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SIAEC ANNOUNCES SIGNING OF 3-YEAR CONTRACT WITH DRAGONAIR

SIA Engineering Company Announces Signing of 3-Year Contract with Dragonair

Singapore, 10 April 2001 - SIA Engineering Company (SIAEC) announced it has entered into a 3-year contract with Dragonair. The deal is worth about S\$30 million.

Under the contract, SIAEC will provide project management for the cargo conversion of two Dragonair's Boeing 747 aircraft at Taikoo Aircraft Engineering Company in Xiamen, China. When the freighters enter service in August and October respectively this year, SIAEC will support Dragonair in maintenance planning as well as logistics and materials management. SIAEC will also provide expertise for Dragonair to perform maintenance control at its integrated operations centre in Hongkong.

Both companies worked closely on this collaboration to reach a mutually satisfactory arrangement. Characteristic of a growing industry trend, airlines are fostering close relationships with service providers who are able to offer a wider range of services.

Mr William Tan, SIAEC's Chief Executive Officer Designate said: "We are glad to work in close partnership with a progressive airline like Dragonair, one of Asia's youngest and fastest growing airlines.

Increasingly, airlines are seeking integrated services and long-term agreements, moving away from the traditional arrangement of contracting for specific maintenance checks. In response to this growing trend, SIAEC is building up a complete suite of services. Our customers benefit from the close ties forged with them in these long-term contracts as we are able to develop a deeper understanding of their needs and requirements. Such long-term agreements also give us a steady revenue stream and reduce earnings volatility when market demand fluctuates."

"We're very happy to have the chance to co-operate with SIAEC on the freighter side," said Dragonair Chief Executive Officer Stanley Hui. "The opportunity to have a professional, experienced team from SIAEC working in-house will provide us with invaluable expertise."

SIAEC, a listed subsidiary of Singapore Airlines, is a major provider of comprehensive aircraft maintenance, repair and overhaul (MRO) services in Asia Pacific. With an annual turnover of about S\$600 million and over 4,600 employees, the Company has a worldwide client base of more than 70 airlines. SIAEC handles more than 90% of the airlines transiting Singapore Changi Airport, providing line maintenance and technical ground handling services. Additionally, it offers airframe and component repair and overhaul services to passenger and cargo carriers from the United States, Middle East and Asia Pacific. Through a portfolio of 15 joint venture companies, SIAEC also offers a comprehensive range of engine, aircraft and engine component overhaul services.

Dragonair is a Hong Kong-based airline operating a fleet of five A330-300s, three A321s and seven A320s in addition to the Boeing 747-200 freighter. It is expected to almost double its fleet by the end of 2005. The airline's passenger network covers 27 destinations across the Asia-Pacific region, including 17 in mainland China, while its cargo network connects the markets of Europe, the Middle East and China.

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