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SIAEC BREAKS GROUND FOR THIRD HANGAR

SIA Engineering Company Breaks Ground for Third Hangar

Singapore, 31 January 2001 - SIA Engineering Company (SIAEC) will be holding a ground-breaking ceremony today for its third maintenance hangar. Costing S\$25 million (including land cost), the additional hangar will be operational by July 2001.

The new hangar will be located adjacent to the existing two hangars at SIAEC's maintenance facilities in Singapore Changi Airport. It will have a clear internal width of 85 metres which is sufficient to accommodate modern aircraft such as the Boeing 777 and 747-400, and Airbus A340-500/600. The hangar facility can concurrently handle maintenance of two to three aircraft at the same time. It will be equipped with a specialised docking system for the Boeing 777-200ER/300 aircraft. This will enable SIAEC to extend its product line for the Boeing 777, enabling the Company to provide dedicated 'D' Checks (heavy maintenance) as part of its 'Total Support' programme for the Boeing 777.

The additional hangar will increase SIAEC's airframe maintenance and overhaul capacity by about 15%, enabling the Company to enlarge its customer base. The Company's order books are full for the current year ending March 2001, and external airframe overhaul work in the next financial year is already over 80% committed. The majority of these contracts are on a long-term basis ranging from two to five years. A recent example is the contract with Atlas Air of the United States for the maintenance of their Boeing 747-200 and -300 fleet for a period of two years. The success of SIAEC in securing this contract in the face of stiff global competition emphasises the competitive strength that SIAEC draws from its 'Total Support' strategy.

Said Mr Chua Taik Him, Director of Engineering, Economic Development Board: "The aerospace industry in Singapore has come a long way since the late 1960s. Today, the industry has grown tremendously and has developed a wide range of capabilities. As airframe repair activities are critical to the growth of Singapore's aerospace industry, EDB is committed to support airframe repair companies, such as SIA Engineering Company, to broaden their business scope, not just by servicing locally-based fleets, but also third-party fleets from around the region and the world."

Said Mr Mervyn Sirisena, President and Chief Operating Officer of SIAEC: "The limit to our growth is

our capacity. This new hangar will give us the additional capacity to grow our external work and be the premier service centre for Boeing 777 aircraft in the region. To meet future projected capacity requirements, the Company is planning to invest a further S\$80-90 million over the next two years in another two hangars. These are expected to be ready in 2002 and 2003 respectively, injecting another 30% increase in capacity. Both these hangars will be able to accommodate the new Airbus super jumbo, the A380".

SIAEC, a listed subsidiary of Singapore Airlines, is a provider of comprehensive maintenance, repair and overhaul (MRO) services. It provides line maintenance and technical ground handling as well as airframe and component repair and overhaul for SIA and more than 70 other airlines. SIAEC also offers a comprehensive range of engine overhaul, and aircraft and engine component repair/overhaul services through its stable of 14 joint venture companies. These joint ventures are forged with leading original equipment manufacturers (OEMs) such as Rolls-Royce and Pratt & Whitney. SIAEC has over 4,100 employees and a turnover of S\$567 million in its last financial year ending 31 March 2000.

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