

**SIA ENGINEERING COMPANY LIMITED
MINUTES OF THE 37TH ANNUAL GENERAL MEETING
HELD AT THE MARINA MANDARIN BALLROOM
LEVEL 1, MARINA MANDARIN SINGAPORE
6 RAFFLES BOULEVARD, MARINA SQUARE, SINGAPORE 039594
ON FRIDAY, 19 JULY 2019 AT 10.00 A.M.**

Present:

Board of Directors

Mr Tang Kin Fei	: Chairman, Non-Executive Independent Director ("NEID")
Mr Chew Teck Soon	: Director, NEID
Mrs Christina Ong	: Director, NEID
Mr Manohar Khiatani	: Director, NEID
Mr Goh Choon Phong	: Director, Non-Executive Director ("NED")
Mr Ng Chin Hwee	: Director, NED
Dr Raj Thampuran	: Director, NEID
Mr Wee Siew Kim	: Director, NEID
Mr Chin Yau Seng	: Director, NED
Mr Png Kim Chiang	: Director and Chief Executive Officer ("CEO")

Members and Proxies

As set out in the attendance records maintained by the Company.

Attending

Ms Ng Lay Pheng	: Chief Financial Officer
Ms Lu Ling Ling	: Company Secretary
Mr Kenny Tan Choon Wah	: KPMG LLP, Auditors
Mr Raymond Ang	: RHT Governance, Risk & Compliance (Singapore) Pte. Ltd., Scrutineer
SIAEC Senior Management	
Allen & Gledhill LLP	

1 WELCOME ADDRESS

- 1.1 A quorum being present, Chairman Mr Tang Kin Fei called the Company's 37th Annual General Meeting ("**AGM**") to order at 10.00 a.m. He informed that he had been appointed as proxy for various Resolutions.
- 1.2 RHT Governance, Risk & Compliance (Singapore) Pte. Ltd., Scrutineers for the AGM, briefed shareholders on the electronic voting procedures.

2 PRESENTATION BY CEO

- 2.1 Addressing the shareholders on the maintenance, repair and overhaul ("**MRO**") landscape, CEO Mr Png Kim Chiang highlighted the following factors and challenges, which continue to impact the Company's performance:
- technological advancements in new-generation fleets that have longer check intervals, lighter work content and improved reliability;
 - the continued phasing out of older aircraft and engines;
 - increased hangar capacity in the region; and
 - competition from the entry of Original Equipment Manufacturers ("**OEMs**") into the aftermarket space.
- 2.2 Mr Png recapped that the Company started its investment in innovation and technology in 2016. The objective of this investment is to bring about 3 main benefits: (i) enhance quality and safety, (ii) increase efficiency and, (iii) develop new products and capabilities. Further to this, the Company embarked on an exercise with external consultants to develop an Operations & Technology Roadmap. This study helped the Company identify 4 main areas of focus:
- (i) Digital Collaboration: An example is the issuance of tablets to the Company's operational staff, allowing them to access technical manuals, job assignments and attend to HR matters.
 - (ii) Machine Vision: Examples being the use of video technology and augmented reality for aircraft inspection and training.
 - (iii) Smart Control Centre: The Company will be able to monitor operations in real time, deploy resources more effectively and shorten the time needed to work on aircraft.
 - (iv) Automation and Robotics: Includes initiatives such as use of automated guided vehicles in logistics and use of 3D scanners for aircraft inspections.
- 2.3 Mr Png also provided an update on the Company's Transformation initiative, which began in 2018. Since embarking on this Transformation journey, the Company has invested in the upgrade of its facilities, tooling and equipment. The Company's workforce is also being prepared for the digital economy, and 72% have completed the SkillsFuture for Digital Workplace training. Further, in order to increase productivity, the Company has worked on improving manpower utilisation and turnaround time.
- 2.4 Finally, Mr Png provided an update on the Group's strategic partnerships for the financial year as follows:

- (i) Line Maintenance Partnership (Thailand), a joint venture (“JV”) company between the Company and NokScoot Airlines Co., Ltd, was incorporated on 10 July 2019, and will provide line maintenance services;
- (ii) The proposed JV company between the Company and GE Aviation for the provision of MRO services for GE90 and GE9X engines is pending incorporation, and the site for its facility is being prepared for handover; and
- (iii) Newer JV companies, such as those with Boeing (Boeing Asia Pacific Aviation Services), Airbus (Heavy Maintenance Singapore Services), Stratasys (Additive Flight Solutions) and Moog (Moog Aircraft Services Asia), are still in their gestation periods, and will take some time to be accretive.

3 NOTICE OF MEETING

- 3.1 The Notice of the AGM was taken as read.

4 ORDINARY BUSINESS

4.1 RESOLUTION 1: TO RECEIVE AND ADOPT THE DIRECTORS’ STATEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 AND THE AUDITORS’ REPORT THEREON

- 4.1.1 The motion for Ordinary Resolution 1 as set out in the first item on the agenda in the AGM Notice was proposed by Chairman.

Outlook/Strategy

- 4.1.2 A shareholder asked how the Company is adapting to fleet growth in Asia, and whether it will expand to China or India. Chairman explained that the Company is open to expansion and all available business opportunities will be assessed for viability and suitability.

Financial/Corporate Matters

- 4.1.3 In response to a query by a shareholder on whether there is a downward trend for the Airframe and Line Maintenance segment, Chief Financial Officer Ms Ng Lay Pheng explained that there has been a decline in the number of checks carried out by the Company. Mr Png added that the drop in the group profit after tax was due mainly to 2 reasons: firstly, the divestment gain from Asian Compressor Technology Services, which was not present this financial year; and secondly, a drop in operating profit. In terms of airframe work, the hangars have been full in the last financial year. However, lower yield work has been carried out, and the aircraft are staying in the hangar for longer periods of time, without providing a proportionate level of revenue. This does not allow for further checks to be brought in. Therefore, part of the Transformation drive is to reduce turnaround time, which would allow the Company to carry out more checks.
- 4.1.4 The same shareholder highlighted that the profile of the Group has changed. He asked for further clarification on the Engine and Component segment and whether there is potential in this area. Mr Png explained that the Company’s investment in the Risk Revenue Sharing Program allows an associated company, Eagle Services Asia, to work on the new PW1100G-JM GTF engines. Chairman added that the Engine and Component

segment involves specialist work. The Company has entered into JVs with Rolls Royce and Pratt & Whitney, and has managed to achieve good results from these JVs. It takes time for the engine repair volume to build up and when it does, it will be recurring income for the group. As fleet volume grows, the demand for engine and component specialist services will continue to increase. As many of the JV companies are associated companies, the Company does not recognise their topline. The shareholder suggested that the Company could highlight and present the total Group topline financials for a total perspective.

- 4.1.5 A shareholder asked about the possibility of the Company being privatised and whether shareholders would receive a good price. Chairman said that he was not able to comment on SIA's plans.
- 4.1.6 In response to a query on the increase in the number of employees, despite a reduction in revenue and the concern that the Company's labour cost is more than 50% of its total expenses, Ms Ng explained that this is due to lower yield work and the expansion of the Company's overseas subsidiaries. Mr Png elaborated that the increase in headcount was largely at SIA Engineering Philippines, the heavy maintenance subsidiary in Clark, Philippines. In Singapore, the headcount for the Heavy Maintenance Division has decreased.
- 4.1.7 Replying to a question on the increase in operating expenses, Ms Ng explained that the increase is partly due to Transformation costs, as well as one off recoveries in the comparison year which are not expected to recur.

The Company's Businesses

- 4.1.8 A shareholder asked whether the Company's name affects its ability to attract business from third party airlines. Chairman explained that the Company has JVs with many established OEMs, such as the 3 big engine manufacturers, which provide significant income to the Group. It would be difficult to establish these partnerships without the strength of the SIA brand.
- 4.1.9 The same shareholder also asked about how contracts with SIA, SilkAir and OEMs are negotiated, and how the estimated contract values are derived. Mr Png explained that negotiations are conducted with the market rate as benchmarks, as the contracts with SIA and SilkAir are interested person transactions. These transactions are also audited by the internal auditors. The contract value is based on a forecast of the maintenance requirements, using the market rate and applying that to the expected volume of work. In respect of contracts entered into between OEMs and JV companies, the Company is actively involved in the negotiations to ensure viability of the business case.
- 4.1.10 In response to a shareholder's query on whether the fleet management program has sufficient scale and whether the low fleet size of 82 is transient, Mr Png explained that the Company is pushing aggressively to bring in more contracts. The same shareholder shared his concerns that the number of C checks has been decreasing, and the increase in the number of A checks has not been significant. Chairman explained that there have been many technological advancements in the industry, and work has been migrating from the hangar to the apron. The Company has been evaluating its work processes, and workforce deployment to ensure optimum productivity.

- 4.1.11 Chairman said, further to a shareholder's query on whether the Company will move into manufacturing, that manufacturing is not an area which the Company is considering for the moment but it remains open to opportunities.
- 4.1.12 A shareholder asked whether the phasing out of the A380 aircraft would affect the Company, and how the Company maximises assets which are dormant. Mr Png said that although Airbus is stopping production of the A380, existing A380 aircraft will still be in operation for many years, and there will still be work from these aircraft. Notwithstanding that, the Company can be efficient in various aspects as it is familiar with adapting from one aircraft type to another, and the required retooling and retraining it entails. The A380 hangar can also be used for other aircraft types.
- 4.1.13 Addressing a shareholder's query on whether the Company has been impacted by the grounding of the B737 Max 8 fleet, Mr Png said that there is not much impact on the Company as there are not many of this aircraft type in Singapore. In addition, although the fleet is grounded, the Company still carries out inhibition work to ensure that the system continues to operate.
- 4.1.14 A shareholder commented that the Company should be capturing more of the market share for line maintenance at Changi Airport, given that the number of flights to Singapore has been increasing. He urged the Company to accelerate its growth and to be more aggressive in doing so. Chairman acknowledged the input.

JV and Associated Companies

- 4.1.15 A shareholder expressed concern that new JVs need time to become profitable, and asked whether the Company should delist in order for these changes to take place. Chairman explained that the Company has sustainable income from the Engine and Component segment and like all businesses, time is required for profits to be generated. In respect of the JV with GE, the Company is building for the future, and will be able to increase its market share through the JV.
- 4.1.16 Another shareholder asked about the quality and safety standards of the JVs. Chairman assured shareholders that as part of the aviation industry, the Company must adhere to stringent safety standards, procedures and regulations. This applies to JVs as well.
- 4.1.17 A shareholder raised queries on the Company's investment in Moog Aircraft Services Asia ("**MASA**"), as well as the divestment of Aircraft Maintenance Services Australia ("**AMSA**"). With regard to MASA, Ms Ng explained that the \$1M invested was the Company's capital contribution to set up the company. Mr Png further explained that Moog manufactures components for the B787 aircraft and in order to enter the B787 overhaul business, the Company partnered with Moog to establish MASA. The Company constantly reviews its portfolio of JVs, and after running AMSA for a few years, the Company decided to focus on other areas which offer better growth. As a result, the Company has moved into Japan and Thailand.
- 4.1.18 Regarding a shareholder's concern about the commercial viability of the JV with GE, Chairman assured shareholders that before the Board decides to proceed with a JV, it evaluates, inter alia, whether the investment will be accretive. The collaboration with

GE grants access to work on GE90 and GE9X engines and it will take a few years to build up work volume.

Transformation and Innovation & Technology

4.1.19 In response to shareholders' queries on the Company's plans to reduce its carbon footprint and how it is keeping up with changes in technology, Chairman said the Company is always working on process improvements.

4.1.20 In respect of a shareholder's query on reducing the Company's reliance on labour through innovation and technology, Mr Png explained that anything developed for use on aircraft needs to be approved by the aviation authorities. It is tightly controlled, as it relates to air safety, and this approval process takes time. Oftentimes, it is more practical for the Company to buy the product from the manufacturer, instead of spending time developing it.

4.1.21 There being no further questions, Chairman put the motion to the vote.

4.1.22 The results on the vote by way of poll were as follows:

Ordinary Resolution 1	For		Against	
	Number of Shares	Percentage %	Number of Shares	Percentage %
	914,565,554	99.77	2,090,007	0.23

4.1.23 Based on the results of the poll, Chairman declared Ordinary Resolution 1 carried.

4.2 RESOLUTION 2: TO DECLARE A FINAL ORDINARY DIVIDEND OF 8.0 CENTS PER ORDINARY SHARE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4.2.1 The motion for Ordinary Resolution 2 as set out in the next item on the agenda in the AGM Notice was proposed by Chairman.

4.2.2 There being no questions, Chairman put the motion to the vote.

4.2.3 The results on the vote by way of poll were as follows:

Ordinary Resolution 2	For		Against	
	Number of Shares	Percentage %	Number of Shares	Percentage %
	914,701,162	99.81	1,731,800	0.19

4.2.4 Based on the results of the poll, Chairman declared Ordinary Resolution 2 carried.

4.3 RESOLUTION 3: TO RE-ELECT DIRECTORS WHO ARE RETIRING BY ROTATION PURSUANT TO ARTICLE 90 OF THE CONSTITUTION OF THE COMPANY (THE "CONSTITUTION")

4.3.1 Chairman informed that Ms Christina Hon Kwee Fong (Mrs Christina Ong), Dr Raj Thampuran and Mr Ng Chin Hwee are retiring by rotation pursuant to Article 90 of the Constitution and, being eligible, have offered themselves for re-election pursuant to Article 91 of the Constitution. Mrs Ong and Dr Thampuran are considered independent Directors, and Mr Ng is considered a non-independent Director.

4.3.2 **Re-election of Ms Christina Hon Kwee Fong (Mrs Christina Ong) under Resolution 3.1:** Chairman informed that upon re-election, Mrs Ong will continue to serve as Chairperson of the Nominating Committee and a member of the Audit Committee. A shareholder asked about Mrs Ong's experience in the Company, and Mrs Ong answered that she has been a Director for five years.

4.3.3 The motion for Ordinary Resolution 3.1 as set out in the next item on the agenda in the AGM Notice was proposed by Chairman.

4.3.4 There being no further questions, Chairman put the motion to the vote.

4.3.5 The results on the vote by way of poll were as follows:

Ordinary Resolution 3.1	For		Against	
	Number of Shares	Percentage %	Number of Shares	Percentage %
	913,688,375	99.90	952,707	0.10

4.3.6 Based on the results of the poll, Chairman declared Ordinary Resolution 3.1 carried.

4.3.7 **Re-election of Dr Raj Thampuran under Resolution 3.2:** Chairman informed that upon re-election, Dr Thampuran will continue to serve as a member of the Audit Committee.

4.3.8 The motion for Ordinary Resolution 3.2 as set out in the next item on the agenda in the AGM Notice was proposed by Chairman.

4.3.9 There being no questions, Chairman put the motion to the vote.

4.3.10 The results on the vote by way of poll were as follows:

Ordinary Resolution 3.2	For		Against	
	Number of Shares	Percentage %	Number of Shares	Percentage %
	913,719,850	99.92	761,307	0.08

4.3.11 Based on the results of the poll, Chairman declared Ordinary Resolution 3.2 carried.

4.3.12 **Re-election of Mr Ng Chin Hwee under Resolution 3.3:** Chairman informed that upon re-election, Mr Ng will continue to serve as a member of the Board Safety and Risk Committee and the Nominating Committee.

4.3.13 The motion for Ordinary Resolution 3.3 as set out in the next item on the agenda in the AGM Notice was proposed by Chairman.

4.3.14 There being no questions, Chairman put the motion to the vote.

4.3.15 The results on the vote by way of poll were as follows:

Ordinary Resolution 3.3	For		Against	
	Number of Shares	Percentage %	Number of Shares	Percentage %
	913,484,880	99.89	985,702	0.11

4.3.16 Based on the results of the poll, Chairman declared Ordinary Resolution 3.3 carried.

4.4 RESOLUTION 4: TO RE-ELECT A DIRECTOR WHO IS RETIRING PURSUANT TO ARTICLE 96 OF THE CONSTITUTION

4.4.1 Chairman informed that Mr Chin Yau Seng is retiring pursuant to Article 96 of the Constitution and, being eligible, has offered himself for re-election as a Director. Upon re-election, Mr Chin will continue to serve as a member of the Audit Committee.

4.4.2 The motion for Ordinary Resolution 4 as set out in the next item on the agenda in the AGM Notice was proposed by Chairman.

4.4.3 There being no questions, Chairman put the motion to the vote.

4.4.4 The results on the vote by way of poll were as follows:

Ordinary Resolution 4	For		Against	
	Number of Shares	Percentage %	Number of Shares	Percentage %
	909,878,470	99.76	2,150,112	0.24

4.4.5 Based on the results of the poll, Chairman declared Ordinary Resolution 4 carried.

4.5 RESOLUTION 5: TO APPROVE THE PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 MARCH 2020

4.5.1 Chairman informed shareholders that the quantum of fees recommended (up to \$1,500,000) has remained unchanged since the last AGM and the fees are for services rendered by the Non-Executive Directors on the Board and on the various Board Committees in the current financial year. Non-Executive Directors do not receive any other remuneration nor are they granted any share awards or options. Chairman further explained that the fees due to Mr Goh Choon Phong, Mr Ng Chin Hwee and Mr Chin Yau

Seng, who hold executive positions in SIA, will be paid to and retained by SIA. As the CEO of the Company, Mr Png Kim Chiang does not receive any Director's fees.

- 4.5.2 At Chairman's invitation, the motion for Ordinary Resolution 5 as set out in the next item on the agenda in the AGM Notice was proposed by a shareholder.
- 4.5.3 Citing other companies, a shareholder asked why the quantum of fees recommended has remain unchanged. Chairman explained that many factors were considered (such as contributions of directors, market conditions and benchmarks etc.) to ensure that compensation is fair and reasonable.
- 4.5.4 In response to a query on the Company's policy on corruption and bribery, as well as the Company's transactions with SIA, Chairman reiterated that the Company has a zero-tolerance policy. As for interested person transactions, there are strict processes in place to consider these and the Board (particularly the independent Directors) has stringent oversight and ensures that the transactions are dealt with in accordance with the listing rules.
- 4.5.5 There being no further questions, Chairman put the motion to the vote.
- 4.5.6 The results on the vote by way of poll were as follows:

Ordinary Resolution 5	For		Against	
	Number of Shares	Percentage %	Number of Shares	Percentage %
	913,833,375	99.93	622,207	0.07

- 4.5.7 Based on the results of the poll, Chairman declared Ordinary Resolution 5 carried.
- 4.6 RESOLUTION 6: TO RE-APPOINT KPMG LLP ("KPMG") AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**
- 4.6.1 The motion for Ordinary Resolution 6 as set out in the next item in the agenda in the AGM Notice was proposed by Chairman.
- 4.6.2 In response to a shareholder's query on the Company's auditors, Chairman of the Audit Committee Mr Chew Teck Soon explained that the Audit Committee reviews and assesses the performance of the Company's auditors in compliance with regulatory and listing requirements, and as part of managing major suppliers and service providers. The appointment of KPMG was in compliance with the listing requirements. The audit work on the SIAEC Group is complex and the Company is confident that KPMG will continue its good work.
- 4.6.3 There being no further questions, Chairman put the motion to the vote.
- 4.6.4 The results on the vote by way of poll were as follows:

Ordinary Resolution 6	For		Against	
	Number of Shares	Percentage %	Number of Shares	Percentage %
	911,578,066	99.96	388,100	0.04

4.6.5 Based on the results of the poll, Chairman declared Ordinary Resolution 6 carried.

4.7 ANY OTHER ORDINARY BUSINESS

4.7.1 As no notice of other ordinary business was received, Chairman proceeded to deal with the Special Business of the AGM.

5 SPECIAL BUSINESS

5.1 RESOLUTION 7.1: TO AUTHORISE DIRECTORS TO ISSUE SHARES AND/OR MAKE OR GRANT OFFERS, AGREEMENTS OR OPTIONS THAT MIGHT OR WOULD REQUIRE SHARES TO BE ISSUED PURSUANT TO SECTION 161 OF THE COMPANIES ACT (CAP 50)

5.1.1 Ordinary Resolution 7.1 as set out in the AGM Notice was proposed by Chairman.

5.1.2 There being no questions, Chairman put the motion to the vote.

5.1.3 The results on the vote by way of poll were as follows:

Ordinary Resolution 7.1	For		Against	
	Number of Shares	Percentage %	Number of Shares	Percentage %
	910,280,589	99.88	1,125,520	0.12

5.1.4 Based on the results of the poll, Chairman declared Ordinary Resolution 7.1 carried.

5.2 RESOLUTION 7.2: TO AUTHORISE DIRECTORS TO GRANT AWARDS AND ALLOT AND ISSUE SHARES IN ACCORDANCE WITH THE PROVISIONS OF THE SIAEC PERFORMANCE SHARE PLAN 2014 AND/OR THE SIAEC RESTRICTED SHARE PLAN 2014

5.2.1 Chairman reminded all employees who are eligible for share awards under the two Share Plans to abstain from voting on this motion. Ordinary Resolution 7.2 as set out in the AGM Notice was then proposed by Chairman.

5.2.2 A shareholder asked why share awards are still being granted, even when the Company is not performing well. Chairman explained that the Company needs to retain the best people. Share grants and awards are common human resource talent retention tools. If the Company does not have a competitive compensation package, it is difficult to retain the best talent.

5.2.3 There being no further questions, Chairman put Ordinary Resolution 7.2 to the vote.

5.2.4 The results on the vote by way of poll were as follows:

Ordinary Resolution 7.2	For		Against	
	Number of Shares	Percentage %	Number of Shares	Percentage %
	907,480,732	99.66	3,139,565	0.34

5.2.5 Based on the results of the poll, Chairman declared Ordinary Resolution 7.2 carried.

5.3 RESOLUTION 7.3: TO APPROVE THE MANDATE FOR INTERESTED PERSON TRANSACTIONS ("IPT MANDATE")

5.3.1 Chairman explained the rationale for the IPT Mandate and advised shareholders who are Interested Persons, or who are associates of Interested Persons, to abstain from voting on the Resolution. Ordinary Resolution 7.3 as set out in the AGM Notice was then proposed by Chairman.

5.3.2 There being no questions, Chairman put Ordinary Resolution 7.3 to the vote.

5.3.3 The results on the vote by way of poll were as follows:

Ordinary Resolution 7.3	For		Against	
	Number of Shares	Percentage %	Number of Shares	Percentage %
	40,395,543	99.08	373,107	0.92

5.3.4 Based on the results of the poll, Chairman declared Ordinary Resolution 7.3 carried.

5.4 RESOLUTION 7.4: TO APPROVE THE SHARE BUY-BACK MANDATE

5.4.1 Ordinary Resolution 7.4 as set out in the AGM Notice was proposed by Chairman.

5.4.2 There being no questions, Chairman put the motion to the vote.

5.4.3 The results on the vote by way of poll were as follows:

Ordinary Resolution 7.4	For		Against	
	Number of Shares	Percentage %	Number of Shares	Percentage %
	910,675,123	99.98	191,207	0.02

5.4.4 Based on the results of the poll, Chairman declared Ordinary Resolution 7.4 carried.

6 CLOSE OF MEETING

- 6.1 There being no further business to transact, Chairman closed the 37th AGM at 12.45 p.m. and thanked shareholders, guests and staff for their attendance.