,653	2,165,630	(2,165,630)	–
Joint venture company	(a)	–	1,677,854	1,677,854	(1,677,854)	–
Inter-segment revenue	(b)	–	912	912	(912)	–
		516,235	3,771,155	4,287,390	(3,844,396)	442,994
SEGMENT RESULTS						
Segment results						
Company and subsidiaries		(20,778)	(4,185)	(24,963)	–	(24,963)
Associated companies	(a)	(26,804)	131,976	105,172	(105,172)	–
Joint venture company	(a)	–	40,694	40,694	(40,694)	–
		(47,582)	168,485	120,903	(145,866)	(24,963)
Interest income						3,947
Impairment of non-financial assets						(48,297)
Impairment of an associated company						(206)
Surplus on disposal of a subsidiary company						1,973
Share of profits of associated companies, net of tax					25,734	25,734
Share of profits of a joint venture company, net of tax					14,154	14,154
Other unallocated amounts						(7,929)
Loss before taxation	(c)					(35,587)
Taxation						16,033
Loss for the financial year						(19,554)
Other segment items						
Depreciation		66,610	1,149	67,759	–	67,759
Amortisation of intangible assets		1,826	1,617	3,443	–	3,443
Segment assets						
Property, plant and equipment		164,499	5,633	170,132	–	170,132
Right-of-use assets		70,165	1,152	71,317	–	71,317
Intangible assets		9,227	22,453	31,680	–	31,680
Investment in associated/joint venture companies		32,560	569,429	601,989	–	601,989
Prepayments and other debtors		–	8,697	8,697	–	8,697
Other unallocated assets	(d)					925,953
Total assets		276,451	607,364	883,815	–	1,809,768

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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
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						(13,990)
Profit for the financial year						190,474
Other segment items						
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
Segment assets						
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 2021

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 2021	31 March 2020
Finance charges	**(2,922)**	(3,797)
(Loss)/Surplus on disposal of property, plant and equipment and intangible assets	**(5,007)**	2,535
	(7,929)	(1,262)

(d) The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	31 March 2021	31 March 2020
Current assets	**925,953**	998,125

Geographical segments

Revenue* and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Revenue* 2020/21	Revenue* 2019/20	Non-current assets 31 March 2021	Non-current assets 31 March 2020
East Asia	**349,049**	721,094	**851,393**	968,035
Europe	**37,683**	198,221	**–**	–
South West Pacific	**4,468**	20,205	**–**	–
Americas	**24,710**	16,528	**32,422**	39,356
West Asia and Africa	**27,084**	38,098	**–**	–
Total	**442,994**	994,146	**883,815**	1,007,391

* Revenue from Company and subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

37. SEGMENT INFORMATION (IN THOUSANDS OF $) (continued)

Geographical segments (continued)

For the year ended 31 March 2021, revenue of approximately $301,915,000 (2019/20: $594,194,000) and $30,255,000 (2019/20: $181,940,000) were from customers located in Singapore and France respectively. The remaining revenue from customers in other countries were individually insignificant.

As at 31 March 2021, non-current assets of approximately $802,970,000 (2020: $895,664,000) 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 $264,557,000 (2019/20: $436,103,000), 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 2021, the Company made a total dividend payment to shareholders of approximately $56,070,000 (2019/20: $123,235,000).

No significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure. However, in view of the losses incurred, the need to conserve cash to sustain the business through the uncertain recovery path and retain financial flexibility to pursue business opportunities, the Board will not be recommending any dividend for 2020/21.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

38. CAPITAL MANAGEMENT (IN THOUSANDS OF $) (continued)

Capital for the Group and Company is tabulated below:

	The Group 31 March		The Company 31 March	
	2021	2020	2021	2020
Total debt:				
Lease liabilities	**74,164**	99,209	**66,246**	89,415
Bank loans	**9,915**	13,203	**–**	–
	84,079	112,412	**66,246**	89,415
Total capital:				
Share capital	**420,044**	420,044	**420,044**	420,044
Reserves	**1,113,649**	1,208,772	**784,635**	892,456
	1,533,693	1,628,816	**1,204,679**	1,312,500
Capital and total debt	**1,617,772**	1,741,228	**1,270,925**	1,401,915

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, Chief Financial 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 2021

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	
	2020/21	**2019/20**
Income		
Sales of services and related materials to:		
– the immediate holding company and related corporations	**279,587**	549,270
– associated companies	**17,217**	20,934
– a joint venture company	**2,252**	10,157
– others	**–**	19,449
Interest income from the immediate holding company	**3,693**	9,606
Equipment fee charged to the immediate holding company	**135**	248
Rental of office space charged to the immediate holding company	**81**	81
Expense		
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	**10,355**	7,654
Rental of hangars, workshops and office space charged by the immediate holding company	**16,738**	18,357
Purchases of materials from the immediate holding company and fellow subsidiaries	**40,006**	77,316
Purchases of goods from:		
– associated companies	**9,183**	13,486
– a joint venture company	**471**	716
– others	**14,310**	25,096
Services rendered by:		
– the immediate holding company	**52**	7,586

Compensation of key management personnel

Directors' and key executives' remuneration of the Company

	The Company	
	2020/21	**2019/20**
Directors		
Directors' fees	**941**	1,178
Key executives		
Salary, bonuses and other costs	**3,916**	5,920
CPF and other defined contributions	**127**	118
Share-based compensation expense	**1,772**	1,751

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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 2020 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2021/ cessation of employment = (a)+(b)–(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Ng Chin Hwee	–	174,800	–	174,800	174,800
Ivan Neo Seok Kok	46,000	64,700	46,000	64,700	379,019
Zarina Piperdi	20,800	27,000	20,800	27,000	263,975
Wong Yue Jeen	17,400	26,400	17,400	26,400	199,605
Philip Quek Cher Heong	20,600	28,200	20,600	28,200	171,395
Foo Kean Shuh	20,500	28,300	20,500	28,300	86,050
Ng Lay Pheng	21,600	27,100	21,600	27,100	61,000
Ng Jan Lin Wilin	17,400	26,900	17,400	26,900	193,590

(b) RSP Final Awards (Pending Release)

Name of participant	Balance as at 1 April 2020 (a)	Final Awards granted during the financial year^ (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2021/ cessation of employment = (a)+(b)–(c)	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Ng Chin Hwee	–	–	–	–	–
Ivan Neo Seok Kok	54,105	36,800	52,773	38,132	256,902
Zarina Piperdi	23,095	16,640	23,145	16,590	194,654
Wong Yue Jeen	23,774	13,920	22,724	14,970	124,679
Philip Quek Cher Heong	21,970	16,480	22,282	16,168	116,762
Foo Kean Shuh	23,535	16,400	23,675	16,260	50,575
Ng Lay Pheng	9,714	17,280	12,000	14,994	16,800
Ng Jan Lin Wilin	19,801	13,920	18,881	14,840	131,275

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

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 2020 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2021/ 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
Ng Chin Hwee	–	218,800	–	218,800	218,800	–
Ivan Neo Seok Kok	110,911	57,400	33,311	135,000	319,303	112,424
Zarina Piperdi	51,601	24,100	16,301	59,400	231,493	135,094
Wong Yue Jeen	49,819	23,500	17,719	55,600	91,038	26,756
Philip Quek Cher Heong	49,994	25,100	15,694	59,400	75,094	15,694
Foo Kean Shuh	52,319	25,200	17,719	59,800	77,519	17,719
Ng Lay Pheng	20,800	24,100	–	44,900	44,900	–
Ng Jan Lin Wilin	16,700	24,000	–	40,700	40,700	–

(d) DSA Base Awards

Name of participant	Balance as at 1 April 2020 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2021/ cessation of employment = (a)+(b)–(c)	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Ng Chin Hwee	–	–	–	–	–
Ivan Neo Seok Kok	19,900	28,438	–	48,338	–
Zarina Piperdi	17,701	–	–	17,701	–
Wong Yue Jeen	18,662	25,665	–	44,327	–
Philip Quek Cher Heong	17,111	25,284	–	42,395	–
Foo Kean Shuh	18,983	26,234	–	45,217	–
Ng Lay Pheng	14,078	25,093	–	39,171	–
Ng Jan Lin Wilin	–	24,902	–	24,902	–

^ 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.

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 2020/21 are as follows:

Name of interested person	Nature of relationship	2020/21 Aggregate value of all IPTs (excluding all mandated transactions pursuant to Rule 920 of the SGX Listing Manual and transactions less than $100,000)	2020/21 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 SIAEC	–	700,275*
SilkAir (Singapore) Pte Ltd	Wholly-owned subsidiaries of SIAEC's controlling shareholder	–	31,299
Scoot TigerAir Pte Ltd		–	16,788
Airbus Asia Training Centre Pte Ltd	Associate of SIAEC's controlling shareholder	–	867
Non-listed Associates of Temasek Holdings (Private) Limited ("Temasek")			
Aetos Training Academy Pte Ltd	Associates of Temasek	–	171
Synergy FMI Pte Ltd		–	1,294
SMM Pte Ltd		–	36,840
SATS Group			
SATS Ltd	Associate of Temasek	–	2,309
Singtel Group			
NCS Communication Engineering Pte Ltd	Associate of Temasek	–	106
Total		**–**	**789,949**

* Includes principal, interest and service fees, in respect of treasury transactions with SIA.

Notes:
1. 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.
2. 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 2021, 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						
2020/21	**($ million)**	**118.5**	**104.5**	**104.6**	**115.4**	**443.0**
2019/20	($ million)	258.1	254.6	252.1	229.3	994.1
Expenditure						
2020/21	**($ million)**	**127.2**	**123.0**	**103.5**	**114.3**	**468.0**
2019/20	($ million)	240.4	235.0	236.0	215.0	926.4
Operating (loss)/profit						
2020/21	**($ million)**	**(8.7)**	**(18.5)**	**1.1**	**1.1**	**(25.0)**
2019/20	($ million)	17.7	19.6	16.1	14.3	67.7
Profit/(Loss) before taxation						
2020/21	**($ million)**	**6.3**	**(44.4)**	**3.2**	**(0.7)**	**(35.6)**
2019/20	($ million)	45.7	51.1	57.0	50.7	204.5
Profit/(Loss) attributable to owners of the parent						
2020/21	**($ million)**	**10.7**	**(29.7)**	**7.7**	**0.1**	**(11.2)**
2019/20	($ million)	41.6	46.0	54.0	52.2	193.8
Earnings/(Loss) per share – basic						
2020/21	**(cents)**	**0.96**	**(2.65)**	**0.69**	**–**	**(1.00)**
2019/20	(cents)	3.72	4.11	4.82	4.66	17.30

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2020/21	2019/20	2018/19	2017/18[R1]	2016/17
Income statement ($ million)					
Revenue	**443.0**	994.1	1,020.9	1,094.9	1,104.1
Expenditure	**468.0**	926.4	964.1	1,016.1	1,032.1
Operating (loss)/profit	**(25.0)**	67.7	56.8	78.8	72.0
Other non-operating items	**(50.5)**	8.9	8.4	20.9	186.6
Share of profits of associated and joint venture companies, net of tax	**39.9**	127.9	113.9	109.8	96.5
(Loss)/Profit before tax	**(35.6)**	204.5	179.1	209.5	355.1
(Loss)/Profit attributable to owners of the parent	**(11.2)**	193.8	160.9	186.8	332.4
Balance sheet ($ million)					
Share capital	**420.0**	420.0	420.0	420.0	420.0
Treasury shares	**(9.8)**	(13.7)	(18.0)	(21.3)	(15.2)
Capital reserve	**2.7**	2.8	2.9	2.8	2.7
Share-based compensation reserve	**4.8**	5.4	5.6	7.1	16.0
Foreign currency translation reserve	**(23.8)**	16.0	(18.2)	(38.9)	(68.0)
Fair value reserve	**(2.2)**	(8.7)	(0.9)	3.6	(0.6)
Equity transaction reserve	**(2.2)**	(4.5)	(4.5)	(2.4)	(2.4)
General reserve	**1,144.1**	1,211.5	1,141.7	1,112.8	1,201.5
Equity attributable to owners of the parent	**1,533.6**	1,628.8	1,528.6	1,483.7	1,554.0
Non-controlling interests	**10.6**	32.2	35.4	31.3	34.0
Total equity	**1,544.2**	1,661.0	1,564.0	1,515.0	1,588.0
Property, plant and equipment	**170.1**	231.3	260.8	287.6	331.6
Intangibles	**31.7**	51.9	46.6	67.7	65.3
Right-of-use assets	**71.3**	97.0	–	–	–
Associated companies	**431.8**	457.4	404.3	392.5	380.0
Joint venture companies	**170.2**	159.2	154.7	151.9	162.0
Prepayments and other debtors	**8.7**	10.6	13.8	–	–
Long-term investments	**–**	–	–	–	–
Current assets	**926.0**	998.1	965.0	904.2	979.4
Total assets	**1,809.8**	2,005.5	1,845.2	1,803.9	1,918.3
Non-current liabilities	**56.5**	103.7	35.7	41.5	51.0
Current liabilities	**209.1**	240.8	245.5	247.4	279.3
Total liabilities	**265.6**	344.5	281.2	288.9	330.3
Net assets	**1,544.2**	1,661.0	1,564.0	1,515.0	1,588.0
Cash flow statement ($ million)					
Cash flow from operations	**178.5**	109.2	96.6	73.5	152.2
Internally generated cash flow [R2]	**210.6**	199.5	209.0	182.9	216.2
Capital expenditure	**15.2**	36.8	25.0	31.6	38.3

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

	2020/21	2019/20	2018/19	2017/18[R1]	2016/17
Profitability ratios (%)					
Return on equity holders' funds [R3]	**(0.7)**	12.3	10.7	12.4	21.9
Return on total assets	**(0.6)**	9.7	8.7	10.4	17.3
Return on turnover	**(2.5)**	19.5	15.8	17.1	30.1
Productivity and employee data					
Value added ($ million)	**247.5**	770.1	722.2	762.1	921.0
Value added per employee ($)	**39,583**	113,904	108,698	116,395	145,504
Revenue per employee ($)	**70,845**	147,041	153,657	167,208	174,430
Average number of employees	**6,253**	6,761	6,644	6,548	6,330
Per share data (cents)					
(Loss)/Earnings – basic [R4]	**(1.00)**	17.30	14.38	16.70	29.63
(Loss)/Earnings – diluted [R5]	**(1.00)**	17.26	14.35	16.66	29.57
Net asset value [R6]	**136.8**	145.2	136.6	132.7	138.8
Gross dividends (cents per share)					
Interim dividend	**–**	3.0	3.0	4.0	4.0
Final dividend – ordinary	**–**	5.0	8.0	9.0	9.0
Final dividend – special	**–**	–	–	–	5.0
Total dividends	**–**	8.0 0	11.0	13.0	18.0

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 2021

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 Pte Ltd)	**51%**	Aerospace Component Engineering Services Pte. Limited
100%	SIA Engineering (Philippines) Corporation		
100%	Heavy Maintenance Singapore Services Pte. Ltd.		
	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 14 June 2021

No. of Issued Shares	:	1,124,116,360
No. of Issued Shares (Excluding Treasury Shares)	:	1,121,402,586
No. / Percentage of Treasury Shares	:	2,713,774 (0.24%)
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	971	0.00
100 – 1,000	6,360	30.72	5,933,317	0.53
1,001 – 10,000	11,364	54.89	50,270,960	4.48
10,001 – 1,000,000	2,923	14.12	97,478,099	8.69
1,000,001 AND ABOVE	18	0.08	967,719,239	86.30
Total	20,704	100.00	1,121,402,586	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%[2]
1	Singapore Airlines Limited	870,000,000	77.58
2	Citibank Nominees Singapore Pte Ltd	30,581,865	2.73
3	DBS Nominees (Private) Limited	26,717,516	2.38
4	Raffles Nominees (Pte) Limited	7,033,549	0.63
5	DBSN Services Pte Ltd	6,310,681	0.56
6	United Overseas Bank Nominees Private Limited	4,251,600	0.38
7	HSBC (Singapore) Nominees Pte Ltd	4,050,220	0.36
8	OCBC Nominees Singapore Private Limited	3,630,702	0.32
9	Phillip Securities Pte Ltd	2,931,148	0.26
10	UOB Kay Hian Private Limited	2,125,900	0.19
11	OCBC Securities Private Limited	1,617,200	0.15
12	Wong Ket Seong @ Wong Ket Yin	1,500,000	0.13
13	Maybank Kim Eng Securities Pte Ltd	1,382,048	0.12
14	Chong Chew Lim @ Chong Ah Kau	1,313,800	0.12
15	Ng Hian Chow	1,128,000	0.10
16	Yim Chee Chong	1,070,000	0.10
17	Heng Siew Eng	1,048,500	0.09
18	CGS-CIMB Securities (Singapore) Pte Ltd	1,026,510	0.09
19	IFAST Financial Pte Ltd	950,000	0.09
20	BPSS Nominees Singapore (Pte.) Ltd.	811,312	0.07
	Total	969,480,551	86.45

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 1,121,402,586 ordinary shares issued as at 14 June 2021 (this is based on 1,124,116,360 shares issued as at 14 June 2021, excluding the 2,713,774 shares held in treasury as at 14 June 2021), rounded down to the nearest 0.01%.

SHAREHOLDING STATISTICS

As at 14 June 2021

SUBSTANTIAL SHAREHOLDERS

	Number of Shares					
Substantial Shareholder	Direct Interest	%[1]	Deemed Interest	%[1]	Total Interest	%[1]
Singapore Airlines Limited	870,000,000	77.58	–	–	870,000,000	77.58
Napier Investments Pte. Ltd.	–	–	870,000,000[2]	77.58	870,000,000	77.58
Tembusu Capital Pte. Ltd.	–	–	870,000,000[3]	77.58	870,000,000	77.58
Temasek Holdings (Private) Limited	–	–	870,000,000[4]	77.58	870,000,000	77.58

Notes:

(1) Based on 1,121,402,586 ordinary shares issued as at 14 June 2021 (this is based on 1,124,116,360 shares issued as at 14 June 2021, excluding the 2,713,774 shares held in treasury as at 14 June 2021), rounded down to the nearest 0.01%.

(2) Napier Investments Pte. Ltd. ("**Napier**") holds a direct interest of 33.25% 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**").

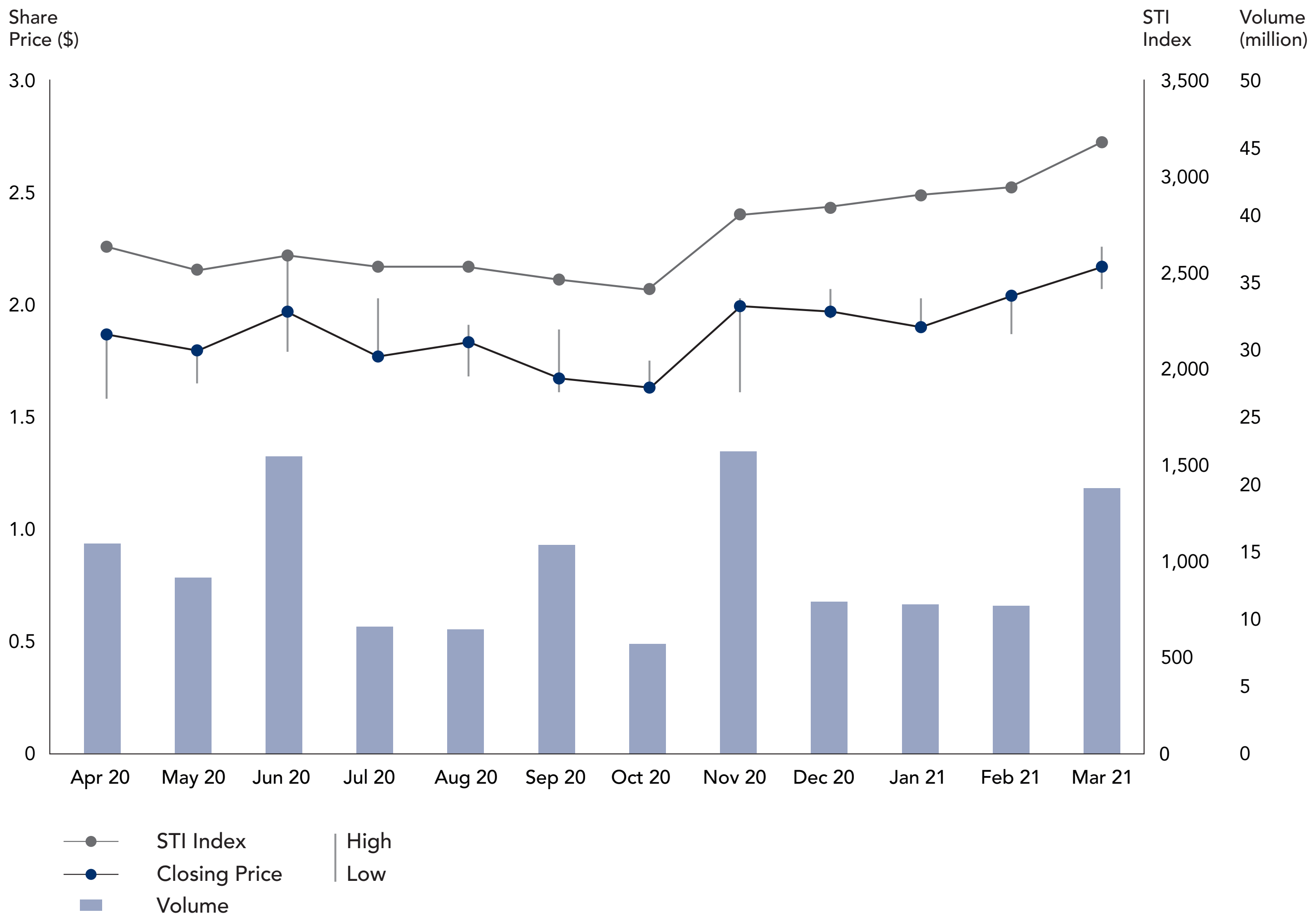
(3) Tembusu Capital Pte. Ltd. ("**Tembusu**") holds 100% of the equity interest in Napier and is therefore deemed to have an interest in the shares that Napier is deemed to have an interest in by virtue of Section 4 of the SFA. Tembusu is a subsidiary of Temasek Holdings (Private) Limited ("**Temasek**").

(4) Temasek has a direct and deemed interest of more than 20% of the equity interest in SIA and is deemed to be interested in 870,000,000 shares held by SIA pursuant to Section 4 of the SFA.

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as of 14 June 2021, 22.41% 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



	2020/21	2019/20
Share Price (S$)		
Highest closing price	**2.26**	2.89
Lowest closing price	**1.58**	1.50
31 March closing price	**2.17**	1.71
Market Value Ratios*		
Price/Earnings	**N/A**	9.88
Price/Book Value	**1.6**	1.18
Price/Cash Earnings**	**22.5**	6.98

Notes
* Based on closing price on 31 March and Group numbers.
** Cash earnings is defined as (loss)/profit attributable to owners of the Parent plus depreciation, amortisation and impairment.

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 39th Annual General Meeting of SIA Engineering Company Limited (the "**Company**") will be convened and held by way of electronic means on Friday, 23 July 2021 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 2021 and the Auditors' Report thereon.

2. 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:

   2.1 Mr Manohar Khiatani
   2.2 Mr Chew Teck Soon
   2.3 Ms Christina Hon Kwee Fong (Mrs Christina Ong)
   2.4 Mr Ng Chin Hwee

   The profiles of Mr Khiatani, Mr Chew, Mrs Ong and Mr Ng 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 FY2020/21.

3. To re-elect Mrs Quek Bin Hwee who is retiring pursuant to Article 96 of the Constitution of the Company and who, being eligible, offers herself for re-election as a Director.

   The profile of Mrs Quek 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 FY2020/21.

4. To approve Directors' fees of up to $1,500,000 for the financial year ending 31 March 2022 (FY2020/21: up to $1,500,000).

5. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:

   6.1 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.

6.2 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.

6.3 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 1 July 2021 (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

6.4 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

1 July 2021
Singapore

EXPLANATORY NOTES:

1. In relation to Ordinary Resolution Nos. 2.1, 2.2, 2.3 and 2.4, Mr Manohar Khiatani, Mr Chew Teck Soon, Mrs Christina Ong and Mr Ng Chin Hwee 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 Khiatani will, upon re-election, continue to serve as the Chairman of the Board Safety & Risk Committee and a member of the Audit Committee. Mr Chew will, upon re-election, continue to serve as the Chairman of the Audit Committee, a member of the Nominating Committee and a member of the Executive Committee. Mrs Ong will, upon re-election, continue to serve as the Chairman of the Nominating Committee and a member of the Audit Committee. Mr Ng will, upon re-election, continue to serve as the Chief Executive Officer and a member of the Executive Committee. Mr Khiatani, Mr Chew and Mrs Ong are considered independent Directors, and Mr Ng is considered a non-independent Director.

2. In relation to Ordinary Resolution No. 3, 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. Mrs Quek Bin Hwee was appointed on 1 April 2021, and she is therefore seeking re-election at the Annual General Meeting pursuant to Article 96. Mrs Quek will, upon re-election, continue to serve as a member of the Audit Committee. Mrs Quek is considered an independent Director.

3. Ordinary Resolution No. 4, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY2021/22. The amount of Directors' fees is computed based on the anticipated number of Board meetings for FY2021/22, assuming full attendance by all Directors. The amount also includes an additional 2.4% 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. However, in view of the ongoing COVID-19 situation, the Directors have agreed that they will continue to waive 25% of their fees accruing from 1 April 2021. Notwithstanding the reduction, approval is sought for the full amount of Directors' fees of up to $1,500,000 for FY2021/22 (being the same amount approved for FY2020/21), so that the Directors' fees can be restored if the situation improves or business recovers during FY2021/22.

   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.

NOTICE OF ANNUAL GENERAL MEETING

4. Ordinary Resolution No. 6.1, 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 14 June 2021 (the "**Latest Practicable Date**"), the Company had 2,713,774 treasury shares and no subsidiary holdings.

5. Ordinary Resolution No. 6.2, 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 6.2 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. 6.3, 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 1 July 2021 (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.

7. Ordinary Resolution No. 6.4, 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 2021, based on certain assumptions, are set out in paragraph 3.7 of the Letter. Please refer to the Letter for more details.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. The Annual General Meeting is being convened, and will be held, by way of 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 and 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, or live at, the Annual General Meeting, addressing of substantial and relevant questions in advance of, or live at, 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 1 July 2021. This announcement may be accessed at the Company's website at the URL https://www.siaec.com.sg/shareholder_meetings.html and the SGX website at the URL https://www.sgx.com/securities/company-announcements.

3. As a precautionary measure 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 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 and 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 12 July 2021.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

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 a copy of the proxy form from the Company's website or the SGX website, and 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.

NOTICE OF ANNUAL GENERAL MEETING

6. The Annual Report FY2020/21 and the Letter to Shareholders dated 1 July 2021 (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 FY2020/21 may be accessed at the URL https://www.siaec.com.sg/annual_report.html by clicking on the hyperlink for "FY2020/21 Annual Report"; and

   (b) the Letter to Shareholders dated 1 July 2021 may be accessed at the URL https://www.siaec.com.sg/shareholder_meetings.html by clicking on the hyperlink for "Letter to Shareholders" under "2021".

   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.

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ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

ANNOUNCEMENT OF APPOINTMENT

(Appendix 7.4.1, cross-referenced from Rule 210(5)(d) and Rule 704(7) of the SGX Listing Manual)

Name of person	Mr Manohar Khiatani
Announcement Details	**Announcement of Appointment of Non-Executive / Independent Director**
Date of Appointment	1 April 2013
Age	61
Country of principal residence	Singapore
Date of last re-appointment (if applicable)	19 July 2018
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 Khiatani'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.
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, Board Safety & Risk Committee Member, Audit Committee
Professional qualifications	– Master of Science (Naval Architecture), University of Hamburg, Germany – Advanced Management Program, Harvard Business School

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Mr Chew Teck Soon	Ms Christina Hon Kwee Fong (Mrs Christina Ong)	Mr Ng Chin Hwee	Mrs Quek Bin Hwee
Announcement of Appointment of Non-Executive / Independent Director	**Announcement of Appointment of Non-Executive / Independent Director**	**Announcement of Appointment of Chief Executive Officer and Executive Director**	**Announcement of Appointment of Non-Executive / Independent Director**
1 May 2013	1 January 2014	18 July 2008	1 April 2021
69	69	60	64
Singapore	Singapore	Singapore	Singapore
19 July 2018	19 July 2019	19 July 2019	N.A.
The Board had considered the Nominating Committee's recommendation and assessment on Mr Chew'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 Mrs Ong's independence and commitment in the discharge of her duties as a Director of SIA Engineering Company Limited, inter alia, and is satisfied that she will continue to contribute to the Board.	The Board had considered the Nominating Committee's recommendation and assessment on Mr Ng'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 Mrs Quek's independence and commitment in the discharge of her duties as a Director of SIA Engineering Company Limited, inter alia, and is satisfied that she will continue to contribute to the Board.
Non-Executive	Non-Executive	Executive. As Chief Executive Officer of SIA Engineering Company Limited, Mr Ng will be responsible for the overall management of SIA Engineering Company Limited and its Group Companies.	Non-Executive
Non-Executive and Independent Director Chairman, Audit Committee Member, Nominating Committee Member, Executive Committee	Non-Executive and Independent Director Chairman, Nominating Committee Member, Audit Committee	Chief Executive Officer and Executive Director Member, Executive Committee	Non-Executive and Independent Director Member, Audit Committee
– 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	– Bachelor of Laws, LLB (Honours) (Second Upper), National University of Singapore – Member, Law Society of Singapore – Member, International Bar Association	– Master of Science in Management, Massachusetts Institute of Technology, USA – Bachelor of Engineering (First Class Honours), National University of Singapore	– Chartered Accountant of Singapore, Institute of Singapore Chartered Accountants

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of person	Mr Manohar Khiatani
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
Working experience and occupation(s) during the past 10 years	1. Senior Executive Director, CapitaLand Group, 2019 to present 2. Deputy Group Chief Executive Officer, Ascendas-Singbridge Pte Ltd, 2016 to 2019 3. President & Chief Executive Officer, Ascendas Pte Ltd, 2013 to 2015 4. Chief Executive Officer, JTC Corporation, 2009 to 2013
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7)) Or Appendix 7H (Catalist Rule 704(6))	Yes
Shareholding interest in the listed issuer and its subsidiaries	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Mr Chew Teck Soon	Ms Christina Hon Kwee Fong (Mrs Christina Ong)	Mr Ng Chin Hwee	Mrs Quek Bin Hwee
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	1. Allen & Gledhill LLP, Chairman and Senior Partner	1. SIA Engineering Company Limited, Chief Executive Officer, 2020 to present 2. Singapore Airlines Limited, Executive Vice President Human Resources and Operations, 2011 to 2020 3. Singapore Airlines Limited, Executive Vice President Human Resources and Planning, 2008 to 2011	1. Deputy Markets Leader of PricewaterhouseCoopers ("PwC") Asia Pacific and Americas, 2016 to 2017 2. Vice Chairman, Market and Industries, PwC Singapore, 2013 to 2017 3. Client & Markets Leader of PwC Asia Pacific, 2012 to 2016 4. PwC Asia Leadership Team, 2012 to 2016 5. PwC Singapore Leadership Team, 2010 to 2016 6. Audit Partner, PwC Singapore, 2009 to 2017 7. Various leadership roles including asset management leader, government leader, real estate leader, head of human capital in the audit practice, PwC Singapore, 1991 to 2010
Yes	Yes	Yes	Yes
Nil	Nil	10,000 ordinary shares of SIA Engineering Company Limited (held in the name of DBS Nominees (Private) Limited)	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of person	Mr Manohar Khiatani
Other Principal Commitments* including Directorships# * "**Principal commitments**" has the same meaning as defined in the Code (Code of Corporate Governance 2018). These include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9) or Catalist Rule 704 (8).	
Past (for the last five years)	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 13. Ascendas (China) Pte Ltd, Director 14. Ascendas Vietnam Investments Pte Ltd, Director 15. Ascendas Land International (Investments) Pte Ltd, Director 16. Jilin Food Zone Pte Ltd, Alternate Director

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Mr Chew Teck Soon	Ms Christina Hon Kwee Fong (Mrs Christina Ong)	Mr Ng Chin Hwee	Mrs Quek Bin Hwee
1. IL&FS Wind Power Management Pte Ltd, Director and Chairman, Audit Committee 2. JW Marriott Phuket Beach Club, Chairman, Advisory Committee 3. The Tanglin Club, Chairman, Audit Committee	1. Singapore Tourism Board, Member 2. Trailblazer Foundation Ltd, Director	1. Singapore Airlines Cargo Pte Ltd, Chairman 2. NokScoot Airlines Co., Ltd, Director 3. Budget Aviation Holdings Pte Ltd, Director 4. Advisory Council on Community Relations in Defence (Employer and Business), Member 5. Future Economy Council, Trade and Connectivity Sub-Committee, Member	1. CapitaLand Commercial Trust Management Limited, Director 2. Maritime and Port Authority of Singapore, Director 3. Duke-NUS Medical School, Director 4. Singapore Anti-Narcotics Association, President 5. Health Promotion Board, Director 6. The Hong Kong and Shanghai Banking Corporation Limited, Director

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of person	Mr Manohar Khiatani
Present	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 Media Hub Pte Ltd, Director 7. Ascendas-Citramas Pte Ltd, Director 8. Ascendas Property Fund Trustee Pte Ltd, Director 9. Ascendas Funds Management (S) Ltd, Director 10. Ascendas Asia-Pacific (Holdings) Pte Ltd, Director 11. Ascendas India Logistics Holdings Pte Ltd, Director 12. Singapore Amaravati Investment Holdings Pte Ltd, Director 13. Ascendas-Singbridge Holdings Pte Ltd, Director 14. CapitaLand India Pte Ltd, Director 15. China Club Investment Pte Ltd, Director 16. CapitaLand Digital Holdings Pte Ltd, Director 17. Nusajaya Tech Park Sdn Bhd, Director 18. Information Technology Park Limited, Director 19. Ascendas IT Park (Chennai) Limited, Director 20. Institute of Real Estate and Urban Studies, Board Member 21. Singapore Economic Development Board, Special Advisor to Chairman 22. Singapore Business Federation (South Asia Business Group Executive Committee), Vice Chairman 23. Singapore Business Federation (Malaysia Singapore Business Council), Member 24. Singaporean-German Chamber of Industry and Commerce, Advisory Council Member 25. EDB Society, President 26. Building and Construction Authority, Board Member
<u>INFORMATION REQUIRED PURSUANT TO LISTING RULE 704 (7) OR CATALIST RULE 704(6)</u> Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. **If the answer to any question is "yes", full details must be given.**	
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Mr Chew Teck Soon	Ms Christina Hon Kwee Fong (Mrs Christina Ong)	Mr Ng Chin Hwee	Mrs Quek Bin Hwee
1. Leap Philanthropy Ltd, Director and Chairman, Audit Committee 2. Stroke Support Station Ltd, Director and Chairman, Audit Committee	1. Oversea-Chinese Banking Corporation Ltd, Director 2. Singapore Telecommunications Ltd, Director 3. Allen & Gledhill LLP, Chairman & Senior Partner 4. Allen & Gledhill Regulatory & Compliance Pte Ltd, Director 5. Eastern Development Private Limited, Director 6. Eastern Development Holdings Pte Ltd, Director 7. Epimetheus Ltd, Director 8. Hongkong Land Holdings Limited, Director 9. The Stephen A. Schwarzman Scholars Trust, Trustee 10. ABF Singapore Bond Index Fund, Member, Supervisory Committee 11. Corporate Governance Advisory Committee, Member 12. Catalist Advisory Panel, Member	1. Singapore Aero Engine Services Pte Ltd, Deputy Chairman	1. CapitaLand Integrated Commercial Trust Management Limited, Director 2. Certis Cisco Security Pte Ltd, Director 3. Mapletree Oakwood Holdings Pte Ltd, Director 4. National Heritage Board, Director 5. Gardens by the Bay, Director
No	No	No	No
No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of person				Mr Manohar Khiatani
(c)	Whether there is any unsatisfied judgment against him?			No
(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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Mr Chew Teck Soon	Ms Christina Hon Kwee Fong (Mrs Christina Ong)	Mr Ng Chin Hwee	Mrs Quek Bin Hwee
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	Yes An enquiry by the Law Society of Singapore in 1986/1987 of a complaint which was dismissed by the Law Society of Singapore.	No	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 way of 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 and 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, or live at, the Annual General Meeting, addressing of substantial and relevant questions in advance of, or live at, 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 1 July 2021. This announcement may be accessed at the Company's website at the URL https://www.siaec.com.sg/shareholder_meetings.html and the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. **As a precautionary measure 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 and 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 12 July 2021.
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 1 July 2021.
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, 23 July 2021 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.	Re-election of Directors who are retiring by rotation pursuant to Articles 90 and 91 of the Constitution of the Company:			
	2.1 Mr Manohar Khiatani			
	2.2 Mr Chew Teck Soon			
	2.3 Ms Christina Hon Kwee Fong (Mrs Christina Ong)			
	2.4 Mr Ng Chin Hwee			
3.	Re-election of Mrs Quek Bin Hwee who is retiring pursuant to Article 96 of the Constitution of the Company			
4.	Approval of Directors' fees for financial year ending 31 March 2022			
5.	Re-appointment and remuneration of Auditors			
	Special Business			
6.1	Approval of the proposed renewal of the Share Issue Mandate			
6.2	Approval of the proposed renewal of the Share Plan Mandate			
6.3	Approval of the proposed renewal of the Mandate for Interested Person Transactions			
6.4	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 ____________ 2021.

Total number of Ordinary Shares held:

____
Signature(s) of Member(s) or Common Seal
Important: Please read notes on the reverse side

1st fold here

NOTES:

1. If the member has shares entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/she/it 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. As a precautionary measure 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 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 and 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 12 July 2021.
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 a copy of the proxy form from the Company's website or the SGX website, and 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.

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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

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5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his/her 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

Chew Teck Soon

Christina Hon Kwee Fong
(Christina Ong)

Manohar Khiatani

Goh Choon Phong

Ng Chin Hwee

Raj Thampuran

Wee Siew Kim

Mak Swee Wah

Chin Yau Seng

Quek Bin Hwee
(from 1 April 2021)

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

Quek Bin Hwee
(from 1 April 2021)

NOMINATING COMMITTEE

Chairman
Christina Hon Kwee Fong
(Christina Ong)

Members
Chew Teck Soon

Mak Swee Wah

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

Mak Swee Wah

Chin Yau Seng

EXECUTIVE COMMITTEE

(established on 17 July 2020 to replace the Board Committee)

Chairman
Tang Kin Fei

Members
Chew Teck Soon

Goh Choon Phong

Ng Chin Hwee

EXECUTIVE MANAGEMENT

Chief Executive Officer
Ng Chin Hwee

Executive Vice President
Operations

Ivan Neo Seok Kok

Senior Vice President
Partnership Management
& Business Development

Wong Yue Jeen

Senior Vice President
Corporate Planning,
Fleet Management
& Commercial

Foo Kean Shuh

Senior Vice President
Base Maintenance

Philip Quek Cher Heong

Senior Vice President Finance/
Chief Financial Officer

Ng Lay Pheng

Senior Vice President
Line Maintenance &
Cabin Services

Ng Jan Lin Wilin

Senior Vice President
Transformation & Technology

David So Man Fung
(from 11 January 2021)

Senior Vice President
Human Resources

Chua Hock Hai
(from 1 February 2021)

REGISTERED OFFICE

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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)

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