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SIAEC & REGION AIR ANNOUNCES SIGNING OF A LONG TERM "TOTAL SUPPORT" AIRCRAFT MAINTENANCE CONTRACT

SIA Engineering Company and Region Air, announce the signing of a long term 'Total Support' Aircraft Maintenance Contract.

Singapore, October 23, 2000 - SIA Engineering Company (SIAEC) and Region Air today signed a 5-year Aircraft Maintenance Contract covering the "Total Support" maintenance requirements of Region Air's A310-300 / A300-600 Airbus fleet. The contract will cover the maintenance of airframe and overhaul of components for four A310/A300 and other engineering support services.

Region Air leases the four aircraft to Pacific Airlines of Vietnam and Air Wagon International of Indonesia, a start-up airline. Pacific Airlines operates both domestic and international routes and Air Wagon International operates domestic routes in Indonesia.

SIAEC was selected after keen competition from other maintenance, repair, and overhaul (MRO) service providers. In revenue terms, the contract is expected to yield about S\$40M over the next five years. The contract also provides for the inclusion of additional aircraft as and when these are accepted into Region Air's fleet.

"Since the introduction of A310s into SIA's services 16 years ago in 1984, the Company has gained experience in the maintenance of this aircraft and has since expanded its capability to include A340s and A320s. In addition to SIA's Airbuses, SIAEC maintains other customers' Airbuses," said Mr Mervyn Sirisena, President and Chief Operating Officer of SIAEC. "This "Total Support" Aircraft Maintenance Contract demonstrates the Company's competitive strength to undertake airframe maintenance work, backed by a strong component repair and overhaul capabilities, including engines and landing gears. These works are done in-house and through our 13 joint venture companies. The contract also reaffirms the growing trend among new operators, especially those with smaller fleets, to outsource aircraft maintenance requirements," added Mr Sirisena.

"The signing of this contract with SIA Engineering Company to support our customers, namely, Air Wagon and Pacific Airlines, marks a new business alliance between all the four aviation companies,"

said Mr Chan U Seek, Chairman of Region Air. "We believe the close co-operation developed through this alliance will ensure its future success and profitability for all the parties. It is also envisaged that this new alliance will benefit further with our growing fleet and addition of new airline customers".

Air Wagon's President Director, Mr Rachmat Soebakir commented "As a new start up airline, we are indeed happy with our association with Region Air and SIA Engineering Company. In addition to the reliable and quality service SIAEC will provide, we will also benefit from the transfer of business knowledge and technical expertise. We look forward to their further support as we commence international operations in the coming days" .

At the signing ceremony, Managing Director of Pacific Airlines, Mr. Duong Cao Thai Nguyen said, "SIAEC is certainly a key contributor to the safe and reliable operation of Singapore Airlines, and we believe that these service attributes will enhance the success of a young airline like ourselves".

SIAEC, a listed subsidiary of Singapore Airlines, is a provider of comprehensive aircraft MRO services. It provides line maintenance and technical ground handling as well as airframe and component repair and overhaul services for SIA and more than 70 other airlines. SIAEC also offers a comprehensive range of engine, aircraft and engine component repair and overhaul services through its 13 joint venture companies with leading original equipment manufacturers, such as Rolls-Royce and Pratt & Whitney. SIAEC employs over 4100 people, and had a turn over of \$567M in its last financial year ended 31 March 2000.

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