



**CHANGI**  
airport group

Many Partners Many Missions

# ONE CHANGI

annual report 2010/11



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Opposite page:

Standing, left to right:

**LOH Kway Loke**, Trolley Agent, Manila Construction Pte Ltd **Jolyn KWAN Ling**, Operations Executive, Nuance-Watson (Singapore) Pte Ltd  
**Maxime d'ALEXANDRY**, Changi Experience Agent, People Advantage **Mohamed Faisal Bin Mohamed Lias**, Higher Customs Officer, Singapore Customs  
**Ayu Martiningsih**, Customer Service Officer, P-Serv Pte Ltd **LIM Shunzhi**, Terminal Manager, Changi Airport Group  
**Ravindran A/L Sukumaran**, Auxiliary Police Officer, Certis CISCO Aviation Security Pte Ltd  
**Rashinah Binte Rashid**, Passenger Relations Officer, Singapore Airlines Limited

Seated, left to right:

**Hazel LI Xia Lei**, Customer Service Agent, SATS Ltd **TAN Peck Lan**, Housekeeping Officer, Campaign Complete Solutions Pte Ltd  
**Muhammad Shah Bin Abdul Rashid**, Airport Emergency Officer, Changi Airport Group **ZHAO Xueni**, Waitress, Select Service Partner (S) Pte Ltd  
**CHUA Yi Ying Isleen**, Team Leader, Airport Command, Immigration and Checkpoints Authority **TAN Ching Kiat**, Equipment Operator, dnata Singapore Pte Ltd

# MANY PARTNERS MANY MISSIONS ONE CHANGI

Changi Airport Group (CAG) continues to display vibrancy and dynamism while building upon its values of integrity and innovation as it enters the third year of its corporatisation. Embracing professional business practices, developing people-oriented policies and harnessing new technologies ensure that CAG continues to keep its competitive advantage. Service excellence has been a key ingredient of the Changi story as well and will continue to be CAG's focus.

Underpinning Changi's success are the strong bonds and ties that CAG has fostered with its many service partners. Much of the airport's services and facilities are provided through external agencies and suppliers which complement CAG's efforts in running an efficient airport. CAG collaborates with more than 200 companies and interacts with an airport community of about 28,000 people to ensure a seamless and memorable airport experience for all its passengers and visitors.

At Singapore Changi Airport, there are also multiple missions that CAG and its partners have to fulfill – these missions are synchronised within the airport's total operating environment. For example, as the airport serves arriving, departing and transferring passengers, it also has to ensure that a wide array of safety and security considerations are met, and that the integrity of border control functions is not compromised.

The common denominator that binds its many partners and the many missions within Changi Airport is the shared commitment and dedication to deliver One Changi, reflected in an experience that is personalised, stress-free and positively surprising.

CAG's annual report for FY10/11 is dedicated to the tens of thousands at Changi who work tirelessly, whether at the frontline or behind the scenes, and who take immense pride in providing the excellent customer service and strong capabilities that make possible the award-winning Changi Experience.

Their stories and experiences are shared in the following pages.





When Shunzhi started work at Changi Airport almost four years ago, he was part of the team overseeing the opening of Terminal 3. These days, he leads a team of six Duty Terminal Managers (DTMs).

One of Shunzhi's responsibilities is to ensure that all systems within the terminal building, human or mechanical, are working smoothly at all times of the day. He plays an important role to contribute to a personalised, stress-free and positively surprising Changi Experience for passengers. The key to providing this, he thinks, is the rapport and teamwork among all the staff working at Changi, allowing them to serve passengers as a single community.

"I'm constantly reminded by my seniors to always strive to deliver the best possible experience to our Changi passengers," he stresses with a smile.

The job of a Terminal Manager is understandably a challenging one. But the prospect of learning new things and meeting new people every day thrills Shunzhi. "Over the years, I have seen the positive growth in me in terms of knowledge gained and in the way I handle matters. More importantly, I feel I'm never left to tackle something alone because I'm aware I have the support of the whole airport community behind me." Shunzhi deeply appreciated this fact in April 2010 when flights were disrupted



as a result of Iceland's Eyjafjallajökull volcanic eruption, stranding thousands of Europe-bound passengers at Changi Airport.

Offering advice to new DTMs, the affable bachelor says, "Treat the airport as your own home, and extend your warmth as you would to your own friends. Earn respect from your peers and service partners, as the help they can provide may in time become your biggest asset!"

**LIM Shunzhi**  
Terminal Manager  
Changi Airport Group

# 28,000

dedicated team members at Changi,  
playing a vital role at the world's most awarded airport



Given that the responsibility of the Immigration and Checkpoints Authority (ICA) is in identifying people and safeguarding Singapore's borders, some people may expect ICA officers to look stern and officious. But Inspector Isleen, who has been an ICA officer for close to three years, easily busts this stereotype with her friendliness. "Being front-line ambassadors of Singapore, Airport Command officers strive to protect the security of Singapore while providing good service from our hearts," she says.

"Airport Command plays an essential role in the clearance of passengers and their baggage.

For my team, the Changi Experience means providing travellers with an unparalleled service experience while they clear immigration at Changi Airport. This is critical because it influences visitors' first impressions of our country. Seeing their delightful smiles motivates and encourages me to continuously provide quality security service, so that they will have a seamless and safe journey," enthuses Inspector Isleen with a twinkle in her eye.

Currently overseeing a team at Terminal 3, the young lady conveys her pride of being part of the homeland security team. "I really enjoy



working at ICA. As an ICA officer, I am equipped with special skills and knowledge that not only help me in carrying out my duties effectively, but develops me holistically as a person too. The experience that I have gained through my work has enriched me further in the area of border security.”

**Inspector CHUA Yi Ying, Isleen**  
Team Leader, Airport Command  
Immigration & Checkpoints Authority

# 100,000

passengers a day receive prompt immigration clearance,  
within minutes of arrival



An essential service that is easily taken for granted, the provision of the ubiquitous trolley is handled by Changi's more than 260 trolley agents. At 68, the strength that Mr Loh shows in directing the trolleys from within Terminal 3 to the building's kerbside, belies his age.

Mr Loh breaks into a smile as he explains his job responsibility. "It is very important that we maintain sufficient trolleys at the kerbside so that departing passengers have trolleys to use. Especially for departing visitors, this is the last time they get to experience what Singapore is about. My job is to make sure that the trolleys that end up in the departure hall get

re-distributed evenly and in a timely manner across the kerbside entrances."

Mr Loh is more than willing to share his experience with new trolley agents assigned to him by his supervisor. He teaches them about the optimal number of trolleys to handle at one go, and to always look out for passengers' safety while manoeuvring the trolleys.

Having worked at Changi Airport for two and a half years, the grandfather of three says he has seen all kinds of passengers, from the harried and haughty, to the friendly and chatty. He said he likes his job as it offers him





an opportunity to keep active and in touch with society. The friendly agent also relishes serving as the occasional airport ambassador when passengers ask him about the airport's facilities. "The most common question I have from passengers is whether the climbing plants on the Green Wall are real!" shares Mr Loh with a chuckle.

**LOH Kway Loke**  
Trolley Agent  
Manila Construction

**10,000**  
free baggage trolleys readily available at Changi,  
for passengers' convenience



Despite the extreme heat from the blazing sun overhead, all the containers are offloaded from the passenger aircraft and transported to the terminal building within 30 minutes flat. The crew next proceeds to load the aircraft with the containers for its next flight.

“There are three important elements to doing this job well,” says Ching Kiat, who drives the transporter, ferrying the containers from the aircraft to one end of the parking bay, where the containers are lined up and then sent in batches to the terminal building. He is on the afternoon shift today.

“Speed, safety and teamwork – to me, all are equally important. First, speed in offloading and

onloading is critical as the aircraft only has a certain turnaround duration, then it leaves on its next flight. Any delay to the departure time has a domino effect on many parties.

“Next, safety is key, especially for those who need to move around the aircraft. We are handling heavy machinery, and so alertness on the job is a must.”

“Last but not least, we need great teamwork, as there are many simultaneous actions taking place from the time an aircraft docks to the time it next departs. As a team, we ensure that the aircraft turnaround is done within time, with no margin for error,” explains Ching Kiat.



Contrary to the perception that shift work is tough, Ching Kiat values the freedom that comes with it. The former cook lets in that working in a restaurant can be very stressful as deadlines are naturally set once a food order comes in from a customer, and he almost never rests on public holidays. "Everyone here works as a family, I'm very happy with the camaraderie, and the rest days I get!" says the friendly young man.

**TAN Ching Kiat**  
Equipment Operator  
dnata Singapore  
(formerly CIAS)

**70,000**  
bags handled efficiently every day  
at Changi, rain or shine



With a spring in her step and a smile bright as sunshine, Yuki, as she is known at work, ushers a Japanese family to their seats. She takes their orders in Japanese, and makes sure that they are comfortable, before attending to another customer. Having worked in Singapore for three years, with the last half a year at Changi Airport, Xueni is relishing her every moment in the service industry.

“Working in Saboten is just perfect for me. It brings back fond memories of the days I spent in Japan training in fashion design before coming to Singapore, plus I can put my Japanese to good use. I remember serving

a Japanese elderly customer who could only speak his native tongue. He was transiting in Singapore and wanted to explore more of the island. I couldn’t find any taxi driver who could speak Japanese, but found a middle-aged driver who was happy to converse with him through writing Chinese characters, which is the basis for the Japanese language. That customer left his contact number with me and asked me to get in touch with him should I return to Japan one day,” shares Xueni with a warm smile.

“I prefer working in the service line, as I get to interact with customers from all walks of life. I feel proud to be able to work at Changi Airport.



It is well-known among my peers that the service standards here are very high. As a result of the higher expectation, I do pay special attention at work, as our individual performance reflects the service levels at the airport. I am proud to be part of the Changi family and that I am able to contribute positively to it," she says.

**ZHAO Xueni**  
Waitress  
Select Service Partner

# 130

dining establishments at Changi, providing all forms of gastronomic delights to whet appetites

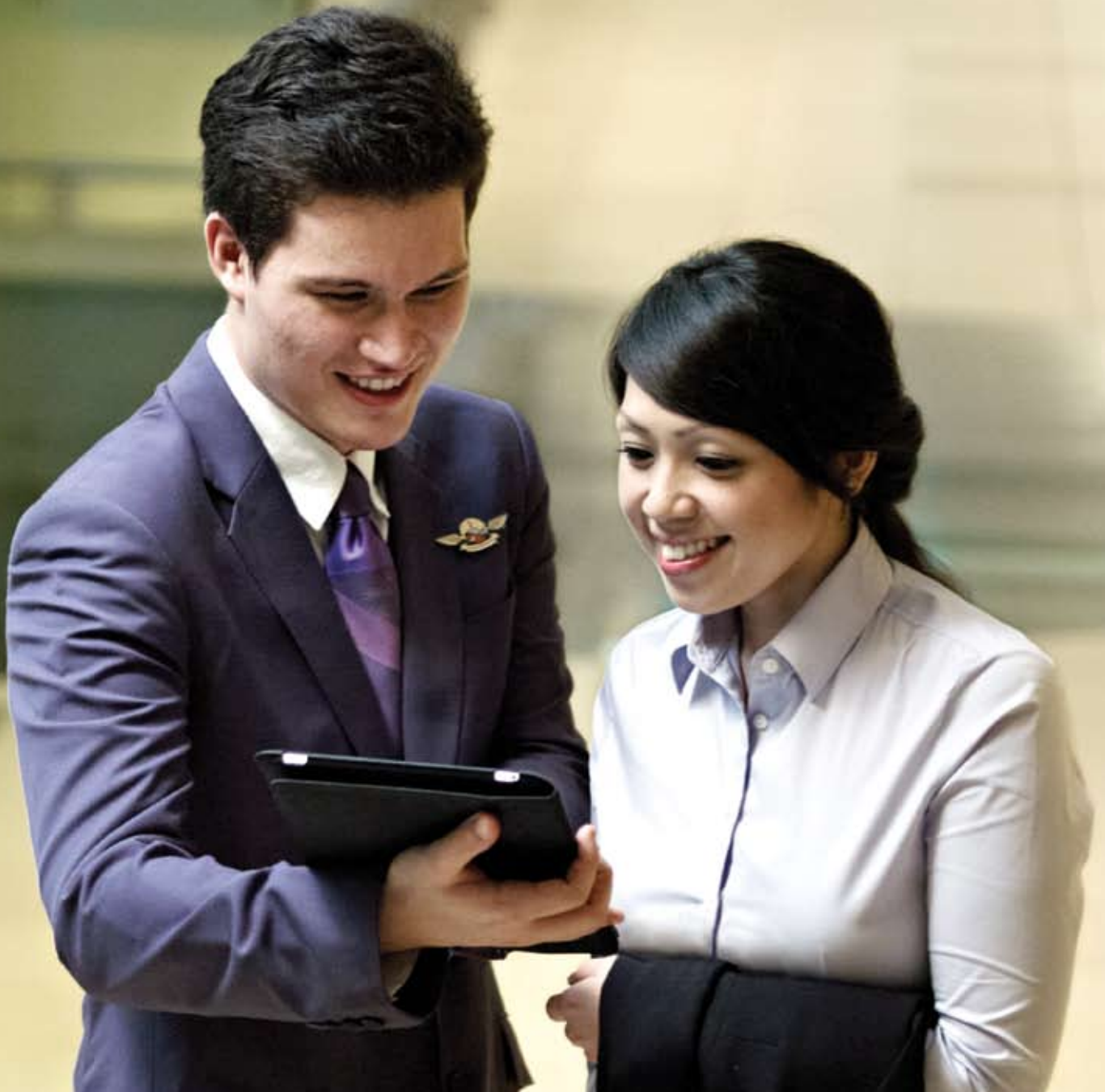


The fresh graduate of tourism studies has only been on the job for five months, but he absolutely loves it. That not a single day is the same and he gets to meet all kinds of people on a daily basis, make Changi Airport one of the most desirable work environments for him.

To Maxime, the duty of a Changi Experience Agent is to make passengers feel at home right from the time they first step into the airport. It also means going beyond the call of duty if needed. "The Changi Experience, to me, is the human touch in all that we do for our passengers, the connection between passengers and ourselves, the sincerity we show to them in our interaction," says Maxime.

One passenger who has left the deepest impression in him is a middle-aged paraplegic who was transiting in Singapore. Having missed his connecting flight, he was upset and at a loss. Maxime rebooked him on another outbound flight and helped him clean up after he had soiled himself, before seeing him off. By then, it was already hours past his shift duty for the day.

But Maxime was happy to be able to help that passenger, who has now become a friend. Citing a soft spot for the elderly, disabled and minors, it is his passion to provide a helping hand that gives him the motivation to want to do more.



Serve with your heart, as even the smallest service could go a long way for a passenger in need, is the advice he would give to new CEAs. "At Changi, I believe we have the best partners, all working towards the common goal to maintain Changi as the world's No. 1 airport. Together, if we put in our best, we will continue to exceed expectations," Maxime beams.

**Maxime d'ALEXANDRY**  
Changi Experience Agent  
People Advantage

# 43mil

passengers enjoy the Changi Experience every year

# MISSION

To be the world's leading airport company, growing a vibrant air hub in Singapore and enhancing the communities we serve worldwide.

# VISION

## Exceptional People, Connecting Lives

At Changi Airport Group, we aspire to build a company where ordinary people achieve extraordinary results. Working together as a team, we bring great ideas to life and achieve exceptional results beyond our individual capabilities.

Customers are our inspiration. From the youngest child to the largest corporation, we understand that what we provide connects people in ways that will enhance their lives.

# VALUES





# CORPORATE PROFILE

**Changi Airport Group (Singapore) Pte Ltd (CAG) was formed on 16 June 2009 and the corporatisation of Changi Airport followed on 1 July 2009. As the airport company managing Changi Airport, CAG undertakes key functions focusing on airport operations and management, air hub development, commercial activities and airport emergency services.**

Over the past three decades, CAG, previously part of the Civil Aviation Authority of Singapore, has successfully established Changi Airport as the world's most awarded airport. With more than 370 accolades under its belt, Changi has come a long way since its humble beginnings in 1981, when Terminal 1 first opened.

One of the world's busiest international airports today, Changi Airport is a major air hub in Asia. It handled about 43 million passenger movements in FY10/11, serving about 100 airlines flying to some 200 cities in about 60 countries and territories worldwide. With over 70,000 square metres of commercial space across its four terminals, Changi Airport is also one of Singapore's best places for shopping and dining. Increasingly, the airport has become a favourite haunt for Singapore residents, especially families.

To spread the success of Changi Airport far and wide, CAG invests in and manages foreign airports through its subsidiary Changi Airports International (CAI). CAI's objective is to build a quality portfolio of airport investments worldwide with strong markets and significant development potential. Its key business activities include investments in airports, as well as the provision of consultancy and airport management services. Today, CAI's presence covers major economies including China, India, the Middle East, South America and Europe.

At Changi Airport, there is immense pride in providing impeccable service and unrivalled capabilities to deliver the iconic Changi Experience. More than just a model of functionality, the Changi Experience is about connecting passengers and engaging them, in ways that enhance their lives. Every journey through Changi Airport is an opportunity to bring people together and to help them realise their aspirations.



# 30 YEARS AT CHANGI

**Singapore Changi Airport turned 30 on 1 July 2011. It has had an eventful history since its opening. We chart its milestones over the last three decades.**

## **A new aviation chapter**

On 1 July 1981, Changi Airport etched its mark in the history of Singapore when it began operations as the country's principal airport and main international gateway. The much-anticipated brand new and modern airport was built to handle the increasing aviation traffic which Changi's predecessor, Paya Lebar Airport, was not expected to be able to cope with.

Annual passenger numbers then were growing significantly. Passenger movements rose from 300,000 in 1955 to 1.7 million in 1970 and subsequently to 4 million in 1975. The aviation growth, if left unaddressed, would have an adverse impact on Singapore's economic growth.

The government had two options, which were to expand the existing airport or to build a new one at a new location. Paya Lebar had its limitation – it was located in an area with potential for urban growth, which would limit its physical expansion. A bold decision was thus made in 1975 for a new airport to be built at the eastern tip of Singapore at Changi. As it was to be located at the coast, the new airport would be easily expandable through land reclamation. In addition, aircraft could fly over the sea, minimising the impact of noise and possible consequences on the ground in the event of an air mishap.

In June 1975, preparation work on the Changi site started with about 870 hectares of land being reclaimed, an area roughly the size of Sentosa island. Changi Airport was on its way to become one of the largest single development projects in Singapore's history.

## **Laying a strong foundation**

Changi Airport's site, five times larger than the one at Paya Lebar, offered an opportunity to realise a bold vision for a modern airport, with room for expansion well into the future. The lessons learnt from operating and managing Paya Lebar Airport were taken to heart.

Detailed studies of traffic flow patterns at major airports around the world were carefully scrutinised and analysed. Facilities from runways to passenger and cargo terminals, baggage handling systems, office blocks, fuel supply and even car parks had to be carefully planned.

The foundation stone for Terminal 1 was laid in August 1979. And planning and preparations for Changi's opening began one full year in advance to ensure a smooth and seamless transfer of operations from Paya Lebar. On 1 July 1981 the first flight, Singapore Airlines 101, touched down at Changi Airport at 0700 hours with 140 passengers from Kuala Lumpur.

On opening day, the airport had 34 airlines operating 1,200 scheduled flights each week connecting Singapore to 67 cities in 43 countries. Together, Changi and Paya Lebar registered 8.1 million passengers, 193,000 tonnes of air freight and 63,100 aircraft movements in 1981.

## **Growing from strength to strength**

Four years after the opening of Terminal 1, construction work began on the second terminal and it was opened for operation in November 1990. Terminal 2 was built ahead of passenger demand to avoid congestion common in other airports around the region. Asia's first auto-guided people mover system was introduced to link Terminals 1 and 2.

Construction of Terminal 3 began in 2000 and it became operational on 9 January 2008. With the experience gained from the earlier terminals, Terminal 3 raised the bar further with its sophisticated architecture and modern eco-friendly design. The terminal increased the airport's maximum passenger capacity annually by 22 million, bringing the total annual capacity of Changi Airport to more than 70 million passengers.



To enhance connectivity between the three terminals, the Changi Airport Skytrain, a larger people mover system was introduced in the airport.

As the popularity of air travel continued to grow, the trend of low-cost carriers started to emerge. Changi reviewed its master plan and a decision was made to cater to both the high-end as well as budget sectors of the air travel industry. Arising from this, Changi was one of the first few airports in Asia to open a dedicated terminal catering to the budget traveller when the Budget Terminal was officially opened on 31 October 2006.

In 2009, another significant milestone was reached with the corporatisation of Changi Airport and the formation of Changi Airport Group to undertake key functions including airport operations and management, air hub development, commercial activities and airport emergency services.

### A modern icon

Looking back over three decades, it is hard to imagine that an area which was once marshy swamp land has been transformed into not only a major gateway to Asia but also one of the busiest international airports in the world.

In the space of 30 years, Changi Airport has seen its traffic increase fivefold. In FY10/11, it registered its highest number of passenger movements of about 43 million, serving more than 100 international airlines flying to some 200 cities in 60 countries.

As the aviation industry and the demands of passengers have changed over the years, so has Changi Airport. Beyond providing the basic functions of an airport, Changi has made strides in operational efficiency, customer service and delivering a memorable Changi Experience – the result of putting its passengers first and at the heart of everything it does.

Besides ensuring speedy and hassle-free check-in, immigration clearance and baggage retrieval, the Changi Experience provides travellers with a diverse range of

facilities, services and activities that are fun and engaging. These include free Singapore tours, the world's first butterfly garden in an airport, Singapore's tallest indoor slide and exciting shopping and dining options to suit every palate and wallet.

Changi continues to be associated by travellers for its efficiency, comfort and connectivity and remains the world's most awarded airport with more than 370 awards and accolades received since its opening in 1981.

### Continual improvements

Changi Airport continues to renew itself, upgrading its terminals and adding new facilities to cater to emerging or anticipated trends. Terminal 1 went through its first major refurbishment in 1995. In May 2008, Changi embarked on a major upgrading project to rejuvenate the terminal and enhance passenger experience. This major upgrading of the 30-year-old terminal is scheduled to be completed in early 2012.

Terminal 2 went through capacity expansion projects from 1992 to 1995, and a major upgrading as well from 2004 to 2006, which introduced lush greenery and natural light into a modern contemporary terminal. The Budget Terminal also underwent an expansion programme, which was completed in mid-2009, to increase the terminal's handling capacity.

### Forging ahead

While Changi Airport celebrates its achievements over the last 30 years, there remains much to be done. The aviation landscape is constantly changing and this presents both opportunities and threats. Changi will continue to build upon the strong brand which it has carefully nurtured and built up over the years to enhance its global presence. It will also continue to foster the strong relationships that it has built with the many partners from the airport community. Together with its partners, Changi aims to forge ahead to continue growing a world-leading vibrant air hub in Singapore.



# CHAIRMAN & CEO MESSAGE



Chairman Mr LIEW Mun Leong (right)  
with CEO Mr LEE Seow Hiang

1 July 2011 marked the 30<sup>th</sup> anniversary of Singapore Changi Airport. Since it began operations in 1981, Changi has made major progress in becoming not only an important gateway to Asia but also one of the busiest international airports in the world.

The decision taken in 1975 to build Changi Airport has enabled Singapore to become the global air hub it is today. Changi has more than met the challenge of meeting booming demand for air travel in the last three decades, during which air traffic to and from Singapore has grown by more than five times. In the process, the country's aviation sector has developed robustly.

With the corporatisation of Changi Airport on 1 July 2009 and the formation of Changi Airport Group (CAG), the stage has been set for the Singapore air hub to enter the next phase of its development to scale new heights of success.

### A promising start

In FY10/11, CAG marked its second anniversary and first full financial year. The company continued to progress as a commercial entity, building on the momentum of its corporatisation and establishing an organisation with strong governance and solid fundamentals. We continued to stay the course, striving towards our vision of building a vibrant and world-class air hub, creating value for our stakeholders and providing the excellent service that Changi Airport is reputed for internationally.

CAG had a good year in FY10/11. While we benefited from the strong recovery of the Singapore economy, we also made concerted efforts to grow the business. Consequently, we achieved a strong set of results and attained a number of significant milestones and achievements.

### Higher passenger and cargo traffic

Passenger movements at Changi Airport continued to grow during FY10/11, hitting a record of 43 million, an increase of 11.3% over the previous year. This places Changi as one of only seven airports in the world to handle more than 40 million international passenger movements annually.

Traffic to and from Northeast and Southeast Asia increased by more than 15%, with growth driven by the rapid expansion of low-cost carriers (LCCs). Passenger traffic on LCCs grew 26.6% during the year, accounting for 23% of Changi Airport's passenger movements. Full service carriers also enjoyed growth of 7.4% at Changi.

In addition to improved passenger traffic, airfreight movements also rebounded strongly during the year following declines in the previous two years. Changi's air cargo volume expanded 7.4% on-year to hit 1.83 million tonnes in FY10/11. Significantly, in March 2011, Changi Airport experienced its busiest month in three years, with airfreight movements increasing 5.7% to 166,100 tonnes.

New value-added services and market initiatives have been introduced for the cargo sector at Changi. For example, the Singapore Freeport, a state-of-the-art storage facility with direct airside access to the airport terminal was launched in May 2010. It is one of the world's largest facilities located in a free trade zone dedicated to the storage of fine art and collectibles. SATS (formerly Singapore Airport Terminal Services Limited) opened Coolport@Changi, which positions Changi as an efficient and reliable hub for the perishables trade in Asia.

Another initiative is the new Air Cargo Express (ACE) Hub that CAG is developing with the Civil Aviation Authority of Singapore (CAAS), Ascendas REIT and FedEx Express. The ACE Hub, a unique first-of-its-kind air express facility in the region, will significantly enhance Changi's express cargo handling capabilities when it is completed in 2012.



CHANGI AIRPORT

# CHAIRMAN & CEO MESSAGE

## Stronger concession sales

On the non-aeronautical front, CAG has made significant progress in growing its retail mall business to better serve its passengers. We continue to adopt a holistic strategy which includes attracting quality concessionaires to operate at Changi, adjusting and improving the airport's retail mix and promoting sales through effective marketing.

In FY10/11, Changi Airport achieved for the first time over US\$1 billion in concession sales, with growth of about 15% for both airside and landside retail concessions. This result puts Changi among the top five airports in the world in terms of airport concession sales.

At Changi, we share a symbiotic relationship with our retail partners. Our novel shopping promotions generate buzz and excitement within Changi's terminals and help increase sales for our concessionaires. An example is the first-ever 'Be a Changi Millionaire' Draw. This was the biggest retail campaign ever in Changi and the grand prize of S\$1 million has been the largest cash prize in a retail draw in Singapore or given by an airport anywhere in the world.

We will continue to bring in new and exciting brands over the next year to provide passengers with a fresh and enhanced shopping experience. In addition, we will continue to improve the layout of stores and restaurants, upgrade facilities and provide wider choice and convenience for passengers.

## Better customer service

Excellent customer service is synonymous with Changi Airport and we continue to seek innovative solutions and leverage technology to serve our customers better. In September 2010, Changi Airport was identified by SPRING Singapore (Singapore's enterprise development agency responsible for helping Singapore enterprises grow into global entities) as one of four service excellence icons in Singapore. Under SPRING's Customer-Centric Initiative, we have introduced a number of ground-breaking service enhancement projects to create a personalised, stress-free and positively surprising Changi Experience.

As an affirmation of its efforts, Changi Airport won a total of 24 Best Airport awards from 1 April 2010 to 31 March 2011. These included Best Airport in the World by Business Traveller (UK) for the 23<sup>rd</sup> consecutive year, Top Worldwide Airport by

Wanderlust for the ninth time and Best Airport in Asia Pacific by DestinAsian for the sixth year running.

## Changi abroad

CAG continues to expand the Changi brand internationally through Changi Airports International (CAI), its subsidiary for overseas investments and consultancy projects.

CAI's investment portfolio includes a 26% stake in Bengal Aerotropolis Project Ltd, a joint venture to develop an airport city in Durgapur in India's West Bengal state, and an 8.36% stake in Gemina, the holding company of Aeroporti di Roma, which operates Rome's airport system. CAI also offers airport management and consultancy projects. It is into its third year of a six-year operation management contract with King Fahd International Airport in Dammam, Saudi Arabia.

For its outstanding performance in 2010 as well as its strategic efforts in investing and developing airports overseas, CAI was conferred the coveted '2011 Asia Pacific Airport Investment Company of the Year' award by global growth consulting firm Frost & Sullivan.

Mr Wong Woon Liong has retired as CEO of CAI but will continue to serve as a member of the Changi Airport Advisory Group. Mr Lim Liang Song has taken over the helm. He brings with him invaluable experience in the area of aviation investments, including the development and management of aviation assets.

## Organisational development

Deepening our organisational capabilities was another core focus last year. A review of CAG's human resources practices was conducted to ensure alignment with private sector best practice. A total compensation framework was developed and implemented to retain experienced and dedicated personnel and at the same time attract high-valued talents. The principles of the framework ensure that remuneration and benefits are market-competitive and good performance is recognised and rewarded accordingly. A structured approach towards employee development has also been introduced to nurture and groom employees with potential.

CAG also recognises the importance of being a responsible corporate citizen. We are committed to protecting the environment and are taking steps to reduce our carbon

footprint. Changi Airport was certified ISO 14001 in March 2011 for having a holistic framework on environmental policy in its operations. Following the Green Mark certification for Terminal 3 in 2009 – a reflection of our efforts to incorporate best practices in environmental design and construction – Terminal 2 is targeted to receive its Green Mark status later in 2011. We will similarly apply for Terminal 1 to be Green Mark certified after the current upgrading project is completed.

### Financial performance

For the year, CAG achieved a net profit after tax of S\$337 million, an improvement of 11.2% compared to an annualised net profit of S\$303 million in FY09/10. This strong performance was achieved on the back of higher revenue, underpinned by robust traffic growth.

Revenue for the year was S\$1,454 million, an increase of S\$173 million (or 13.5%) compared to the annualised FY09/10 revenue. The improvement in revenue was led by higher passenger traffic and double digit growth in concession sales.

Expenses totalled S\$1,057 million, an increase by \$108 million (or 11.4%) compared to the annualised operating expenses for FY09/10. The higher operating expenses were mainly attributed to higher business volume as Changi handled more passenger and aircraft movements during the year.

### Operational efficiency, service excellence

We remain optimistic for the future of Changi Airport and the Singapore air hub, while recognising that there is a degree of volatility and uncertainty in our operating environment with potential challenges that lie ahead.

Against the backdrop of the strong growth in the Asia Pacific air travel market, we now expect the annual passenger traffic at Changi to grow past the 50 million mark by the year 2013. This growth will be driven by the rapid expansion of LCCs as well as expected higher visitor arrivals to Singapore with the opening of new tourist attractions and more vibrant entertainment options, as well as growth in travel for business purposes.

An increasing number of passengers will mean Changi Airport operating nearer full capacity, with greater stress placed on operations and manpower. To ensure that the hallmarks of Changi's success – operational efficiency and service

excellence – remain intact, we have been taking proactive steps to address the airport's handling capacity without compromising the level of service or spatial comfort for passengers.

We will continue to work with our airline and airport partners to provide a seamless and enjoyable airport experience for passengers and visitors. There will be no let-up in our drive to constantly innovate to improve our services and facilities.

### Together, as partners

Looking back, the significant progress that CAG has made since its corporatisation is the result of the close-knit partnerships that we share with the government agencies, airlines, ground handling agencies and many other companies at the airport. We thank all of them for their significant contributions which have made Changi Airport what it is today.

We would like to express our appreciation as well to our fellow Board Directors, the employees and union of CAG. We also welcome Messrs Danny Teoh and Richard R Magnus who joined the Board as independent non-executive Directors in August 2010.

At Changi Airport, there are indeed many partners and many missions. However, by working together, we have been able to achieve One Changi – focused on being the world's leading airport, dedicated to serving the tens of millions who visit us each year.



**LIEW Mun Leong**  
Chairman



**LEE Seow Hiang**  
Chief Executive Officer

8 July 2011



# BOARD OF DIRECTORS



LIEW Mun Leong

LEE Seow Hiang

Derrick WAN Yew Meng

Michael George William BARCLAY





Miguel KO Kai Kwun

Eric ANG Teik Lim

Dilhan Pillay SANDRASEGARA

Danny TEOH Leong Kay

Richard R MAGNUS

# BOARD OF DIRECTORS

## 1. LIEW Mun Leong - Chairman

Mr Liew is President and CEO of CapitaLand Group. Concurrently, he is Chairman of CapitaMalls Asia Limited, Deputy Chairman of The Ascott Limited, CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited, CapitaRetail China Trust Management Limited and Ascott Residence Trust Management Limited. He is also a Director of CapitaLand Hope Foundation - the Group's philanthropic arm, and of Singapore Exchange Limited. He chaired the Civil Aviation Authority of Singapore from September 2005 to June 2009.

With over 40 years of experience in construction and real estate both locally and overseas, Mr Liew has been instrumental in a number of Singapore's public sector projects, including the development of Changi Airport. For his exceptional contributions, Mr Liew has been accorded several accolades including 'Outstanding CEO of the Year' at Singapore Business Awards (2006), 'CEO of the Year' at Singapore Corporate Awards (2007), 'Asia's Best Executive of 2008 (Singapore)' by Asiamoney, as well as 'Best CEO in Asia (Property)' by Institutional Investor (2008). In 2011, he was named Best CEO in Singapore by FinanceAsia.

Mr Liew graduated from the University of Singapore with a Civil Engineering degree and is a registered professional civil engineer.

## 2. LEE Seow Hiang - Chief Executive Officer

Mr Lee is CEO of Changi Airport Group. Prior to this, he was Deputy Director-General (Operations) of the Civil Aviation Authority of Singapore. He is concurrently Deputy Chairman of Changi Airports International Pte Ltd, a Director of SMRT Corporation Limited and Board Member of the Agency for Integrated Care Pte Ltd. He is also a member of the Advisory Board to the joint IATA-NTU Advanced Management Programme (AMP) and the joint Executive MBA degree in Aviation Management.

From 1989 to 2005, Mr Lee held various appointments in the Republic of Singapore Air Force (RSAF) and the Ministry of Defence, with his last appointment being Deputy Head of Air Operations in HQ RSAF. From 2005 to 2008, he was the Principal Private Secretary to Minister Mentor Lee Kuan Yew in the Prime Minister's Office.

Mr Lee was awarded the SAF (Overseas)/President's Scholarship in 1989 and the SAF Postgraduate Scholarship (General Development) in 2002. He holds a Bachelor in Business Administration (Honours) from the University of Cambridge, UK, and a Master in Business Administration from the Massachusetts Institute of Technology, USA.

## 3. Derrick WAN Yew Meng

Mr Wan is Director (Reserves and Investment) at the Ministry of Finance. Prior to joining the Ministry of Finance in November 2008, he was Director (Investments and Projects) at the Central Provident Fund and has held appointments in the Ministry of Manpower, Ministry of Law and Ministry of Defence.

Mr Wan is a Chartered Financial Analyst (CFA), a Chartered Alternative Investments Analyst (CAIA) charter holder and a Professional Risk Manager (PRM). He was awarded the Overseas Merit Scholarship to study at the University of York, England, where he graduated with First Class Honours (with Distinction) in Economics and Econometrics. He also holds a Masters in Financial Engineering from the National University of Singapore and a Masters in Business Administration from Columbia University, New York.

## 4. Michael George William BARCLAY

Mr Barclay is CEO of Sentosa Development Corporation. He also sits on the boards of the Singapore Tourism Board and Mapletree Commercial Trust Management Limited.

Prior to joining Sentosa in August 2008, Mr Barclay was the Regional Vice President Asia Pacific at the International Air Transport Association. From January 2004 to March 2007, he was Chief Executive of SilkAir. He also held various portfolios for Singapore Airlines in Singapore, Germany, Switzerland, Belgium and the UK from September 1991 to January 2004.

Mr Barclay holds a Master of Science in Transport Planning & Engineering from the University of Leeds and has completed the Advanced Management Programme at Harvard Business School.

## 5. Miguel KO Kai Kwun

Mr Ko is Chairman & President, Asia-Pacific for Starwood Hotels & Resorts Worldwide, Inc., the largest upper-upscale hotel company in the region. He oversees the operating and financial performance of about 200 hotels and resorts and over 75,000 associates in over 21 countries in Asia-Pacific. Prior to this, he was Deputy Chairman and CEO of CDL Hotels International.

Widely recognised for his knowledge and insight by the Asia Pacific tourism industry, Mr Ko was voted Regional Hotel Chief of the Year (2007 & 2008) by the readers of the Travel Weekly. He was named Visionary Leader of the Year and a recipient of the Global Awards at the World Travel Mart (2007) in London.

Mr Ko has a Bachelor in Business Administration in Economics from the University of Massachusetts and a Masters in Business Administration from Suffolk University. He is also a non-practising Certified Public Accountant (CPA) awarded by the State Board of Accountancy, New Hampshire, USA.

## 6. Eric ANG Teik Lim

Mr Ang is Managing Director and Head of Capital Markets at DBS Bank. With over 30 years of banking experience, he is responsible for the capital markets, private equity and merger and acquisition advisory businesses. He serves on the DBS Group Holdings Ltd (DBSH) Management Committee. Within DBSH, he serves on numerous boards including DBS Asia Capital Ltd, Hwang-DBS Investment Bank Berhad and The Islamic Bank of Asia Limited.

Mr Ang holds a Bachelor in Business Administration (Honours) degree from the University of Singapore.

## 7. Dilhan Pillay SANDRASEGARA

Mr Sandrasegara is the Head, Portfolio Management and Head, Singapore of Temasek International Pte. Ltd. Prior to assuming his current position, he was a corporate lawyer and the Managing Partner of WongPartnership LLP, a leading law firm in Singapore with offices in China, Abu Dhabi and Qatar.

Mr Sandrasegara serves on the boards of the Accounting and Corporate Regulatory Authority of Singapore, the Singapore Management University and Alexandra Health Pte Ltd. He is also a member of the Corporate Governance Council.

He graduated from the National University of Singapore with a Bachelor of Laws and obtained a Master of Law from the University of Cambridge.

## 8. Danny TEOH Leong Kay

Mr Teoh is a Board Member of Keppel Corporation Limited, DBS Bank Ltd, DBS Bank Holdings, JTC Corporation and the Singapore Olympic Foundation.

Mr Teoh was Managing Partner of KPMG in Singapore until his retirement on 30 September 2010. He had also served as a member of KPMG's Asia-Pacific Board and the KPMG International Council and Board during his time at KPMG.

Mr Teoh held various other positions at KPMG, including Head of Audit & Risk Advisory Services (Singapore), Head of Risk Advisory Services (Asia-Pacific) and Head of Financial Services (Singapore).

Mr Teoh qualified as a Chartered Accountant in the UK in 1981 and is a member of the Institute of Chartered Accountants of England and Wales.

## 9. Richard R MAGNUS

Mr Magnus is the Chairman of the Casino Regulatory Authority, the Political Films Consultative Committee, Temasek Cares CLG Ltd, Public Guardian Board and the Bioethics Advisory Committee. He is a Board Member of the Land Transport Authority and CapitaMall Trust Management Ltd. He is a Member of the Public Service Commission. He is also Singapore's Representative to the ASEAN Inter-Governmental Commission on Human Rights.

Mr Magnus retired as Chief District Judge after a distinguished public service career with the Singapore Legal Service. In the course of his service, he held headship appointments in several Legal Departments. He was also Director in several Government-linked companies.

In recognition of his sterling contributions to the nation, he was conferred the Public Administration Medal (Silver) in 1983, the Public Administration Medal (Gold) in 1994, the Public Administration Medal (Gold) (Bar) in 2003 and the Meritorious Service Medal in 2009.

Mr Magnus graduated from the National University of Singapore with a Master of Law. He is also an alumnus of the Harvard Business School and the John F Kennedy School of Government.

# EXECUTIVE MANAGEMENT



## CHANGI AIRPORT GROUP

- 1. LEE Seow Hiang**  
Chief Executive Officer
- 2. TAN Lye Teck**  
Executive Vice President, Corporate
- 3. YAM Kum Weng**  
Executive Vice President, Air Hub Development
- 4. FOO Sek Min**  
Executive Vice President, Airport Management
- 5. LIM Peck Hoon**  
Executive Vice President, Commercial
- 6. NG Lai Leng**  
Chief Financial Officer
- 7. FONG Kok Wai**  
Executive Vice President, Engineering & Development



## CHANGI AIRPORTS INTERNATIONAL

- 1. LIM Liang Song**  
Chief Executive Officer
- 2. Eugene GAN**  
Deputy Chief Executive Officer

# MANAGEMENT TEAM

## CHANGI AIRPORT GROUP

### **GOH Yong Long**

Senior Vice President, Corporate Development & International Relations

### **KOH Ming Sue**

Senior Vice President, Engineering & Master Planning

### **LECK Siew Leng**

Senior Vice President, Internal Audit

### **Audrey LEE**

Senior Vice President, Economic Affairs

### **Steve LEE**

Senior Vice President, Technology / Chief Information Officer

### **LIM Ching Kiat**

Senior Vice President, Market Development / General Manager, Seletar Airport

### **LIM Wee Ping**

Senior Vice President, Corporate Strategy & Business Development

### **Arlene OEI**

Chief Legal Officer & Company Secretary

### **Cletus PACKIAM**

Chief, Airport Emergency Service

### **Ivan TAN**

Senior Vice President, Corporate & Marketing Communications

### **Justina TAN**

Senior Vice President, Human Resource

### **Ivy WONG**

Senior Vice President, Airside Concessions

### **YEO Kia Thye**

Senior Vice President, Airport Operations

## CHANGI AIRPORTS INTERNATIONAL

### **Jose PANTANGCO**

Senior Vice President (Investments)

### **SEE Ngee Muoy**

Executive Vice President / General Counsel

### **L SOMKIAT**

Chief Airport Planner

### **TAN Yong Khim**

Senior Vice President (Finance)

### **YEO Swee Har**

Vice President (Human Resource)

# FINANCIAL REVIEW

Financial Results (S\$' million)	FY10/11	9 Months FY09/10	Annualised <sup>1</sup> FY09/10
Total revenue	<b>1,454</b>	961	1,281
Total expenditure	<b>1,057</b>	712	949
EBITDA	<b>617</b>	405	540
Profit before taxation	<b>409</b>	273	364
Profit after taxation	<b>337</b>	227	303
Return on equity	<b>9.2%</b>		8.8%
<b>Operating Statistics ('000)</b>			
Passenger Movements	<b>42,983</b>		38,610
Airfreight Movements (tonnes)	<b>1,826</b>		1,701
Aircraft Movements	<b>271</b>		246

<sup>1</sup> The Company was incorporated on 16 June 2009 and commenced operations on 1 July 2009. Annualised figures are shown for comparison purposes only. The operating statistics for FY09/10 are based on actual April 2009 to March 2010 results.

## PERFORMANCE OVERVIEW

Changi Airport Group reported earnings before interest, taxes, depreciation and amortisation (EBITDA) of S\$617 million and profit after taxation of S\$337 million for the financial year ended 31 March 2011, representing an improvement of 14.3% and 11.2% respectively over the preceding financial year (on an annualised basis). The Group's return on equity (ROE) improved from 8.8% to 9.2%, due to higher net profit.

The strong economic rebound in Singapore and the region during FY10/11, along with successful retail campaigns, concerted efforts to market the Changi air hub and better procurement management contributed to the Group's improved financial performance.

The better performance was achieved on the back of robust traffic growth of 11.3% to 43 million passenger movements during the financial year. In particular, North East and South East Asia traffic increased by more than 15%. Visitor arrivals to Singapore were also boosted with the opening of two integrated resorts.

The expansion of low-cost carriers (LCCs) was a key driver of passenger growth at Changi. Passenger traffic on LCCs grew 26.6%, while full-service carriers (FSCs) registered a growth of 7.4% year-on-year. FSCs continued to contribute the bulk of passenger traffic, accounting for 77% of the total at Changi.

Aircraft movements at Changi Airport improved by 10.2% to 271,000 in FY10/11. FSCs contributed 61% of the increase and accounted for 73% of all aircraft movements at Changi during the year.

During the year, Changi Airport welcomed five new airlines and established links with 11 new cities.

## Revenue

The Group's revenue in FY10/11 grew by S\$173 million (or 13.5%) to S\$1,454 million compared to the annualised FY09/10 revenue. Revenue from airport fees, security charges and airport concession fees collectively represented almost four fifths of the Group's total revenue.

Airport fees and security charges, representing 37% of total revenue, rose primarily due to higher passenger and aircraft movements.

Airport concession fees, representing 42% of total revenue, grew by 12.5% in line with the growth in passenger traffic. Increased passenger spending as a result of improved customer sentiment also contributed to higher concession fees. Stepped-up marketing and promotion efforts, such as the inaugural 'Be A Changi Millionaire' Draw, and the opening of new outlets in Terminal 1, which enhanced the airport's retail mix, were contributory factors to a better top line performance.

Revenue from rentals and services increased by 13.4% mainly due to improved occupancy rates.

## Operating expenses

The Group's operating expenses in FY10/11 increased by S\$108 million (or 11.4%) to S\$1,057 million compared to the annualised FY09/10 operating expenses. The major expense components were government charges, maintenance of land, buildings and equipment and depreciation, which accounted for 72% of total operating expenses.

Government charges comprised payments for annual ground rent, licence fees, Civil Aviation Authority of Singapore (CAAS) services and property tax. Increases in CAAS services and

property tax were due to higher gazetted charges and the cessation of property tax rebate respectively.

Maintenance of land, buildings and equipment increased as the Group incurred higher electricity expenses with higher oil prices, and also undertook more repairs and refurbishment works in tandem with the higher passenger volume.

Depreciation expenses rose due to the phased capitalisation of the Terminal 1 upgrading works.

Employee compensation increased as post-corporatisation efforts continued to right-size the organization. This will support the Group's growth and ensure its global competitiveness.

The increase in the remaining expense categories was in tandem with higher business volume in FY10/11.

## Financial position

The Group's shareholder's equity as at 31 March 2011 reached S\$3,842 million, an increase of S\$327 million over the previous year. The increase was primarily due to the net profit achieved for the financial year.

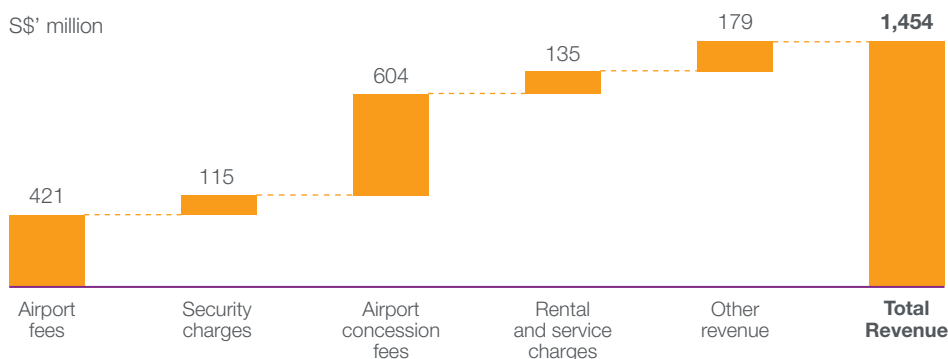
Property, plant and equipment accounted for 67% of net assets at S\$2,577 million. During the year, the Group incurred capital expenditure of S\$255 million primarily for the upgrading of Terminal 1 to rejuvenate the terminal and enhance concession space. The project is expected to be completed in early 2012.

As at the end of the financial year, the Group held S\$1,448 million in the form of cash and cash equivalents to meet short and long term operational needs as well as for future investments.

## REVENUE

For the year ended 31 March 2011

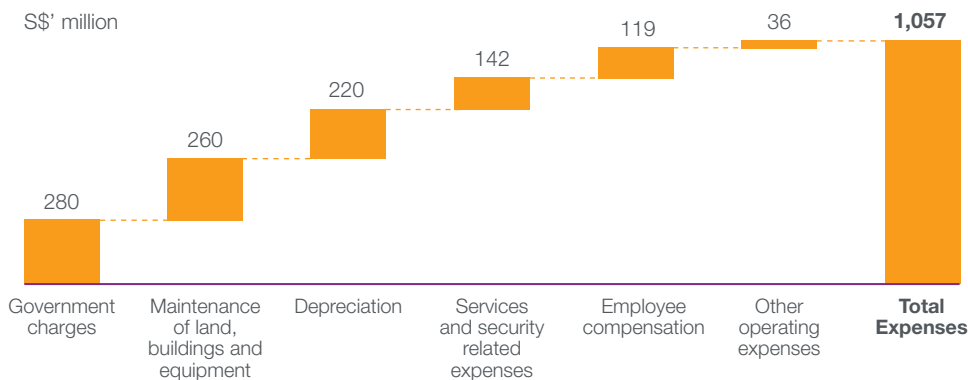
S\$' million



## OPERATING EXPENSES

For the year ended 31 March 2011

S\$' million



# CORPORATE GOVERNANCE

Changi Airport Group (CAG) is committed to meeting and maintaining the highest standards of corporate governance, professionalism and integrity to build a company which stakeholders can be proud of. CAG strongly believes that to thrive and operate a sustainable business over the long term, and to uphold and protect the Company's brand and hard-earned reputation, it has to be accountable to its immediate business and regulatory environment, as well as the global community.

CAG has adopted a Code of Conduct, which sets out its principles and policies and the standards of conduct that is expected of all employees in their day-to-day activities and in the decisions they make. A whistle blowing framework has been implemented to prevent, detect, and deter unethical or illegal conduct or behaviour, while protecting whistleblowers from reprisal within the limits of the law if they have acted in good faith.

## THE BOARD OF DIRECTORS

1. At the helm of the decision-making process of CAG is the Board of Directors, which oversees the Company's long term strategy, providing management guidance for continuing and steady growth, while protecting the interests of stakeholders.

### Composition and Balance

2. The Board, headed by non-executive Chairman, Mr Liew Mun Leong, comprises nine Directors, of whom only the CEO, Mr Lee Seow Hiang, is an executive Director. The Board is strongly independent with seven Directors, including the Chairman, considered to be independent, with reference to the definition of 'independence' in the Code of Corporate Governance. The Directors are individuals with a broad and diverse spectrum of expertise and experience, both domestically and internationally.

3. The Board Directors of CAG are:

Mr Liew Mun Leong	-	Chairman
Mr Lee Seow Hiang	-	CEO
Mr Derrick Wan Yew Meng		
Mr Michael George William Barclay		
Mr Miguel Ko Kai Kwun		
Mr Eric Ang Teik Lim		
Mr Dilhan Pillay Sandrasegara		
Mr Danny Teoh Leong Kay		
Mr Richard R Magnus		

The profiles of the Directors can be found on pages 24 and 25 in this annual report. Changi Airports International (CAI), a wholly owned subsidiary, has its own Board of Directors and three Board Committees – Investment Committee, Audit & Risk Committee and Staff Committee.

### Roles of Chairman and CEO

4. The role of the Chairman and the CEO are separate and distinct. The Chairman leads the Board and facilitates effective and comprehensive Board discussions and decision-making on strategic issues, while the CEO has full executive responsibility for the management of the Company's businesses and the implementation of the Group's strategies and policies.
5. Four committees have been formed to assist the Board in the detailed consideration of various matters. They are the Executive Committee (EXCO), Executive Resource and Compensation Committee (ERCC), Audit Committee (AC) and Tenders Committee (TC). Each committee is governed by its own terms of reference, which set out the scope of the committee's duties and responsibilities. Ad-hoc committees are also formed to review specific issues from time to time.



6. The Board meets at least four times a year to review CAG's business performance and financial results, and to approve the annual budget.
7. Formal letters are issued to newly-appointed Directors upon their appointment, including details of their duties and obligations as Directors. Management conducts an orientation programme for new Directors, and updates Directors on new laws and regulations as well as developments and risks facing the business and industry, when necessary. Site visits are also arranged for new Directors to familiarise them with the Group's operations.

### Access to Information

8. Prior to each Board Meeting, and when needed, the Board is provided with pertinent information, which includes updates on the Company's operating and financial key performance indicators, legislative, industry and other significant developments relating to the Group, which enables the Board to make informed and sound decisions. The Board has full access to the Senior Management team and the Company Secretary. Should the Directors require independent professional advice on matters relating to the businesses or issues affecting their duties, the Company will arrange for the appointment of relevant professional advisers, at the Company's expense.

## CAPITAL & INVESTMENTS

1. The members of the EXCO are:  
Mr Liew Mun Leong - Chairman  
Mr Eric Ang Teik Lim  
Mr Lee Seow Hiang
2. The EXCO reviews and recommends to the Board the capital structure, and the financing and investment strategies of the Company. The EXCO also approves significant investments by CAI and oversees the development of Changi Airport.

## EXECUTIVE RESOURCE AND COMPENSATION

1. The ERCC comprises three independent and non-executive Directors:  
Mr Liew Mun Leong - Chairman  
Mr Eric Ang Teik Lim  
Mr Miguel Ko Kai Kwun
2. The ERCC supports and advises the Board on remuneration matters, and leadership succession and development. The roles of the ERCC include:
  - a. reviewing and approving the policy for determining executive remuneration, including the remuneration packages, service contract terms, and benefits programme for key management executives;
  - b. approving the appointment of key management executives, overseeing the development of key executives and reviewing succession plans for key positions to ensure a strong pipeline of talent to enable the continued success of the Company; and
  - c. recommending the remuneration framework including Directors' fees for non-executive Directors.

# CORPORATE GOVERNANCE

## ACCOUNTABILITY AND AUDIT

### Accountability

1. Management provides all members of the Board with reports on operating and financial information and key performance indicators on a quarterly basis, to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

### Audit Matters

2. The AC comprises the following three non-executive Directors:  
Mr Danny Teoh Leong Kay - Chairman  
Mr Derrick Wan Yew Meng  
Mr Eric Ang Teik Lim
3. The role of the AC includes reviewing the financial information CAG provides to its shareholders and competent authorities, and the effectiveness of key internal controls including financial, operational, compliance and risk management, as well as the financial reporting processes that the Board and the Management of CAG have established. The AC also reviews the mechanisms put in place by CAG for employees to raise concerns in confidence, about possible improprieties in financial reporting or other matters; the procedures for independent investigation of the matters reported and for appropriate follow-up action.
4. Another role of the AC is to review and approve the internal auditor's plan to ensure the adequacy of CAG's key internal controls, scope of coverage, and the adequacy of the internal audit function in terms of its resources, competency and standing within the organisation. For the external auditor, the AC reviews and approves its plans for adequacy of coverage, and also its independence and objectivity before making recommendations to the Board on the external auditor's appointment or reappointment.
5. The AC also meets with the external and internal auditors without the presence of Management, where the auditors may raise issues encountered in the course of their work directly to the AC.

## INTERNAL CONTROLS

1. The Board delegates its oversight responsibilities for internal controls and risk management to the AC, which ensures effectiveness and adequacy of the system of internal controls in the Company. CAG's internal and external auditors review the key internal controls of the Company; any material non-compliance or failures in internal controls, and recommendations for improvement are reported to the AC which reviews the effectiveness of the action taken by Management on the recommendations made.
2. The AC also reviews the effectiveness of the enterprise risk management framework and the risk management processes put in place to manage risks while achieving business objectives.
3. A separate committee, the TC, evaluates and approves tenders for goods and services exceeding S\$50 million. It is chaired by a non-executive Director and comprises the following three Directors:  
Mr Michael George William Barclay - Chairman  
Mr Derrick Wan Yew Meng  
Mr Lee Seow Hiang

## INTERNAL AUDIT

1. The internal audit function of the CAG is performed by the Internal Audit Division, comprising suitably qualified and experienced staff, and is headed by the Senior Vice President, Internal Audit (SVP, IA). She reports functionally to the Chairman of the AC, and administratively to the CEO. The Internal Audit Division adopts a risk-based approach in its audit work. The annual audit plan is developed in consultation with, but independent of Management, and is approved by the AC. Internal Audit summary reports are prepared and submitted to the AC, which include the status of audits carried out and significant audit issues/lapses in internal controls noted.
2. The internal audit practices of the Division are established with reference to the standards set by the Institute of Internal Auditors. Ongoing efforts are made to align the Division's practices with the guidance set forth in the standards.

## RISK MANAGEMENT

1. CAG is committed to enterprise risk management (ERM). A Risk Committee, chaired by the CEO and comprising senior management members, reviews CAG's key risks which are reported on a quarterly basis. The Risk Committee, supported by the Enterprise Risk Management division has put in place a risk management framework to ensure robust risk governance; a standardised methodology to assess risks; and oversight of risks via control and monitoring systems. Environmental scans are performed regularly to update key local and worldwide events which could impact the Company.
2. The objectives of CAG's risk management framework are to ensure:
  - a. Board's and Management's oversight of CAG's strategic, operational, financial and regulatory risks;
  - b. Risk-considered decision-making in all facets of the Company's business;
  - c. Compliance with regulatory obligations; and
  - d. Protection of CAG's integrity, value, reputation and assets.
3. The risk management framework subscribes to international best practices in the form of ISO 31000:2009, an internationally recognised risk management standard. Efforts have been made to adhere to these standards as closely as possible and CAG's risk assessment processes were found to be compliant with this international benchmark.

# BUSINESS & OPERATIONS REVIEW





# GLOBAL CONNECTIVITY



Changi Airport is the seventh busiest international airport in the world. As at 31 March 2011, Changi serves 100 airlines operating some 5,500 weekly scheduled flights and connecting Singapore to over

# 2000

cities in about 60 countries worldwide.

● Cities connected to Changi Airport  
(including codeshares)

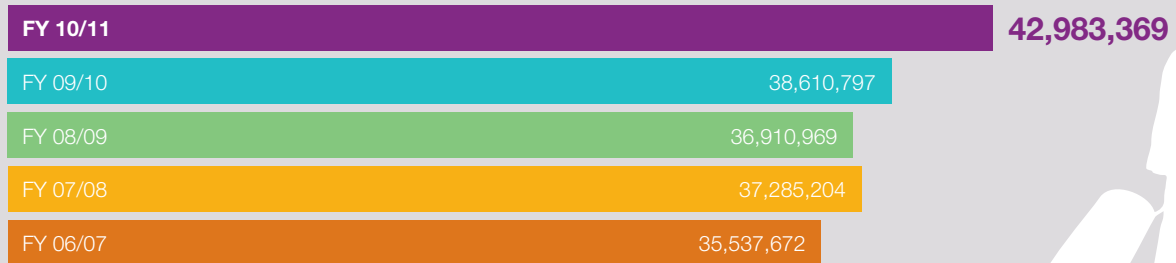


# AIR TRAFFIC STATISTICS

## BY YEAR

### PASSENGER MOVEMENTS

NO. OF PASSENGER MOVEMENTS



### AIR FREIGHT MOVEMENTS

TONNES OF AIRFREIGHT



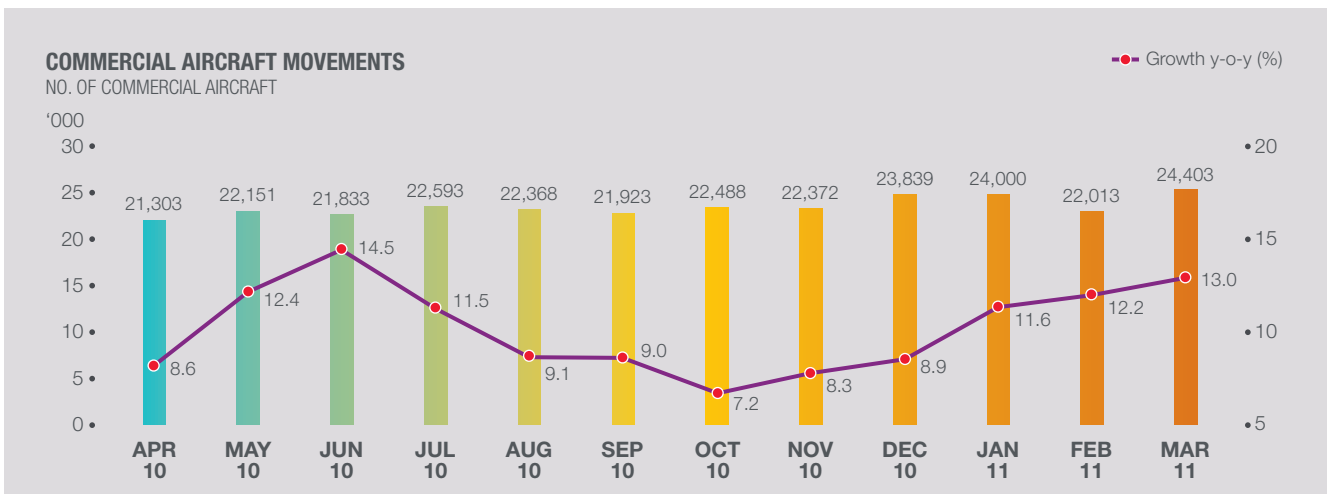
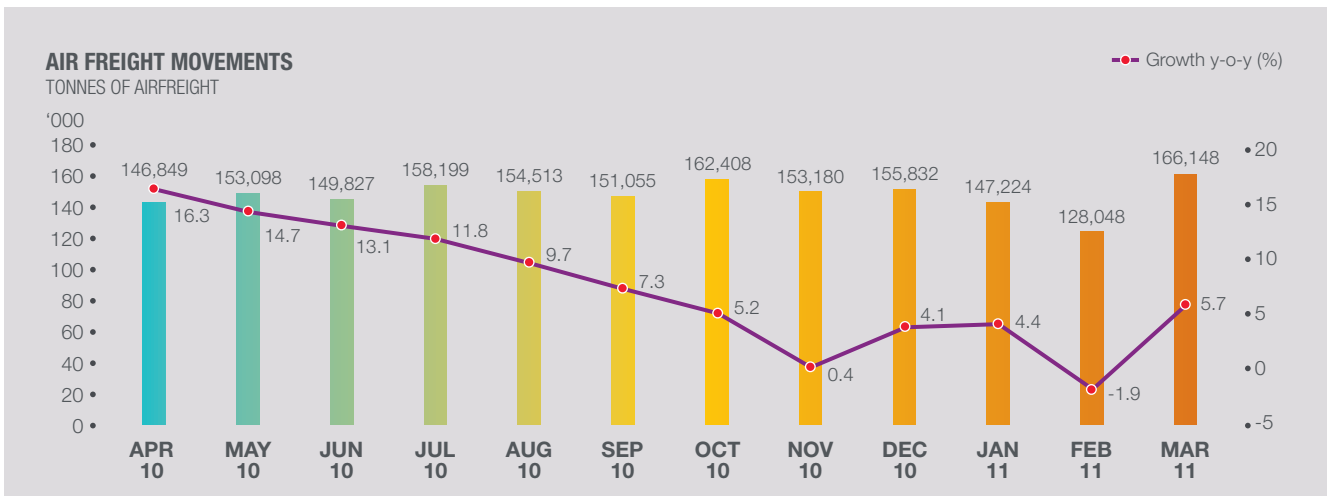
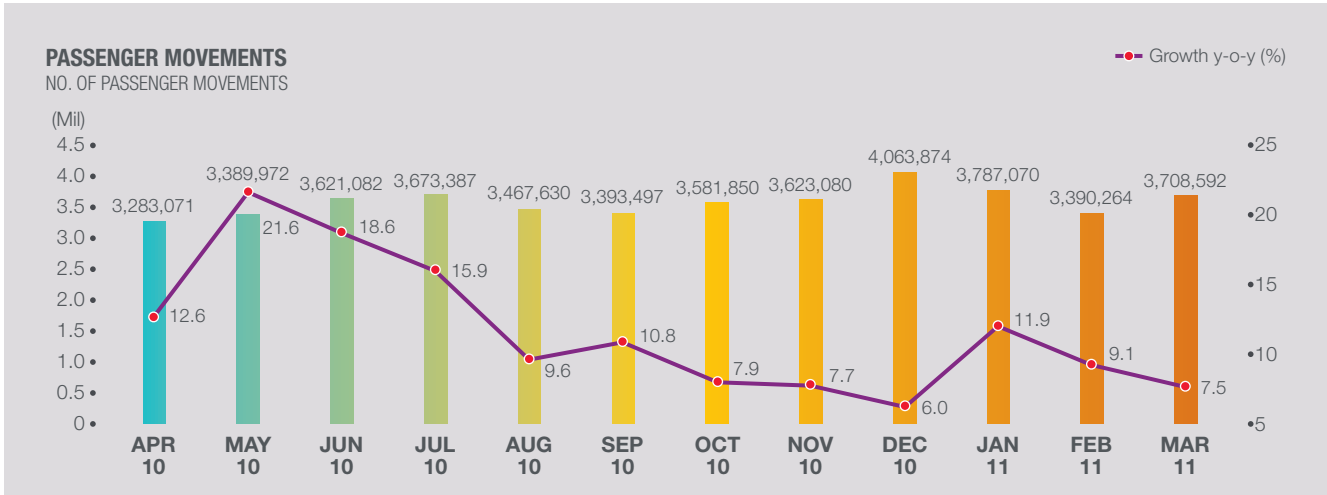
### COMMERCIAL AIRCRAFT MOVEMENTS

NO. OF COMMERCIAL AIRCRAFT





# BY MONTH



# DELIVERING AN AWARD-WINNING EXPERIENCE

1. Young visitor enjoying a thrilling ride on The Slide@T3
2. Complimentary foot massage for a passenger
3. Exploring the Butterfly Garden at Terminal 3



At Changi Airport, the emphasis is on providing passengers and visitors with an experience that is defined by the Changi Service DNA – personalised, stress-free and positively surprising. This is the Changi Experience. Beyond world-class airport facilities, efficient operations and excellent customer service, the Changi Experience is about connecting people and enhancing their lives.

Affirming its efforts, Changi Airport received 24 Best Airport awards for the period between 1 April 2010 and 31 March 2011. These included Best Airport in the World by Business Traveller (UK) for the 23<sup>rd</sup> consecutive year, Top Worldwide Airport by Wanderlust for the ninth time and Best Airport in Asia Pacific by DestinAsian for the sixth year running.

## Regular enhancements, continuing improvements

Throughout the year, various enhancements were implemented in Changi Airport. For premium class passengers who prefer a higher level of comfort and luxury during check-in, CAG supported SATS Ltd to open a premium check-in lounge at Terminal 2. With direct access to the immigration area, premium passengers of airlines handled by SATS can now enjoy a hassle-free and simplified travel experience with exclusivity and enhanced convenience.

An Early Check-in (ECI) Service was introduced by Tiger Airways at the Budget Terminal in January 2011. With this service, passengers can now check-in earlier ahead of their scheduled flights, enabling them to avoid queues which tend to form as flight times near.

The ECI service, which is also provided by other airlines, provide passengers with a more stress-free check-in experience. It complements self-service check-in kiosks and the Passenger Reconciliation System for online check-in which were introduced earlier.

## SWIFT feedback and response

Since September 2010, CAG has rolled out a number of Customer-Centric Initiatives (CCI) aimed at improving feedback management, raising service performance standards and enriching the passenger experience at Changi Airport.

One such technology-driven initiative is the Service Workforce Instant Feedback Transformation (SWIFT) system, which comprises two components – the Instant Feedback System (IFS) and e-Inspection.

The IFS enables agencies and tenants at Changi Airport to receive real-time feedback from customers at key airport touch points, such as at toilets, check-in, immigration and information counters as well as retail and food & beverage outlets. Through an interactive touch-screen device, customers are able to rate their service encounter with the frontline staff. The IFS can present these ratings to the frontline supervisors as 'live' reports, enabling immediate assessment of the service level provided by individual staff members. It gives the supervisors the opportunity to commend staff who show exemplary service, or counsel those who can do better. Also, for less than satisfactory ratings, supervisors can receive system alerts so that they can initiate service recovery and attend to the customer's immediate needs if necessary.



**THEMED GARDENS RANGING FROM TRANQUIL INDOOR PONDS TO OUTDOOR SUNNY ENCLAVES TO ENLIVEN YOUR SPIRITS.**

The IFS allows CAG to obtain feedback on the areas where Changi has performed well in addition to those on service lapses. Its instant ratings system provides CAG with a more comprehensive picture of performance levels across all the touch points surveyed. In addition, the real-time feedback mechanism empowers Changi's airport partners to be more responsive and proactive in addressing the needs of customers. The IFS reports also allow airport agencies and businesses to analyse trends to better plan resources, improve productivity and identify service gaps.

The IFS has been implemented at selected check-in, immigration, information counters and toilets in Terminal 3 on a trial basis. Following its implementation in these areas, the overall number of feedback received has increased exponentially by an average of 195 times compared to the pre-implementation period when only traditional channels such as feedback forms, e-mail and feedback kiosks were available. The IFS is being progressively implemented at other areas airport-wide.

**e-Inspection**, the second component of SWIFT, has been developed to ensure timely response to faults and to improve the productivity of the service workforce such as washroom attendants, estate management officers, aerobridge technicians and other service staff. With the use of smartphones, the e-Inspection system supports timely facilities inspection and maintenance by service teams and allows real-time tracking of the working conditions of facilities in the terminals.

For example, in washrooms equipped with the IFS, passengers are invited to rate the cleanliness of the washrooms. If they give a less than satisfactory rating, they are prompted to indicate the reasons for their rating by selecting on-screen icons (for instance, 'wet floor', 'no toilet paper', 'dirty basin', and so on). A mobile alert is then transmitted via the e-Inspection system, to the smartphone of the cleaning supervisor, who can then initiate the necessary corrective action.

During inspections of facilities, when a fault is discovered, e-Inspection enables the service staff to report it immediately using a smartphone. Besides enabling faster service recovery and minimising service disruption, it also allows analysis of the maintenance productivity and performance of the service teams. Following the implementation of e-Inspection, the number of faults detected on-time has increased significantly and the response time for repairs of breakdowns has improved by 30%. The productivity of the service staff has also increased correspondingly.

The e-Inspection system is used to track and monitor estate management maintenance and inspection activities at Terminal 3. It is being progressively developed for other aspects of airport operations such as aerobridge maintenance. There are plans to expand usage of the system to cover other user groups across the whole airport.



# DELIVERING AN AWARD-WINNING EXPERIENCE

## Enriching the Changi Experience

Other CCIs introduced at Changi Airport have sought to deliver to passengers a personalised and stress-free experience.

To empower customers with Changi-related information that they can easily access, CAG launched *iChangi*, a mobile application in September 2010. It allows users to:

- Do quick searches for real-time information on arriving and departing flights;
- Locate departure check-in rows, boarding gates and arrival baggage belts for their flights, as well as airport amenities through maps of the airport; and
- Subscribe to real-time updates such as changes to flight time, baggage belt and boarding gate, allowing passengers to plan their time at Changi more efficiently.

*iChangi* also comes with other useful non-flight information about Changi Airport, including retail and dining options. Information about various airport facilities and services, as well as Customs information is also available. The *iChangi* application is available for free downloads onto mobile gadgets using various operating platforms including Apple, Android, Windows Phone 7 and Blackberry. Since its launch, the application has seen an average of close to 100,000 users each month.

The Care@Changi (CaC) initiative was launched to provide extra care to passengers with special needs. These include those who are wheelchair-bound, with mobility difficulty, expectant mothers or passengers travelling with infants. At various touch points such as immigration counters and pre-board security checks, priority lanes are provided for such passengers. Specially-made wheelchairs and baby strollers

are also available for their use. As with baggage trolleys, these are provided free-of-charge at high-traffic locations throughout the airport for easy pick-up and return.

During the year, CAG continued to introduce new leisure facilities and amenities and upgrade existing ones in Changi's terminals. The Slide@T3 was opened to the public in May 2010 and has been well-received by airport visitors, especially families with children on weekend outings at Changi. The four-storey slide is Singapore's tallest and the only one in an airport around the world. There have been over 170,000 rides taken thus far. The video on the construction of the Slide@T3 posted on the Fans of Changi YouTube channel garnered more than 150,000 views in the first year of its release.

In Terminal 2's Departure Transit Lounge, CAG introduced the Xperience Zone featuring five experiential zones equipped with a large format display screen and customised seats with built-in side speakers, TV sets, free Internet surfing kiosks and gaming stations. This latest entertainment area provides passengers with a multi-sensory and interactive experience before they board their flights.

Another enhancement to Changi's leisure facilities was the opening of the Changi Aviation Gallery in Terminal 3 in June 2010. Providing aviation enthusiasts and the public with interesting facts about flight operations, the gallery features displays of model airplanes that have flown through Changi Airport. More than 800 miniature folded aircraft hanging from the ceiling give visitors a sense of the number of flights handled at Changi Airport every day. Besides interactive and informational display panels, the gallery also provides visitors with a close-up view of the airport tarmac and allows them to observe aircraft activities from a relatively high vantage point in a comfortable environment.

1. Relaxing at Peach Garden, Terminal 1 Departure Transit Lounge
2. New mobile phone application, *iChangi*
3. Xperience Zone, Terminal 2 Departure Transit Lounge
4. New Changi Aviation Gallery, Terminal 3



## DELIVERING AN AWARD-WINNING EXPERIENCE

### **Hustle and bustle at Changi**

There is never a dull moment at Changi. In addition to the provision of state-of-the-art airport facilities, CAG believes in engaging passengers and visitors through events and activities to create a lively airport experience.

### **Sporting events**

The FIFA World Cup fever swept the world in June-July 2010 and Changi Airport was not spared. To ensure that the many passengers transferring at Changi could still catch the football action while in transit, the airport terminals were transformed into 'mini stadia' which screened 'live' all 64 matches of the finals in South Africa. In all, almost 140,000 passengers watched the action, including many from participating nations like Australia, England, Germany, South Korea and Japan.

CAG was an Official Sponsor of the Singapore 2010 Youth Olympic Games in August 2010. Changi Airport pulled out all the stops to welcome athletes, delegates and guests to the inaugural Youth Olympics and largest sporting event ever held in the country. Special assistance counters were set up at the airport to provide various forms of support to visitors.

'Live' screening of the Games was available at various locations across Changi's main terminals. In particular, the screening area at the Terminal 3 Departure Transit Lounge provided an exceptional viewing experience with eight 42-inch high-definition TV screens. There were also sports-themed games and activities with 'gold medals' given as souvenirs.

Continuing with the sporting theme, the Changi GP Festival was organised in September 2010. Held during the Singapore Grand Prix season, visitors and passengers enjoyed a good dose of racing action at the event booths, testing their racing skills at race simulators with 42-inch screens and a Tamiya remote control car track at the transit and public areas of the airport.

### **Cultural and festive activities**

Over six months from October 2010, Terminal 2's Departure Transit Lounge was the venue for a series of cultural events, all aimed at showcasing Singapore's rich diversity of cultures. Culture@Changi delighted passengers with traditional dance and musical performances, exhibits and workshops that were held to celebrate the rich, multi-racial culture that Singapore is well-known for.



Christmas 2010 saw the Changi Christmas Fantasy celebration with visitors greeted by a Christmas wonderland at Terminal 3's Departure Check-in Hall. The showpiece was a giant magical teapot with hourly light-ups complete with exciting effects. Lucky visitors who picked up colourful balls 'poured' by the teapot won attractive prizes including air tickets and dining vouchers. Passengers in the transit areas were entertained by lively song and dance performances put up by fantasy characters donning colourful costumes.

To ensure that passengers continued to have a pleasant airport experience during the Chinese New Year holidays, the majority of shops and restaurants at Changi stayed open throughout the holiday period. To complement the spirit and atmosphere of the festival, Changi Airport's terminals were beautifully decorated with traditional New Year plants and flowers. Accompanying these lovely plants were gold bunny sculptures and giant bunny topiaries that beckoned a warm welcome to the Year of the Rabbit.

**Celebrating service excellence**

Service excellence continues to be a hallmark of Changi Airport. One of the reasons for Changi's continued success

and achievements over the years lies in the delivery of excellent service that has come to epitomise the Changi Experience.

CAG will continue to engage its airport partners to meet, and surpass, the very high standards that passengers have come to expect of Changi. Collaborating with over 200 companies and agencies, and coordinating the efforts of more than 28,000 Changi "Ambassadors" to deliver a single, consistent Changi Experience remains a key priority. One effort to promote a sense of belonging to Changi among the airport work force was the introduction of new uniforms reflecting a common Changi identity.

To motivate and spur all members of the Changi community to share their commitment to service excellence, CAG hosts an annual awards ceremony to reward and motivate those who have shown exemplary service. The annual Changi Airport Service Awards provide a platform to acknowledge and recognise exceptional individuals and teams who, through their dedication and commitment to delivering quality customer service, personify the Changi Experience for tens of millions of passengers and visitors every year.



1. A leisurely moment by the koi pond at Terminal 3
2. Passengers catching up on World Cup 2010 action while in transit
3. Singapore 2010 Youth Olympic Games mascots, Lyo and Merly
4. Racing action at the Changi GP Festival in conjunction with the Singapore Grand Prix season



# ENHANCING COMMERCIAL PERFORMANCE

Changi Airport is not just a seamless, efficient and enjoyable experience that travellers can look forward to on their journeys, but also a dynamic shopping destination that is fun and rewarding. It brings together the world's best loved brands in a vibrant and exciting retail space of over 70,000 square metres across four terminals to offer passengers and visitors an inimitable shopping experience. Changi now has more than 290 retail and service stores and 130 food and beverage (F&B) outlets that offer a myriad of retail and dining choices from local favourites to international brands.

## Record high concession sales

The travel retail industry saw a speedy recovery from the economic downturn during the year as Changi Airport registered strong growth in passenger traffic. Concession sales at Changi grew in tandem by about 15% over the year and surpassed US\$1 billion (S\$1.33 billion), which puts Changi among the top five airports in the world in terms of airport retail concession sales.

The strong growth in concession sales was driven by double-digit growth in passenger traffic, the opening of newly-created outlets in Terminal 1 and effective marketing and promotions that CAG implemented for both the transit and public areas.

## Forging strong collaborations with retail partners

CAG believes that the commercial success of Changi Airport is deeply intertwined with the success of its retail partners. Together, CAG and its tenants share a mission to deliver the best travel retail experience in the world. Through its holistic approach of attracting quality concessionaires to operate at Changi Airport, continuously refreshing and improving the retail mix and creating a conducive retail environment at the airport, CAG is committed to grow Changi as one of the world's most attractive airport shopping destinations and enhance its position as "where the world shops".

CAG is dedicated to helping its retail partners grow and accelerate their business by providing effective marketing and operational support. As a testimony that such efforts and support are recognised and welcomed by the travel retail community, Changi Airport was recognised as the "Airport Authority with the Most Supportive Approach to Travel Retail - Worldwide" by Duty Free News International & Travel Retailer International in 2010.

## Working together for success

Nuance-Watson Singapore (NWS) started operations at Changi Airport in 2001 with seven Perfumes & Cosmetics stores at Terminal 2. Today, we operate a total of 22 Perfumes & Cosmetics and five Fashion & Accessories stores at Changi.

Our strategy of bringing in new brands plus our efforts in continuous staff development and active engagement of the media have paid off. We now have more than 6,500 transactions per day and our stores have become a "must-visit" for travellers. In 2010, NWS registered sales growth of approximately 16%, largely contributed by the higher traffic numbers at Changi. Our main customers consist of Chinese, Indonesians, Australians, Indians and Malaysians. Higher spending by Singaporean travellers and the growth of the low-cost carrier segment have also contributed to our business growth in recent years.

CAG has been a very supportive landlord, especially during trying times. For example, NWS still achieved its yearly sales target during the financial crisis in FY08/09, thanks to the strong support from CAG. As an organisation that likes to take the path of the less travelled and sees beyond the horizon, CAG's support has allowed us to cement our leadership position in the beauty segment and provided strong synergies to our overall global business.



**Ken TSE**  
Managing Director  
Nuance-Watson Singapore





Bottega Veneta at new luxury fashion concept store,  
The Fashion Gallery (Terminal 2)

## ENHANCING COMMERCIAL PERFORMANCE

### More exciting new brands

CAG strives to continuously refresh its retail and dining offerings and provide a varied range of options so that travellers can expect only the very best at Changi Airport. During the year, it brought in new and innovative brands and concepts, including a number of firsts in Changi.

In retail, Changi Airport celebrated the opening of Pandora and The Fashion Gallery. Pandora, which is a popular Danish jewellery brand founded by a husband and wife team, has an international presence in over 50 countries. The store at Changi Terminal 1 is its first airport store to be opened in Southeast Asia.

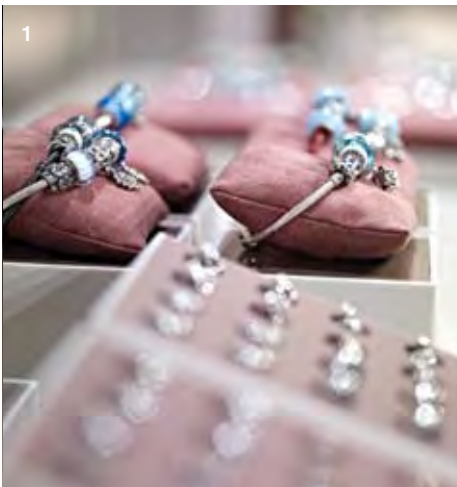
In January 2011, Changi welcomed The Fashion Gallery, a brand new luxury fashion concept, in the Terminal 2 Departure Transit Lounge. At 764 square metres, The Fashion Gallery is

one of the region's largest multi-brand airport fashion outlets and showcases 17 internationally renowned luxury designer fashion brands. Making their debut at Changi Airport are well-known brands such as agnès b., Loewe and Yves Saint Laurent.

Other notable retail and F&B brands which were introduced at Changi Airport during the year include Rolex, Pashma, Peach Garden Noodle House, Texas Chicken, Saboten and Hudson News.

### Constant rejuvenation of retail space

The upgrading of Terminal 1 will be completed in early 2012 after three and a half years of extensive upgrading works. Upon completion, it will boost concession space by more than 10% (over 2,300 square metres) and increase the number of concessions by about 25% in both the transit and public



1

2

areas, allowing Changi Airport to expand its retail and F&B offerings. Across 20,000 square metres of space, Terminal 1 will feature over 120 retail, F&B and service outlets.

Thoughtful consideration has gone into the design and construction of the upgraded Terminal 1. For example, a centralised Departure Immigration Hall and a dual-shopping street layout are some of the key features in the revamped terminal that will improve way-finding and passenger flow, while at the same time offer greater visibility for retailers. In the Arrival Hall, the concession space for Duty Free stores has also been increased to allow for a greater variety of product offerings.

In the transit area, the number of outlets will be increased from 65 to 85, with space growing by about 10% to over 15,000 square metres. Some brands such as Pandora and Peach

Garden Noodle House have commenced operations during the year following completion of part of the retail development in Terminal 1.

In the public area, concession space will be increased by more than 20% to enhance the variety of retail and F&B offerings. With the partial completion of the upgrading works during the year, new brands have been introduced in Terminal 1 such as Astons Specialties, Paradise Inn, Pizza Hut, Ruyi and Saboten.

Meanwhile, in the same spirit of regularly refreshing the offerings at Changi Airport, CAG has also embarked on a development project at Terminal 3 to expand and revamp the retail space in the public areas. Covering Basement 2, Levels 2 and 3, the development project will increase the total floor space for retail and F&B by about 20% to over 10,000 square metres, thereby enabling the range of shops and restaurants at the terminal to be enhanced.



1. Popular Danish jewellery brand, Pandora's debut store in Asia
2. Witchery, an Australian fashion concept store popular with young working adults
3. Ruyi, local restaurant chain Tung Lok's fast food concept store in Singapore
- 4, 5. Paradise Inn and Pizza Hut, new restaurants at Terminal 1, widen the F&B selection for passengers



# ENHANCING COMMERCIAL PERFORMANCE

1. New candy concept store, Candy Empire, at Terminal 3 Basement 2
2. O'Learys Sportsbar & Grill at Terminal 2 Departure Transit Lounge, one of several bar lounges at Changi Airport
3. Terminal 2's Departure Check-in Hall
4. Ivan Rantung, winner of the inaugural 'Be a Changi Millionaire' Draw



Upon completion of the project, Terminal 3 Basement 2 will host about 40 retail and F&B outlets. Visitors can look forward to a more attractive retail mix, ranging from fashion and accessories, beauty and wellness, children's toys and apparel, candies and deli shops, to a wide array of dining options including cafes, fast food joints and restaurants. At the Departure Check-in Hall on Level 2, a new row of six retail shops have been introduced. In addition, reconfiguration works is being undertaken at Level 3 to further optimise the retail space.

These efforts gave CAG the opportunity to bring in new and interesting retail brands such as Carl's Jr, Bratpack, Cotton On, Durian Mpire, Kim Joo Guan, Poh Kim Video, Seiki Travel, Sugar Cube and family-friendly products and services such as My Kiddos and SingKids Playsystem.

## Innovative shopping promotions

CAG ran several fresh and innovative marketing campaigns during the year including the much publicised Changi Millionaire promotion and the Changi Rewards loyalty programme.

# >70,000

SQUARE METRES OF CONCESSION SPACE, 300 RETAIL AND SERVICE STORES AND 130 F&B OUTLETS MAKE CHANGI AIRPORT ONE OF THE LARGEST SHOPPING DESTINATIONS IN SINGAPORE.



From 1 June to 30 November 2010, all shoppers and diners who spent a minimum of S\$60 at Changi Airport were eligible to enter the 'Be a Changi Millionaire' Draw. Over the six-month period, one monthly winner was drawn upon the close of every month for participation in the Grand Draw. On 28 January 2011, in a nail-biting finale, Ivan Rantung from Singapore beat five other male finalists to walk away with S\$1 million in cash.

The 'Be a Changi Millionaire' Draw, co-sponsored by Visa, was the biggest retail campaign ever in Changi Airport's history, and the grand prize of S\$1 million was the largest cash prize to be given away in a retail draw in Singapore or by an airport anywhere in the world. Besides the grand prize, there were 188 other cash prizes totalling more than S\$200,000. The six-month long promotion, attracted a record-high lucky draw participation rate of over 830,000 entries and garnered widespread publicity. This promotion contributed significantly to Changi Airport's concession sales during the year.

During the year, CAG rolled out its own shopping loyalty programme, Changi Rewards, a card that targets frequent users of Changi Airport and rewards their shopping and

dining at the airport. Changi Rewards provides an opportunity for CAG to enhance its value proposition to shoppers and deepen its engagement with them. Members accumulate points for every dollar spent at the airport, and these can be redeemed for Changi Dollar Vouchers. This loyalty programme has been very well-received by Singapore residents, with the membership base totalling close to 55,000 as at March 2011.

Following the overwhelming response to the 'Let's Do Lunch' promotion in 2009, CAG repeated the promotion in April and May 2010. A large number of F&B outlets at the public areas of Changi's main terminals offered enticing set lunch menus on weekdays at an attractive flat rate of just S\$10. A complimentary shuttle bus service provided convenient transport between Changi Business Park and Changi Airport during lunchtime hours. Those who drove also enjoyed free parking at the airport for the first hour, with a minimum spend of S\$30 at participating F&B outlets.

# ENHANCING COMMERCIAL PERFORMANCE



Another promotional event held at Changi Airport was the festive Changi Christmas Fantasy. Visitors to Changi were treated to a magical Christmas at the airport with a string of fun-filled activities for the entire family such as the gift-dispensing Magical Teapot, live song and dance performances and the ever-popular Christmas fantasy castle inflatable playground. Shoppers and diners at Changi also walked away with exclusive gifts from Christmas Fantasy gift houses located across all the terminals.

During the festive season, CAG also introduced Blogshops@Changi, a blogshop bazaar retail concept at Terminal 3 Basement 2 that featured three thematic retail zones offering ladies fashionwear, kids merchandise as well as gadgets and gift items from popular blogshops.

In the first quarter of 2011, the popular 'Save 2X7% GST' shopping promotion was launched for a second year running as part of CAG's efforts to generate awareness of the GST-absorption programme at retail stores in the public areas of Changi Airport. With this promotion, visitors shopping at the public areas of Changi Airport enjoyed substantial savings equivalent to double the GST amount (about 14%) on their purchases at almost all of the retail outlets in the public areas.

For better service to users, in September 2010, CAG also launched a complimentary shuttle service between the airport and residential districts on weekends and public holidays to make it more convenient for the public to shop and dine at Changi Airport.

### Rentable properties

CAG leases over 1,500 rentable premises as well as administers the internal allocation of rentable premises for the corporate and operational needs of the airport.

During the year, and for the first time, CAG successfully attained 100% occupancy for warehouse premises in the Megaplex at Changi Airfreight Centre. It engaged major logistic companies and leased the warehouse units to Schenker and Panalpina, resulting in improved rental contributions from the facility.

CAG also commenced leasing activities for the CAG Air Freight Terminal, which was formerly a single, large format tenancy. CAG adopted a new multi-tenancy approach to ensure greater maximisation of the rental revenue. It found its first major tenant in SingPost, which will utilise the facility for mail handling.



1. Sunglass Hut, new at Terminal 3 Basement 2
2. Changi Christmas Fantasy 2010
3. A plethora of Christmas gifts to thrill airport visitors
4. Shopping promotions that absorbed GST enhanced savings for shoppers at Changi Airport
5. Warehousing facilities at the Megaplex, Changi Airfreight Centre

# GROWING THE AIR HUB

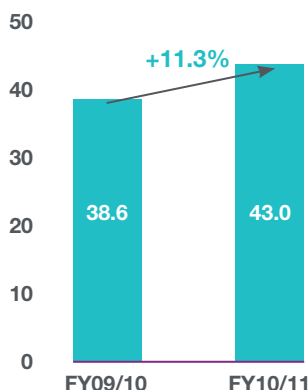
Singapore Changi Airport has come a long way since the first aircraft took off from the airport in 1981. That year, the airport served 35 airlines operating 1,400 weekly flights to 70 cities in 45 countries. Changi has grown by leaps and bounds since, and thirty years later, it serves airlines operating some 5,500 weekly scheduled flights to over 200 cities in 60 countries and territories. Today, the imperative to develop Changi as a vibrant and world class air hub remains, with a focus on partnership with airlines to foster synergy for greater growth.

## Crossing the 40-million mark

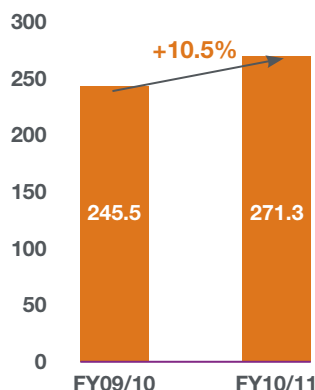
Changi Airport reinforced its position as one of the world's most important international air hubs when it registered 43 million passenger movements for the year ended 31 March 2011. This is an increase of 11.3% over the previous corresponding year and places Changi as one of only seven airports handling more than 40 million international passengers a year. Total passenger movements have exceeded pre-recession levels.

Changi achieved new monthly and daily traffic records in FY10/11. December 2010 was Changi's busiest month ever, with the airport managing a record 4.06 million passengers. A new daily traffic record was also set on 18 December 2010 with 146,000 passenger movements during the 24 hours.

**PASSENGER MOVEMENTS**  
(million)



**COMMERCIAL AIRCRAFT MOVEMENTS** ('000)



## Changi – an invaluable partner

As one of the fastest growing airlines in Europe, Turkish Airlines is honoured to have the opportunity to work with the world's best airport. Our partnership with Changi is of immense importance to us and the synergy between our two companies enabled us to deepen Turkish Airlines' presence in the region.

Through numerous road shows and trade events, the joint marketing and promotional efforts of CAG and Turkish Airlines have been instrumental in driving demand for travel between Singapore and Turkey. This has provided the impetus for us to increase our five-weekly Istanbul-Singapore service to a daily service. The strong demand has also led us to upgrade from the A330-200 to the bigger A330-300 aircraft equipped with new Business Class seats to cater to the higher market demand.

CAG's support has allowed us to grow from being a point-to-point carrier to a global airline connecting Singapore to 180 cities worldwide, including more than 70 destinations in Europe and 41 cities in Turkey.

We are very proud to be operating from the world's most renowned airport and we look forward to working even more closely with CAG to grow our business in Singapore and the region.



**Cengiz INCEOSMAN**  
General Manager  
Singapore and Malaysia  
Turkish Airlines



Changi Airport's strong performance in FY10/11 was broad-based across almost all regions and was underpinned by robust traffic growth to and from Northeast and Southeast Asia. Passenger traffic to these two regions increased by more than 15% during the year, buoyed by the rapid expansion of low-cost carriers (LCCs). Passenger traffic on LCCs grew 26.6% and accounted for 23% of Changi's passenger movements and 27% of flights at Changi.

Full-service carriers (FSCs) also contributed to the growth of passenger traffic at Changi Airport. For FY10/11, passenger movements on FSCs grew 7.4% and accounted for 77% of total passenger traffic for the period.

On the connectivity front, Changi's network expanded during the year to include new city links such as Guilin, Hefei and Zhengzhou in China, Pekanbaru and Pontianak in Indonesia, Redang and Tioman in Malaysia and Sao Paulo in Brazil. In particular, Singapore Airlines' commencement of thrice-weekly services from Singapore to Sao Paulo via Barcelona in March 2011 connected Changi to the South American continent for the first time. Changi Airport also welcomed five new passenger carriers, namely Air Macau, Airphil Express, Berjaya Air, Hainan Airlines and Hong Kong Airlines.



## GROWING THE AIR HUB

1. CAG and Hong Kong Airlines management together with Hong Kong celebrities at the airline's inaugural launch event in January 2011
2. Capoeira and samba performers at Changi's "Fly to Brazil" carnival held to commemorate Singapore Airlines' thrice-weekly flights from Singapore to Sao Paulo
3. Coolport@Changi, an airfreight terminal dedicated to handling perishable cargo
4. The Air Cargo Express Hub at Changi was unveiled by management representatives from CAG, FedEx, EDB and CAAS



### Partnering for mutual growth

CAG is committed to working closely with its partners to create win-win opportunities for growth. One such example is the Jetstar Group's decision to base its Asian hub at Changi. Arising from this, Jetstar launched its first low-cost long-haul services from Singapore to Melbourne and Auckland, in December 2010 and March 2011 respectively.

The Changi Airport Growth Initiative (CAGi) was introduced in January 2010 to enhance CAG's partnership with airlines and other airport stakeholders to drive Changi Airport's growth. Besides incentivising airlines to launch new routes and increase frequency and capacity, CAGi also funds joint marketing programmes with airlines to stimulate travel demand and thicken routes.

During the year, CAG and Turkish Airlines collaborated on networking events and trade shows in Singapore and Turkey to promote the airline's non-stop Singapore-Istanbul service. The joint efforts resulted in the Turkish flag carrier's expansion of its services. Higher demand has also seen Turkish Airlines use a larger aircraft on the route.

CAG also collaborated with five Chinese carriers (Air China, China Eastern Airlines, China Southern Airlines, Shenzhen Airlines and Xiamen Airlines) and several outbound travel agents to promote travel to five Chinese cities – Dalian, Hangzhou, Shenyang, Wuhan and Xi'an. The campaign

in Singapore's major Chinese language dailies offered promotional travel packages and was well-received with the travel agents reporting significantly higher sales.

Tapping on the robust demand for short getaways among Singapore residents, CAG highlighted the allure of regional destinations in a marketing campaign to promote weekend escapades. With support from AirAsia, Firefly, Jetstar, SilkAir and Tiger Airways, as well as the Tourism Authority of Thailand, the campaign raised awareness of Bandung, Chiang Mai, Hat Yai, Ipoh, Jogjakarta, Krabi, Kuantan and Shantou, and encouraged Singapore residents to experience new holiday experiences at these locales.

CAG's partnership approach also encompasses governments and regulatory bodies. A Memorandum of Understanding was signed with the Henan Civil Aviation Development and Construction Committee in November 2010 to develop air connectivity between Singapore and Henan's cities. Shortly after this, in March 2011, Changi welcomed Singapore's first air link with Henan Province when Xiamen Airlines started a daily service linking Singapore to Zhengzhou, the capital of Henan.

### Building a world-class air cargo hub

Buoyed by Singapore's extraordinary economic recovery in 2010, airfreight movements at Changi Airport rebounded



# > 1.8mil

TONNES OF AIRFREIGHT MOVEMENTS WERE HANDLED DURING THE YEAR.



strongly from the declines in 2008 and 2009. For the year ended 31 March 2011, Changi Airport handled 1.83 million tonnes of cargo, growing 7.4% on year. In particular, March 2011 was Changi's busiest month in three years, with airfreight movements totalling 166,100 tonnes.

Riding on the market recovery, Changi continued to expand its connectivity and cargo capacity to regional markets. During the year, Changi Airport welcomed two new all-cargo carriers – Indonesia's Tri-MG Airlines and China Cargo Airlines – which grew Changi's cargo capacity to the fast growing Indonesia and China markets. Hong Kong Airlines also commenced scheduled freighter operations, providing the market with greater options to the North Asia market. Changi served 16 all-cargo carriers in FY10/11, an increase from 14 the year before. New cargo city links were established with Bintulu in East Malaysia, Oakland in the United States and Tbilisi in Georgia.

CAG continued to seek new growth opportunities with its cargo partners. Together with the Civil Aviation Authority of Singapore, Ascendas REIT and FedEx Express, CAG introduced the development of a new Air Cargo Express (ACE) Hub at Changi Airport. The ACE Hub is a unique first-of-its-kind air express facility in the region and when completed in 2012, will significantly enhance Changi's express cargo handling capabilities and reinforce its leading position as a key cargo hub in Asia Pacific.

A key pillar of CAG's strategy was to diversify its cargo base. In FY10/11, Changi Airport welcomed the completion of two key projects which will greatly enhance its cargo service offerings. The Singapore Freeport, a state-of-the-art ultra safe storage facility with direct airside access to the airport terminal was launched in May 2010. It is one of the world's largest facilities located in a free trade zone dedicated to the storage of fine art and collectibles. In November 2010, SATS Ltd officially opened Coolport@Changi, an on-airport airfreight terminal dedicated to handling perishable cargo. The facility will enhance Changi's position as an efficient and reliable hub for perishables trade in Asia. These developments will create new value-added services and market opportunities for Changi Airport to capture new trade flows in the region.

CAG actively engages its airline partners to build stronger relationships. During the year, it organised two cargo-related knowledge sharing sessions and invited key executives to discuss the latest developments in various industries. The sessions were well attended with more than 70 senior management and cargo managers from various airlines participating at each event.

# ENSURING SAFETY & SECURITY

1. Auxiliary Police Officers complement the security functions at the airport
2. One of eight foam tenders in CAG's fleet



The importance of ensuring safety and security in an airport cannot be overemphasised. To provide passengers with a safe and seamless experience, and airport partners with a sustainable work environment, the Aerodrome Safety, Airport Emergency Service and Aviation Security divisions work closely together and with the wider airport community to ensure that strict safety and security standards are upheld throughout the Changi aerodrome.

## Aerodrome safety

CAG takes a proactive safety management approach to ensure stakeholders' compliance with safety regulatory standards and requirements at all times. The Aerodrome Safety Unit is a policy unit that ensures Changi and Seletar Airports achieve the highest safety standards in airport operations and capabilities, in line with international standards and leading practices. It has in place a safety audit programme to monitor safety compliance in the operation and maintenance of the Changi aerodrome and its continued improvements.

As a testament to CAG's robust safety policies and practices, the Changi aerodrome was once again rated 'deficiency-free' by the International Federation of Air Line Pilots' Associations. Since its inception in 1981, Changi Airport has achieved this rating every single year. In a further endeavour towards a quality management system, CAG reviewed and documented its internal processes in aerodrome safety, with a goal of achieving ISO 9001 certification in FY11/12.

## Always ready for any challenge

On 4 November 2010, my colleagues and I were in the middle of an AES workplan seminar downtown when we heard about the QF32 A380 emergency. By the time we reached the incident site, recovery action was already very much in order.

Company C, which handled the QF32 incident, had been a team for about two years, and with a keen understanding amongst themselves, teamwork was seamless. This translated into the kind of results that AES strives for and is proud of.

Having been in my present role of Commander, Civil for more than eight years, I would attribute the success of an AES team to three factors – perfect hardware, flawless software, and seamless teamwork. This simply means that machines must be well maintained and operationally ready, teams must have total familiarity with SOPs through diligent and regular training, and they must have the family spirit to achieve great teamwork. We also innovate and develop our own 'best practices' from the cumulative experiences of all of us.

Of course, Changi Airport's AES cannot function well without the immense support of our partner agencies within the airport community. Only by working together effectively can the Changi family successfully face challenges head on.



**ANG Guan Hin**  
Commander, Civil  
Airport Emergency Service  
Changi Airport Group

In line with CAG's commitment towards a safer work environment, an external consultant was engaged to undertake a review of CAG's Workplace Safety and Health Management System and conduct a study of CAG's activities at both Changi and Seletar Airports. The independent consultancy study will further strengthen CAG's resolve in being a responsible aerodrome operator and employer.

The proud safety record of Changi and Seletar Airports is a testament to the efforts of other aviation service providers like airlines, air traffic controllers of the Civil Aviation Authority of Singapore and ground service providers that provide engineering and other ground handling services in the aerodrome. To ensure continued alignment of safety objectives, CAG participates in and organises different fora with its partners to keep these shared safety values strong and active. Safety is regularly promoted through safety newsletters and e-bulletins which are distributed to staff and partners in the airport community.

### Managing wildlife

Changi Airport has a comprehensive wildlife management system aimed at protecting and making the aerodrome a safer place for aircraft operations. This multi-pronged approach incorporates various measures such as habitat management, wildlife dispersal, population survey and trends analysis. Regular meetings with neighbouring stakeholders

are also held to discuss developments that may affect wildlife activities in the aerodrome region. To tap on external expertise and experience, CAG also engages wildlife experts and consultants from the International Civil Aviation Organisation to validate and update Changi's wildlife management programme regularly. This ensures that measures are consistent with current best practice.

### Airport emergency service

The Airport Emergency Service (AES) Division is a specialised aircraft rescue and fire-fighting outfit providing rescue and fire protection at Changi and Seletar Airports, as well as at the Republic of Singapore Air Force (RSAF) airbases. It is also responsible for the oversight of fire safety matters and policies at both civilian airports.

CAG's AES was put to the test during the year when it handled two emergency landings – one of an RSAF Apache helicopter at Woodlands in September 2010, and another involving a Qantas A380 aircraft at Changi Airport in November 2010. In the latter case, the AES rescue team successfully facilitated the safe disembarkation of 469 passengers and crew with no injury recorded. This outcome was made possible by the stringent safety standards set, consistent peace-time efforts put into ensuring emergency preparedness and seamless coordination with other airport partners.





## ENSURING SAFETY & SECURITY

1. Airport Emergency Officers inspecting fire safety facilities at Changi Airport
2. AES carries out regular drills to ensure operational readiness at all times



24/7

**365 DAYS A YEAR, VIGILANCE AND COMMITMENT TO ENSURE SAFETY AND SECURITY IS NOT COMPROMISED.**

To continue enhancing its rescue capabilities, AES retired its old vessels and commissioned three new ones during the year. Both the new hovercraft *Hover Rescue* and the new command boat *Sea Command* are equipped to perform fire-fighting at sea, and have the capability to launch sufficient life rafts to cater for the capacity of an Airbus 380 plane. A third vessel commissioned, a Rigid Hull Inflatable Boat, *Ocean Commander*, is capable of speeds up to 50 knots, making it one of the fastest craft in Singapore waters. These new vessels add nimbleness and currency to AES' fleet and enhance its fire-fighting capabilities at sea.

Besides the hardware, CAG also ensures that AES has the software to stay in tip-top condition. It organised the inaugural two-day International Aviation Fire Protection Association Asia Pacific Conference in March 2011, to promote information exchange and know-how in aircraft rescue and fire-fighting, crisis management and emergency planning, as well as fire protection systems in aerodromes. The conference facilitated networking of industry professionals from the Asia Pacific region and other parts of the world.

### Aviation security

On 1 June 2011, CAG's Aviation Security Unit (AvSec) took over the responsibility for the issuance of airport passes from the Airport Police Division. Following this, AvSec embarked on a review of the entire scope of airport pass operations and identified areas for improvement and enhancement to better serve the airport community, while maintaining the level of security.

As a result of the review, CAG increased the number of seasonal pass applications processed by about 40% from 150 to more than 250 each day. Despite the higher number of transactions, the waiting time was also shortened by more than half, from up to two and a half hours to 45 minutes during peak periods. The off-peak waiting time has similarly been reduced to only 18 minutes compared to an hour in the past.

As part of Changi's on-going efforts to enhance passenger experience and expand its service offerings, CAG has also put in place a postal service – Speedpost@Changi – for prohibited hand-carry items such as pen knives and utility tools which previously had to be discarded since they were not allowed onboard the aircraft. This new service allows passengers the option of sending their items by post, just before they board their flights.

CAG also co-organised a Security Symposium with Certis CISCO in April 2010. This was part of AvSec's programme to develop a sustainable and risk-based security culture and to forge a stronger partnership with key stakeholders in preparation for the next wave of developments in aviation security.

In terms of enhancing security measures, CAG continues to monitor global developments and will calibrate the security measures to mitigate identified threats and risks. To enhance intrusion detection capabilities, CAG will be implementing the first of its kind Fibre Bragg Grating Fibre Optic-based Perimeter Intrusion Detection System at Changi Airport's perimeter fencing to complement the forces which currently patrol the perimeter.

# PLANNING FOR GROWTH

With the goal of providing ample capacity to meet growing traffic demand and to continually enhance operational efficiency, CAG has to ensure that it plans and develops world-class airport infrastructure that enables the delivery of excellent customer service and experience for passengers, airlines, business partners and other airport visitors and users.

## Terminal 1 Upgrading

The upgrading works at Terminal 1 have progressed smoothly and the entire project will be completed on schedule by 2012. On the exterior, an impressive building landside façade with new kerbside canopies has been constructed. The canopies give the terminal façade a modern look while providing passengers with full shelter from weather elements.

In the interior, the Departure Check-in Hall will sport expansive and stunning rainforest silhouette feature walls at both the east and west entrances into the Departure Immigration zone. These refurbished areas allow abundant natural light inside the terminal and are lit up at night to showcase a soft lantern effect when viewed from Airport Boulevard. The public viewing gallery much loved by airport visitors has also been upgraded with new furnishings and an exciting glass-floored extension over the apron roadway, offering improved views of the airside.

The previous two Departure Immigration areas have been centralised into one to improve operational efficiency for the immigration authorities and allow ease of orientation for passengers. Immediately after Departure Immigration is the Central Piazza, providing a clear view of the airside with relaxing landscaping features. It can also be used as an event space to entertain passengers with exciting activities for their journey through Changi Airport.

In the Departure Transit area, a 35-metre extension of the terminal building into the airside at the departure floor creates generous space to accommodate a wider choice of retail and food & beverage options. New outdoor decks featuring interesting landscape elements have been added for passengers to enjoy the sunny outdoors. At the same time, one-of-a-kind premium washrooms with stunning airside views have been completed.

Near the boarding areas, the main thoroughfare has been widened to facilitate a smoother flow of passengers, especially during peak periods. The ceiling at these areas has also been raised in tandem to create a more spacious feel for

## Revitalising a 30-year icon

I joined the Terminal 1 upgrading project in January 2004 when approval for the upgrading was given the go-ahead. I have been working on the project since then, leading the project team through various phases over the years, to the current construction period.

CAG's vision is to bring Terminal 1 to be on par with, if not better than, the other newer main terminals while giving it a unique identity of its own – with its original charm intact. Throughout the project, it never ceased to amaze me how people would come up to me and share their fond memories of coming to the airport as a child. Without a doubt, Terminal 1 occupies a very special place in the hearts of Singaporeans who have grown up with it through the decades.

The interior furnishings took up the bulk of the upgrading works. The new finishes feature bright colours and portray a more contemporary feel. Extensions to the terminal building also provide a larger space for new facilities and retail offerings.

I must say that it has been a pleasure being able to bring so many people together, all passionate and proud to contribute towards the revitalisation of an icon, Changi Airport's Terminal 1.



**Stuart RALLS**

Project Manager  
Engineering and Development  
Changi Airport Group



*New tropical-themed outdoor deck at Terminal 1 West*



# PLANNING FOR GROWTH

1. New centralised Departure Immigration area at Terminal 1
2. Rainforest silhouette feature walls decorate Terminal 1
3. Widened thoroughfare and refurbished ceilings at Terminal 1



## TERMINALS TRANSFORMING TOWARDS A GREENER AIRPORT ENVIRONMENT.



passengers. More than half of the gate holdrooms have been enlarged to provide a higher level of comfort for waiting passengers. Upon completion of the upgrading works, the tropical city-themed Terminal 1 will see improved passenger flow and an enhanced passenger experience, bringing the Changi Experience to new heights.

### Towards a greener airport environment

Over the past year, CAG took on several key improvement projects, such as the installation of a new transfer baggage screening system, replacement of aerobridges that had reached the end of their operational lifespan, and upgrading of Changi Airport's power supply intake substation. Making Changi Airport a greener place is always high on the agenda in the course of carrying out these activities.

Particularly noteworthy is CAG's innovation in the recycling of a higher percentage of concrete aggregates than current industry norms for the rehabilitation of Changi Airport's concrete aircraft parking stand pavements. In collaboration with local research and development partners, CAG succeeded in raising the proportion of recycled concrete aggregates to 30%, 10% more than the Building and Construction Authority's (BCA) recommendation of 20%, without compromising pavement strength and durability. This on-going initiative of using recycled pavement materials was also extended to the resurfacing of roadways and taxiways. These rejuvenated pavements enhance safety to airfield users at Changi Airport while keeping to CAG's thrust of building a more environmentally-friendly airport.

During the year, CAG also achieved Green Mark Gold certification by BCA for its green efforts at Terminal 2. The BCA Green Mark is a green building rating system to evaluate a building on its environmental impact and performance. The certification examines a building's energy and water efficiency, environmental protection efforts,



# PLANNING FOR GROWTH

Upgraded baggage claim area at Terminal 1



indoor environmental quality and other green features and innovation. As part of this process, CAG undertook a gap analysis and made improvements to Terminal 2 to make it a 'greener' building, such as the building of bicycle lots in apron areas, installation of 'green' messages in toilets, automatic switching on/off of lights corresponding to peak and off-peak periods, and the development of a 'green' renovation guide for tenants.

With CAG's achievement of ISO 14000 certification for Changi Airport in January 2011, a set of energy targets was set with the aim of achieving energy savings of 3% over the next three years. Some of the initiatives include switching off kitchen exhaust fans after tenants' operating hours, which saw savings of S\$200,000 per year at Terminal 3, and replacement of high power lamps to low energy induction or LED lamps at Terminal 2 and the Budget Terminal, generating yearly savings of S\$53,000.

## Planning ahead

Over the last year, CAG continued to map out real estate development opportunities within Changi Airport. One example is the identification of a site for the expansion of the Airport Hotel. CAG also conducted a concept study for the potential redevelopment of the Terminal 1 open air car park, which aims at a more optimal use of airport land while offering an exciting facility for passengers and the public to enjoy while visiting the airport.

To maximise the use of existing assets, CAG also completed a trial to redesign existing wide-body aircraft receiving stands to allow parking of two narrow-body aircraft simultaneously. In light of the increasing proportion of narrow-body aircraft operated by low cost carriers at Changi Airport, this Multiple Aircraft Receiving Stand (MARS) concept, once implemented, will allow the flexibility of parking either a wide-body aircraft (e.g. B747, A380) or two narrow-body aircraft (e.g. B737, A320)

at each identified stand, thus optimising stand use and improving service levels to passengers by reducing the need to use remote parking bays.

MARS will be implemented at four of Terminal 2's aircraft parking stands where replacement will also be carried out on aerobridges that have reached the end of their operating lifespan. Other associated works include reconfiguration of fixed gangways linking the passenger terminal to the aerobridges, adjustment of the aerobridge and aircraft stand layouts, shifting of aircraft refuelling pits, modification of gate holdrooms, and the review of standard operating procedures of ground handling agencies and airlines to accommodate the new design. This project is scheduled to be completed by 2013.

## Redevelopment of Seletar Airport

The upgrading and expansion of airport facilities at Seletar Airport, Singapore's secondary airport, are currently in progress and expected to be completed in 2014. Facilities-wise, the airport will have an extended runway, new parking stands and taxiways, upgraded aircraft parking aprons, a new control tower and a new fire station when the S\$300 million project is completed. The upgraded airport will also be equipped with an instrument landing system for aircraft approaching from the north.

Seletar Airport is key to supporting the realisation of the Seletar Aerospace Park which is being developed to nurture a new integrated aerospace industry cluster. The park is designed to support and grow Singapore's expertise in various areas of aviation such as maintenance, repair and overhaul of aircraft, manufacturing and assembly of aircraft engines, training of air crew, and research & development, so as to position Singapore as a world-class, integrated aerospace hub. Seletar Airport is also slated to become a general and business aviation centre – a niche airport for private jets.

# EXPORTING THE CHANGI BRAND

The sky is the limit with Changi Airports International (CAI), a wholly-owned subsidiary of CAG. Through CAI, CAG exports the award-winning Changi Experience to even more of the world.

CAI's business activities centre on investments in airports, along with airport management, development and consultancy services. In the last 15 years, CAI has been involved in consultancy and investment projects in over 20 airports in more than 10 countries worldwide. Together with its investments, CAI's international portfolio covers China, India, the Middle East, South America and Europe. As an investor, CAI leverages its experience, at Changi and elsewhere, to enhance the value of its airport assets through greater efficiency and service standards by providing support in airport operations, commercial development and master planning.

## Investments

One year into its investment in Gemina S.p.A., the holding company of Aeroporti di Roma (ADR), the operator of Fiumicino and Ciampino airports in Rome, Italy, CAI raised its stake from the original 5.19% to 8.36 % in January 2011. The additional investment is in line with Changi's role as an Industrial Partner in Gemina, as well as with its international business strategy of building a portfolio of select airport assets. CAI has an on-going engagement to advise ADR on the development of its master plan. With CAI's assistance, ADR completed its concept master plan and subsequently appointed a designer to work on a detailed master plan. CAI will continue to assist ADR in reviewing its works over the next 18 months. CAI has also been assisting ADR to explore ways to invest in capacity expansion in Fiumicino Airport so as to improve its commercial value.

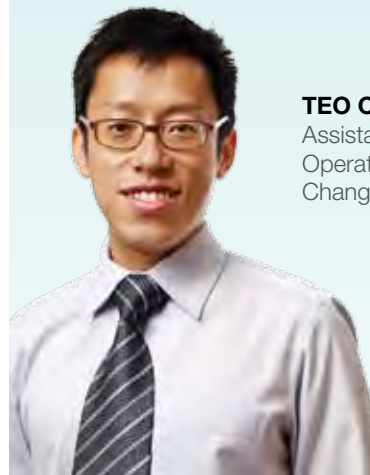
The Durgapur Aerotropolis project in India continued to make good progress. Bengal Aerotropolis Projects Ltd, in which CAI has a 26% stake, has acquired sufficient land for the construction of the airport which is central to the development of the aerotropolis. CAI has been actively involved in the project through a technical consultancy for airport development. The contract for the design and construction of the airport was awarded in September 2010, with construction expected to be completed by early 2012. Apart from technical consultancy, CAI has also been involved in air traffic analysis for the airport. An airline marketing plan has been formulated, to be implemented while construction is in progress, so as to ensure that passenger traffic is present when the airport opens. A number of India's leading airlines have expressed interest to use Durgapur Airport when it opens.

## Sharing our expertise with Saudi Arabia

I was posted to King Fahd International Airport (KFIA) in Dammam, Saudi Arabia as General Manager, Traffic Development as part of CAI's six-year operation management contract with the airport.

Saudi Arabia and Singapore are different in many ways. Work-wise, getting the buy-in of the local team and understanding the sentiments of the people on the ground were crucial. KFIA has its share of challenges in air traffic development. It has no hub carrier and shares a catchment area with Bahrain Airport in an intensely competitive landscape. Also, there was much work to be done to enforce a consistent, liberal traffic rights policy.

With the support of my Changi colleagues, my team saw positive results quickly. We grew KFIA's net airline count by 25% over two years. KFIA's traffic parameters significantly outperformed those of neighbouring airports, with passenger traffic growing an encouraging 10% in 2010. In addition, KFIA won two route development accolades from Routes and IATA. Our performance at KFIA shows that we are able to apply best-in-class management practices at Changi Airport to overseas airports, with modifications to suit local practices and settings - a testament to the professionalism and ingenuity that puts us on par with the best airport management companies in the world.



**TEO Chin Leong**  
Assistant Vice President  
Operations  
Changi Airports International

# EXPORTING THE CHANGI BRAND

1. Terminal 1 of Leonardo da Vinci Airport  
(also known as Fiumicino Airport)
2. Aerial view of King Fahd International Airport



## Consultancy projects

CAI was appointed in October 2010 as the technical advisor to the Brunei Economic Development Board for the upgrading and expansion of the passenger terminal of Brunei International Airport. The scope of this advisory work, which would last 36 months, includes design for the refurbishment and expansion, tender preparation for the construction contract and project management during the construction stage.

The first phase of the tender preparation has been completed with the calling of tenders for the B\$130 million upgrading of the airport. CAI would begin Phase 2 of its engagement pending the award of the tender, and provide supervision during the construction stage.

Arising from the successful completion of a master-planning consultancy project in 2008 for Tancredo Neves International Airport in Brazil, CAI was re-appointed as its consultant and successfully completed the concept design of the new Terminal 2 and airfield works of the airport.

During the year, CAI also completed a series of airport operations and commercial consultancy projects for a number of Chinese airports in Shenzhen, Chengdu, Chongqing, Taiyuan and Zhengzhou.

## Airport management

In November 2010, CAI successfully completed the first two years of a six-year management contract at King Fahd International Airport (KFIA), Dammam, Saudi Arabia. During this

period, CAI helped KFIA improve operational efficiency and customer services as well as increase the number of airlines and passengers using the airport. For the first time, passenger traffic exceeded five million in 2010, registering a positive growth of 10% compared to 2009. With eight new airlines starting operation at KFIA in 2010, international and domestic passenger traffic increased by 18% and 4% respectively, surpassing the performance of neighbouring airports. The strong performance of KFIA is attributable to a successful route development effort, which was recognised when the airport won the Routes-Asia (Middle East) award in April 2010, edging out better-known and more established regional airports like Bahrain and Dubai.

## Future direction

Investment in foreign airports provides an opportunity for Changi to grow in the future. Presently, only a small portion of CAG's revenue comes from its overseas projects. This is expected to change over time, with overseas investments and projects becoming a major pillar of CAG's business, contributing substantially to its revenues and profits.

CAI will pursue value enhancement investments to support this strategy. Apart from established airports in the current markets of China, India, the Middle East and Europe, CAI will also evaluate possible investment opportunities in the development of greenfield airports which have growth potential. Moving forward, CAI will leverage its extensive airport management track record and institute a strong asset management regime with the objective of supporting and developing its investment portfolio.

# DEVELOPING PEOPLE

The people of CAG are the company's most important assets. Underpinning this philosophy is the belief that ordinary people working together can achieve extraordinary results to deliver the world's best airport experience.

As a young company, CAG strives to establish a reputation as an employer of choice - aspiring to build a company recognised as one of the best places to work in, with employees motivated to build a strong and sustainable company for future growth.

## People development

The success at CAG is driven by the calibre and performance of its people. CAG recognises that it is essential to well-equip employees across all levels of seniority with the necessary skill sets to meet the changing needs of the industry. The company's training programmes offer all employees a range of professional and personal development opportunities that encompass career development, education, talent management and leadership.

Capable managers may also participate in job rotations and attachments that offer them experience in other operational aspects of the multi-faceted airport business, even outside of Singapore. Through short- or long-term assignments to support CAI's consultancy and management projects overseas, employees are equipped with the knowledge and the opportunity to share and build their expertise on an international scale.

CAG also encourages employees to share know-how and exchange best practices with each other. Company-wide initiatives like CAG Learns @ Tea have been implemented to foster a positive learning and sharing culture within the company.

Underlining the strategy to attract and develop the best talents for the company, CAG launched its Scholarship Programme in December 2010 and awarded three local and overseas undergraduate scholarships to its inaugural batch of applicants.

## Performance management

Post-corporatisation, CAG embarked on an extensive review of its human resource philosophy, systems, processes and goals. A new Total Compensation Framework was launched in January 2011, putting in place a competitive rewards and benefits structure that engages and motivates employees to build a high-performance culture and jointly contribute towards the success of CAG.

## A passion for aviation

My interest in aviation began when I was an undergraduate visiting relatives in Guam. On that trip, I saw many different aircraft types including classics like the Boeing 727 and McDonnell Douglas DC-10.

Although I started my career with an accounting firm, I was always on the lookout for opportunities to work in the aviation industry.

With my keen interest in airplanes and airlines, I find it exceptionally rewarding to be working at Changi Airport. Today at CAG, I am excited at the prospect of growing the Changi air hub by attracting new airlines, securing new city links and increasing flights.

The unpredictable nature of the industry makes the airport business susceptible to market shocks. At the height of the SARS crisis in 2003, I vividly remember how eerily quiet the airport was. Despite these bumps, Changi consistently pushed the envelope to overcome challenges and remain one of the best airports in the world.

I am thankful that my family and friends support and recognise the rigours of my job. My knowledge and experience come in handy when they come to me for travel advice. These instances make me proud to be an advocate of the Changi brand.



**Donald TAN**  
Vice President  
Airline Development  
Changi Airport Group

## DEVELOPING PEOPLE

Changes carried out as part of the review included an alignment of job grades, redefinitions of performance ratings, and the introduction of a standard system for open performance appraisals for all employees across the company. This new appraisal system encourages constructive discussion and uses a feedback process to ensure that employees share the responsibility of managing their own career and goals. The appraisal process incorporates shared future objectives to ensure that employee outputs are also consistent with the needs of the business.

CAG's human resource efforts were also targeted at strengthening the business partnership approach. Human resource managers worked closely with their client divisions beyond daily resourcing and operations support, and partnered the various line divisions on matters such as organisational structure, talent management, and engagement initiatives such as the development of a retirement transition framework for Airport Emergency Service officers, and the merger of related divisions to derive synergies from integration.

### Employee engagement

An engaged workforce is a committed workforce. With this in mind, CAG operates a number of channels through which

it communicates with and receives feedback from employees. Interactive communication sessions involving senior management are conducted regularly to ensure two-way communication between management and staff. During the year, a brand new corporate intranet, Changi Vine, was launched, providing employees with updates on corporate developments, airport news and staff-related items such as welfare and benefits.

In line with its commitment to high ethical standards and good corporate governance practices, CAG formalised a group-wide whistle-blowing policy which encourages all employees to report any perceived improprieties on a confidential basis and without fear of recrimination. In the past year, CAG also refined the company's Code of Conduct to articulate the behaviour expected of all CAG personnel.

Reflecting the importance it places on employee engagement, CAG maintains a close relationship and actively communicates with representatives of its staff union, the Singapore Manual and Mercantile Workers' Union (SMMWU). Regular get-togethers are held to forge ties and promote understanding of various manpower issues. The support provided by the SMMWU was integral to the successful implementation of the new CAG Total Compensation Framework.

1. Staff learn more about CAG's financial systems at a CAG Learns @ Tea session
2. CAG cheerleaders help spread the word about CAG's Health Carnival 2011





# CONNECTING LIVES

Lee Seow Hiang, CEO of CAG, plants saplings of the Changi tree on Changi Airport grounds



CAG actively manages material issues of sustainability and environmental performance as well as social responsibility to enhance the value of its business.

Sustainability is an important consideration in CAG's operations. Sound environmental practices, together with good corporate governance, are part of CAG's business model. The company underscores the role of technology and technical expertise as tools to engage stakeholders and address important issues.

CAG endeavours to achieve good business results by running its operations with as limited a negative impact on the environment as possible, and acting responsibly so as to optimise opportunities for future generations.

## Changi goes green

Held in conjunction with Clean and Green Singapore 2010, CAG organised its first 'Changi Goes Green' environment roadshow on 8 November 2010 to share its environmental policy and targets with all employees. Educational eco-trips to Semakau Landfill and Sungei Buloh Wetland Reserve were also organised to cultivate greater awareness of green issues amongst staff.

CAG's green efforts also extend to the workplace. Motion sensor light switches have been installed throughout office premises to switch lights off automatically and taps in restrooms now have flow regulators. In addition, recycling bins are placed in each office, and all staff are actively encouraged to recycle not just paper and plastic, but also printer and copier toner cartridges.

## Empowering youths, connecting lives

In this line, finding people frustrated with the pace and impact of change is commonplace. Social investment in the development of youths can contribute to the future of Singapore. I am thankful that CAG and CARE Singapore are on the same page, even in the short period of time we have worked together.

Most of CAG's volunteers have no inkling how much they have touched the lives of our youths. I must commend the volunteers for going out of the way to reach out to them, with the passion and endeavour to lend a listening ear. Admiration and respect create hope, and hope is a powerful agent of change that can trigger a subtle psychological shift in youths to transform their lives.

CAG's Youth Passport Programme seeds a strong foundation in community partnership, volunteerism and mentorship. Through experiential learning, innovative activities provoke thought and create opportunities for the youths to reflect on what they have learnt from their teachers at school and parents at home. I am deeply appreciative of the creative juices and efforts that had been put into the planning and execution of these activities and their success is testimony to the massive 'behind-the-scenes' team effort at CAG.



**Mrs Lan TEO**  
Founder  
CARE Singapore

# CONNECTING LIVES

1. Exhibition panels on Earth Hour
2. Launch of CAG's Youth Passport Programme



CAG attained ISO 14001 certification in March 2011 for the establishment of an Environmental Management System in accordance to international standards. CAG's sustainability programme, 'Changi Goes Green' is built on the three pillars of collaboration, awareness and continual improvement.

Under collaboration, CAG works with its airport partners and tenants to explore new technologies, such as the installation of fixed ground power for aircraft. CAG strives to develop awareness through events such as a thematic horticultural display using recycled materials and Earth Hour. For continual improvement, three-year targets were set in 2010 to reduce electrical energy usage and to increase the use of recycled water. These targets will see Changi Airport reduce its terminal buildings' electricity usage by about 13.5 million kWh. CAG will also increase the proportion of its recycled water usage from 67% to 70% over the three-year period.

The Changi tree, or *Hopea Sangal*, which used to be a landmark of what is now known as the Changi area, has set its roots in Changi Airport. The tree was thought to be extinct in Singapore until its re-discovery in September 2002 when a 150-year-old specimen was felled illegally. Through conservation efforts by the National Parks Board and the Nature Society, saplings of the Changi tree can now be found in the Singapore Zoo, Botanic Gardens and Changi Museum. To continue this conservation effort and in recognition of its heritage, CAG's management and staff planted saplings of the Changi tree on the airport grounds as part of the 'Changi Goes Green' programme. The trees will serve as a symbol of CAG's commitment to environmental sustainability into the future.

On 26 March 2011, CAG participated in Earth Hour for the third year running. All decorative lights within the airport were switched off and non-critical operational lights were dimmed from 8.30pm to 9.30pm. CAG's participation in Earth Hour 2011 extended to the Budget Terminal for the first time and

exhibition panels were also set up at Terminal 2's Departure Hall to provide information on Earth Hour as well as tips to save energy. The one-hour effort throughout all of Changi's terminals resulted in energy savings equivalent to the total amount of electricity consumed by a typical 4-room HDB (public housing) apartment over a three-month period.

## Community investment

As companies continue to evolve in the fast-paced and ever-changing business landscape, it has become increasingly important to integrate social responsibility into corporate decision-making. To enhance the communities it serves while achieving positive outcomes for its stakeholders, CAG launched its Corporate Social Responsibility (CSR) initiative on 6 August 2010.

To kick off its CSR effort, CAG has chosen to work with Children-At-Risk-Empowerment (CARE) Singapore to reach out to youths at risk of academic failure, behavioural problems or delinquency. CAG believes that social investment in the development of youths, the future of society, will contribute to the well-being of Singapore.

As part of the partnership, CAG created the Youth Passport Programme (YPP) that aims to introduce new experiences to participating youths and help them realise their individual aspirations. The YPP also gives youths an opportunity to experience first-hand the management and operations of a major airport.

Through interaction with airport staff, YPP participants can pick up life skills, hear unique life experiences and learn the value of commitment and teamwork. This programme is in line with CAG's vision of 'Connecting Lives', as it endeavours to connect with youths in ways that will enhance their lives.

3. *Changi Airport engages its fans through social media platforms such as Facebook and Twitter*
4. *CAG inks a cooperation agreement with Munich Airport for more intensive collaboration*



During the year, various activities for the youths from CARE Singapore were carefully planned to ensure that they were interesting, relevant and meaningful in order to achieve the overall objective of experiential learning. These activities also enabled CAG to promote volunteerism and philanthropy among its employees.

The YPP activities organised included a CSR fund-raising launch event, airport tours, games days, a fund-raising movie night, airport fire station tours and the YPP Airport Amazing Race where youths and staff volunteers teamed up and raced around the airport to complete various airport-related tasks. In total, these events reached out to more than 240 youths and involved over 670 CAG volunteers and donors, raising a sum of more than S\$26,000 for CARE Singapore.

As an active corporate citizen, CAG maintains an ongoing commitment to other youth charity organisations in its local community. Through donation boxes placed around Changi Airport's terminals, funds raised were allocated to three youth-related programmes under the care of the Singapore Community Chest. Close to S\$230,000 were distributed to the Autism Youth Centre (under Autism Association Singapore), eGen (under Fei Yue Community Services) and Bestari Institute of Technical Education Programme (under Persatuan Persuratan Pemuda Pemudi Melayu).

### Engaging through social media

CAG takes pride in delivering a personalised, stress-free and positively surprising experience for passengers and visitors at Changi Airport. The growing popularity of social media like Facebook and Twitter has allowed CAG to build a relationship with stakeholders even when they are outside the airport. Affectionately known as Fans of Changi, more than 30,000 fans stay in touch with Changi through Facebook ([www.facebook.com/fansofchangi](http://www.facebook.com/fansofchangi)), receiving first-hand news on exclusive deals and updates on activities,



events and promotions. Turning communication into an interactive dialogue, CAG also interacts with passengers and airport users on Twitter ([www.twitter.com/fansofchangi](http://www.twitter.com/fansofchangi)), giving real-time answers and responses to their immediate queries and feedback.

### Cooperation pact with Munich Airport

In the spirit of continuous learning from the best in the aviation sector, CAG signed a cooperation agreement with Munich Airport on 8 November 2010 to provide a platform for more intensive collaboration between the two major air transportation hubs. Munich Airport was named Best Airport in Europe in the Skytrax World Airport Awards in 2010 and 2011.

With this agreement, CAG and Munich Airport reaffirmed plans for systematic expansion of contacts between the two airports. The goal of the cooperation is to learn best practices from each other and continue improving processes for customers by exchanging experiences on a regular basis. One of the first cooperation platforms is a management exchange programme that will allow managers of the respective airports to experience for themselves first-hand the processes and structures of the partner airport.

Passenger traffic between Singapore and Europe has grown steadily over the years, increasing at a compounded annual growth rate of 4.5% from 2005 to 2010. For the 12 months ended 31 March 2011, some 2.3 million passengers travelled between Singapore and Europe, up 9.1% year-on-year. This new partnership presents both airports with the opportunity to gain more detailed insights into each other's growth markets, and from there, the chance to enhance traffic between Asia and Europe.

<p>April 2010</p> <p><b>Duty Free News International &amp; Travel Retailer International</b></p> <p>Airport Authority with the Most Supportive Approach to Travel Retail</p> <p><b>WON 5 x</b></p>	<p>May 2010</p> <p><b>Business Traveller (Middle East)</b></p> <p>Best Airport in the World</p> <p><b>7 x</b></p>	<p>May 2010</p> <p><b>Ultratravel Magazine</b></p> <p>Best Airport in the World</p> <p><b>4 x</b></p>	<p>June 2010</p> <p><b>Cargonews Asia</b></p> <p>Best Airport – Asia</p> <p><b>24 x</b></p>
<p>August 2010</p> <p><b>TravelWeekly China</b></p> <p>Best International Airport</p> <p><b>3 x</b></p>	<p>September 2010</p> <p><b>Condé Nast Traveller (UK)</b></p> <p>Best Airport in the World</p> <p><b>6 x</b></p>	<p>September 2010</p> <p><b>Business Traveller (Asia Pacific)</b></p> <p>Best Airport in the World</p> <p><b>19 x</b></p>	<p>September 2010</p> <p><b>Business Traveller (UK)</b></p> <p>Best Airport in the World</p> <p><b>23 x</b></p>
<p>September 2010</p> <p><b>Condé Nast Traveler (US)</b></p> <p>Best Airport in the World</p> <p><b>7 x</b></p>	<p>September 2010</p> <p><b>Smart Travel Asia</b></p> <p>Best Airport Worldwide</p> <p><b>3 x</b></p>	<p>October 2010</p> <p><b>Travel Trade Gazette (Asia)</b></p> <p>Travel Hall of Fame</p> <p><b>8 x</b></p>	<p>October 2010</p> <p><b>World Travel Awards</b></p> <p>Asia's Leading Airport</p> <p><b>7 x</b></p>

## AWARDS & ACCOLADES



<p>October 2010</p> <p><b>Selling Long Haul</b></p> <p>Best Long Haul Airport</p> <p><b>7x</b></p>	<p>October 2010</p> <p><b>Priority Pass</b></p> <p>World's Favourite Airport</p> <p><b>2x</b></p>	<p>November 2010</p> <p><b>World Travel Awards</b></p> <p>World's Leading Airport</p> <p><b>5x</b></p>	<p>November 2010</p> <p><b>Business Traveller (China)</b></p> <p>Best Airport in the World</p> <p><b>6x</b></p>
<p>December 2010</p> <p><b>Global Traveler</b></p> <p>Best Airport Dining</p> <p><b>1x</b></p>	<p>December 2010</p> <p><b>Business Traveler (USA)</b></p> <p>Best Airport in the World</p> <p><b>18x</b></p>	<p>December 2010</p> <p><b>The Sunday Times Travel Magazine</b></p> <p>Favourite Worldwide Airport</p> <p><b>1x</b></p>	<p>January 2011</p> <p><b>International Federation of Airline Pilots Associations (IFALPA)</b></p> <p>Deficiency-Free</p> <p><b>30x</b></p>
<p>January 2011</p> <p><b>Business Traveller (Germany)</b></p> <p>Best Airport in the World</p> <p><b>18x</b></p>	<p>February 2011</p> <p><b>Wanderlust</b></p> <p>Top Worldwide Airport</p> <p><b>9x</b></p>	<p>February 2011</p> <p><b>DestinAsian</b></p> <p>Best Airport in Asia Pacific</p> <p><b>6x</b></p>	<p>March 2011</p> <p><b>Travel.ru</b></p> <p>Best Foreign Airport</p> <p><b>2x</b></p>



forum

CHANGI AIRPORT'S...

# Quiet army of kindness

WHAT strikes me as a frequent transit visitor to Changi Airport is the quiet and efficient army of cleaners who maintain the airport's award-winning standards. One is a bent, 79-year-old grandmother - thank you for not discriminating against her because of her posture or age - who meticulously vacuums the floors.

When I greet her, she reciprocates with the warmest greeting that captures the picture-perfect impression of a kindly

grandmother. She asks me where I come from and welcomes me. She is a pleasure to banter with. Another woman cleaner who clears the tables buys a modest breakfast and invites her colleague to share it with her.

I discover that she is a grandmother of four whose entire vocabulary of English consists of the words: "How are you?"

She beckons me to rest after discovering that I had been in the air for the past 16

hours. She tells me she goes straight home after work because, as she cheerfully says, "I cannot afford to go to the mall". Then, there's the toilet cleaner who keeps a discreet distance but beams and thanks me when I thank him for keeping the restroom so clean.

I see some trolley retrievers, seniors, resting in the night. One asks a passenger if she wants a coffee. To me, these unprepossessing workers are the hidden gems amid the plush designer stores and six-star accoutrements of the airport.

As I read in your Forum pages the discussion over decent wages for low-income workers, I cannot help but think of these unsung heroes who burnish Changi Airport's image for which they receive little credit and modest compensation.

My impression of Singapore is not coloured by the state-of-the-art infrastructure but by the kindness and simple decency of these wonderful souls I am privileged to meet.

Larry Siah

Letters should be sent only to The Straits Times. They should be no longer than 400 words and must include full name, address and phone numbers. The Forum editor reserves the right to edit a letter. For Miss, Ms, Mrs or Madam. Please e-mail your letter to stforum@sph.com.sg or fax it to

# GROUP FINANCIAL SUMMARY

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The Group Financial Summary as set out on pages 78 to 88 contains only a summary of the information extracted from the Directors' Report, Statement by Directors and the audited consolidated financial statements of Changi Airport Group (Singapore) Pte. Ltd. and its subsidiaries for the financial year ended 31 March 2011.

For a full understanding of the state of affairs of the Company and the Group as at 31 March 2011 and of the results of the Group for the financial year ended 31 March 2011, the Group Financial Summary should be read in conjunction with the audited consolidated financial statements and the audit report thereon, which can be obtained via the Company's website (<http://www.changiairportgroup.com>).

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

The directors present their report to the member together with the audited financial statements of the Group for the financial year ended 31 March 2011 and the balance sheet of the Company as at 31 March 2011.

## Directors

The directors of the Company in office at the date of this report are as follows:

Mr Liew Mun Leong  
Mr Eric Ang Teik Lim  
Mr Michael George William Barclay  
Mr Miguel Ko Kai Kwun  
Mr Richard R Magnus (appointed on 23 July 2010)  
Mr Dilhan Pillay Sandrasegara  
Mr Danny Teoh Leong Kay (appointed on 23 July 2010)  
Mr Derrick Wan Yew Meng  
Mr Lee Seow Hiang

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

## Directors' contractual benefits

Since the end of the previous financial period, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors have received remuneration as a result of their employment with related corporations.



# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

## Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

## Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors



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**Liew Mun Leong**

Director



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**Lee Seow Hiang**

Director

8 July 2011

# STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 82 to 120 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



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**Liew Mun Leong**

Director



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**Lee Seow Hiang**

Director

8 July 2011

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF CHANGI AIRPORT GROUP (SINGAPORE) PTE. LTD.

## Report on the Financial Statements

We have audited the accompanying financial statements of Changi Airport Group (Singapore) Pte. Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 82 to 120, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.



**PricewaterhouseCoopers LLP**  
Public Accountants and Certified Public Accountants

Singapore, 8 July 2011

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	2011 \$'000	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 \$'000
Revenue	1,454,254	960,924
Other income	14,299	21,199
Other gains – net	568	215
Expenses		
- Employee compensation	(119,147)	(70,519)
- Depreciation of property, plant and equipment	(220,370)	(156,508)
- Property tax	(68,330)	(35,200)
- Maintenance of land, buildings and equipment	(260,482)	(171,502)
- Services and security related expenses	(142,105)	(105,158)
- Annual ground rent and licence fees	(79,744)	(60,000)
- CAAS services	(131,170)	(81,000)
- Other operating expenses	(36,038)	(32,271)
Total	<u>(1,057,386)</u>	<u>(712,158)</u>
Share of (loss)/profit of associated companies	(2,994)	2,915
Share of loss of jointly-controlled entities	(218)	(531)
Profit before income tax	408,523	272,564
Income tax expense	(71,405)	(45,309)
<b>Profit after tax</b>	<b><u>337,118</u></b>	<b><u>227,255</u></b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	2011 \$'000	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 \$'000
<b>Profit after tax</b>	<b>337,118</b>	227,255
<b>Other comprehensive loss:</b>		
Change in fair value of available-for-sale investment	(6,771)	-
Cash flow hedges		
- Fair value gains	172	-
Currency translation differences	(6,536)	(3,189)
<b>Other comprehensive loss, net of tax</b>	<b>(13,135)</b>	(3,189)
<b>Total comprehensive income</b>	<b>323,983</b>	224,066

# BALANCE SHEETS

AS AT 31 MARCH 2011

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	1,447,836	1,088,902	1,440,617	1,020,897
Trade and other receivables	114,791	125,335	100,392	116,353
Receivable from the Minister for Finance (Incorporated)	3,281,090	3,277,987	3,281,090	3,277,987
Inventories	8,352	9,693	8,352	9,693
Other current assets	7,417	6,080	6,275	3,820
	<b>4,859,486</b>	<b>4,507,997</b>	<b>4,836,726</b>	<b>4,428,750</b>
<b>Non-current assets</b>				
Property, plant and equipment	2,576,511	2,539,269	2,576,101	2,538,815
Investment in a subsidiary	-	-	257,164	257,164
Investments in jointly-controlled entities	4,628	4,670	-	-
Investments in associated companies	182,497	135,672	10,652	10,652
Financial assets, available-for-sale	25,055	31,826	-	-
Deferred income tax assets	-	170	-	-
Other non-current assets	258	283	258	283
	<b>2,788,949</b>	<b>2,711,890</b>	<b>2,844,175</b>	<b>2,806,914</b>
<b>Total assets</b>	<b>7,648,435</b>	<b>7,219,887</b>	<b>7,680,901</b>	<b>7,235,664</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	289,034	272,446	336,729	316,576
Income received in advance	9,993	4,697	9,866	4,697
Deferred income	3,483	3,483	3,483	3,483
Payable to the Civil Aviation Authority of Singapore	3,281,090	3,277,987	3,281,090	3,277,987
Current income tax liabilities	971	1,254	-	-
	<b>3,584,571</b>	<b>3,559,867</b>	<b>3,631,168</b>	<b>3,602,743</b>
<b>Non-current liabilities</b>				
Deferred income	92,998	96,481	92,998	96,481
Deferred income tax liabilities	116,625	46,349	116,488	43,188
Other non-current liabilities	12,141	2,176	12,141	2,176
	<b>221,764</b>	<b>145,006</b>	<b>221,627</b>	<b>141,845</b>
<b>Total liabilities</b>	<b>3,806,335</b>	<b>3,704,873</b>	<b>3,852,795</b>	<b>3,744,588</b>
<b>NET ASSETS</b>	<b>3,842,100</b>	<b>3,515,014</b>	<b>3,828,106</b>	<b>3,491,076</b>
<b>EQUITY</b>				
Share capital and reserves	3,277,727	3,287,759	3,281,090	3,277,987
Retained profits	564,373	227,255	547,016	213,089
<b>Total equity</b>	<b>3,842,100</b>	<b>3,515,014</b>	<b>3,828,106</b>	<b>3,491,076</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Share capital	Capital reserve	Fair value reserve	Currency translation reserve	Hedging and other reserves	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2011</b>							
<b>Beginning of financial year</b>	-	3,277,987	-	(3,189)	12,961	227,255	3,515,014
Capital receivable from the Minister for Finance (Incorporated)	-	3,103	-	-	-	-	3,103
Total comprehensive income	-	-	(6,771)	(6,536)	172	337,118	323,983
<b>End of financial year</b>	<b>-</b>	<b>3,281,090</b>	<b>(6,771)</b>	<b>(9,725)</b>	<b>13,133</b>	<b>564,373</b>	<b>3,842,100</b>
<b>2010</b>							
<b>Beginning of financial period</b>	-	-	-	-	-	-	-
Capital receivable from the Minister for Finance (Incorporated)	-	3,277,987	-	-	-	-	3,277,987
Transfer of airport undertaking	-	-	-	-	12,961	-	12,961
Total comprehensive income	-	-	-	(3,189)	-	227,255	224,066
<b>End of financial period</b>	<b>-</b>	<b>3,277,987</b>	<b>-</b>	<b>(3,189)</b>	<b>12,961</b>	<b>227,255</b>	<b>3,515,014</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	2011 \$'000	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 \$'000
<b>Cash flows from operating activities</b>		
Profit after tax	337,118	227,255
Adjustments for:		
- Income tax expense	71,405	45,309
- Depreciation of property, plant and equipment	220,370	156,508
- Dividend income	(6,535)	(17,992)
- Net loss/(gain) on disposal of property, plant and equipment	445	(29)
- Loss on disposal of jointly-controlled entity	-	7
- Share of loss/(profit) of jointly-controlled entities and associated companies	3,212	(2,384)
- Write-back of provision for guarantee	-	(4,658)
- Impairment loss of financial assets, available-for-sale	-	6,904
- Currency translation differences	216	(1,465)
- Provision for post employment benefits	427	381
- Amortisation of deferred income	(3,483)	(3,935)
- Interest Income	(7,764)	(3,207)
	<b>615,411</b>	<b>402,694</b>
Change in working capital		
- Inventories	1,341	494
- Trade and other receivables	9,243	(32,040)
- Other current assets	(1,405)	1,357
- Trade and other payables	31,870	211,420
Cash generated from operations	<b>656,460</b>	<b>583,925</b>
Interest received	7,784	3,207
Income tax paid	(1,844)	(708)
<b>Net cash provided by operating activities</b>	<b>662,400</b>	<b>586,424</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment and capital work-in-progress	(254,543)	(198,290)
Disposal of property, plant and equipment	316	1,574
Payment for investments in associated companies	(55,319)	(126,060)
Payment for investment in a jointly-controlled entity	-	(4,293)
Proceeds from disposal of a jointly-controlled entity	-	137
Dividend income received	6,535	17,992
Acquisition of subsidiary under transfer of airport undertaking, cash acquired net of bank deposits pledged	-	230,490
<b>Net cash used in investing activities</b>	<b>(303,011)</b>	<b>(78,450)</b>
<b>Cash flows from financing activities</b>		
Cash received from Civil Aviation Authority of Singapore	-	580,000
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>580,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>359,389</b>	<b>1,087,974</b>
Cash and cash equivalents at beginning of financial year/period	1,087,974	-
Effects of currency translation on cash and cash equivalents	(360)	-
<b>Cash and cash equivalents at end of financial year/period</b>	<b>1,447,003</b>	<b>1,087,974</b>



# LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2011 %	2010 %
<u>Subsidiary held by the Company</u>				
Changi Airports International Pte. Ltd.	Investment holding and provision of consultancy services in the field of civil aviation	Singapore	<b>100</b>	100
<u>Significant subsidiaries held by the Group</u>				
Changi Airport Consultants Pte. Ltd.	Provision of airport related consultancy services	Singapore	<b>100</b>	100
Changi Airport Planners and Engineers Pte. Ltd.	Provision of professional engineering services in the field of civil aviation	Singapore	<b>100</b>	100
Changi Airport Saudi Ltd.	Execution of contracts relating to the management and operations of airports	Saudi Arabia	<b>100</b>	100
Changi Airports China Ltd.	Investment holding	Singapore	<b>100</b>	100
Changi Airports Europe Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100
Changi Airports India Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100
Changi Airports MENA Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100
Changi Airports St. Petersburg Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100
SCAE Alterra Pte. Ltd.	Investment in overseas airports	Singapore	<b>100</b>	100
Singapore Changi Airport Enterprise Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100
Worldwide United (Singapore) Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100

## LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2011 %	2010 %
<u>Significant jointly-controlled entities held by subsidiaries</u>				
Shenzhen Xin Peng Airport Management Co. Ltd	Investment in airports and civil aviation related projects and provision of airport related consultancy services	People's Republic of China	<b>49</b>	49
China-Singapore Airport Management Academy	Airport management training institution	People's Republic of China	<b>50</b>	50
Alterra Partners	Development, financing and construction of airports	Cayman Islands	<b>50</b>	50
Bearstorm Limited	Investment holding	Cyprus	<b>25</b>	25
<u>Significant associated companies held by the Company</u>				
Experia Events Pte Ltd (formerly known as Singapore Airshow & Events Pte Ltd)	Organising and management of conferences, exhibitions and other related activities	Singapore	<b>20</b>	20
<u>Significant associated companies held by Subsidiaries</u>				
Bengal Aerotropolis Projects Ltd	Developing of airport and township projects	India	<b>26</b>	26
Gemina S.p.A	Investment holding	Italy	<b>8.36</b>	5.19

# CORPORATE INFORMATION

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**CHANGI AIRPORT GROUP**

annual report 2010/11