



19 March 2003

MOU ON ENGINEERING MAINTENANCE COOPERATION SIGNED BETWEEN SIAEC AND CAL

MOU on Engineering Maintenance Cooperation Signed Between SIAEC and CAL

On 19 March 2003, China Airlines (CAL), with its Board's approval, signed a Memorandum of Understanding (MOU) on engineering maintenance cooperation with SIA Engineering Company (SIAEC).

After evaluation of offers from various international aerospace organisations, CAL has selected SIAEC to restructure its engineering maintenance division. The objective of the restructuring programme is to transform CAL's engineering maintenance division into an excellent maintenance, repair and overhaul (MRO) facility, as well as enhance CAL's aircraft maintenance quality and market competitiveness.

SIAEC will second 8 senior management staff experienced in engineering maintenance to CAL, to undertake management positions of Senior Vice President, Vice Presidents, Assistant Vice Presidents and General Managers. SIAEC's management team will assist CAL in its maintenance operations and work jointly with CAL to improve the overall systems, policies and processes of its engineering maintenance division.

CAL and SIAEC will now proceed to discuss the details of the Services Agreement and work towards the signing of the 3-year agreement within the next few months.

About SIA Engineering Company

SIA Engineering Company is a major provider of aircraft maintenance, repair and overhaul (MRO) services in Asia-Pacific. The Company has a client base of more than 80 international carriers and aerospace equipment manufacturers. It provides line maintenance services at Singapore Changi Airport for about 220 flights daily, as well as airframe and component overhaul on some of the most advanced and widely used commercial aircraft in the world.

16 joint ventures with original equipment manufacturers and airlines in Singapore, Ireland, China, Hongkong and Taiwan increase the depth and breadth of the Company's comprehensive service offerings. The combined revenue of these joint ventures is approximately \$1.0 billion for the first half of FY2002/03, with 71% coming from non-Singapore Airlines customers. Taking into account SIA Engineering Company's equity holding in its joint ventures, non-SIA customers contributed approximately 33% of SIA Engineering Group's business.

SIA Engineering Company has approvals from 23 national aviation regulatory authorities to provide MRO services for aircraft registered in the United States of America, major European countries and Japan, among others.

About China Airlines

Presently, China Airlines (CAL) has a comprehensive and advanced aircraft maintenance centre in Asia. Besides being responsible for the heavy inspection and airframe maintenance of CAL's various aircraft fleet, the centre is also the maintenance base for the aircraft fleet of FedEx and UPS operating in Asia. The centre handles the transit repair and checks in Singapore for 18 airlines, such as EVA Air, Singapore Airlines, Malaysia Airlines, Atlas Air, Japan Airlines, Northwest Airlines, Vietnam Airlines, etc, with a 70% market share. The centre also has formed joint venture partnerships with key OEMs in the aviation industry (such as Pratt & Whitney, Rolls Royce engine companies, etc).

For further information, please contact:

SIA Engineering Company Limited

Chia Peck Yong - Senior Manager Public Affairs

Tel: (65) 541 5134 / 98630982 (after office hours)

Fax: (65) 546-0679

E-mail: peckyong_chia@singaporeair.com.sg

Website: www.siaec.com.sg

Roger Han

Joseph Wu

Charles Chen

Tel: (886) 02 2514-5750

Fax: (886) 02 2514-5754

Website: www.china-airlines.com

