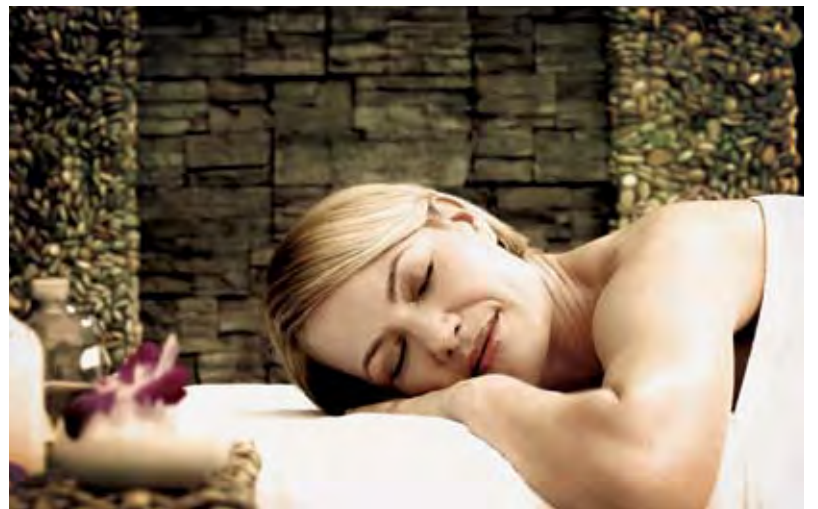


BUSINESS & OPERATIONS REVIEW





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)

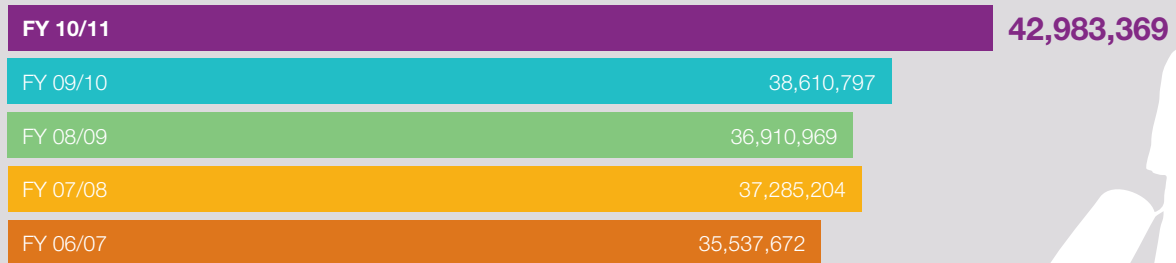


AIR TRAFFIC STATISTICS

BY YEAR

PASSENGER MOVEMENTS

NO. OF PASSENGER MOVEMENTS



AIR FREIGHT MOVEMENTS

TONNES OF AIRFREIGHT

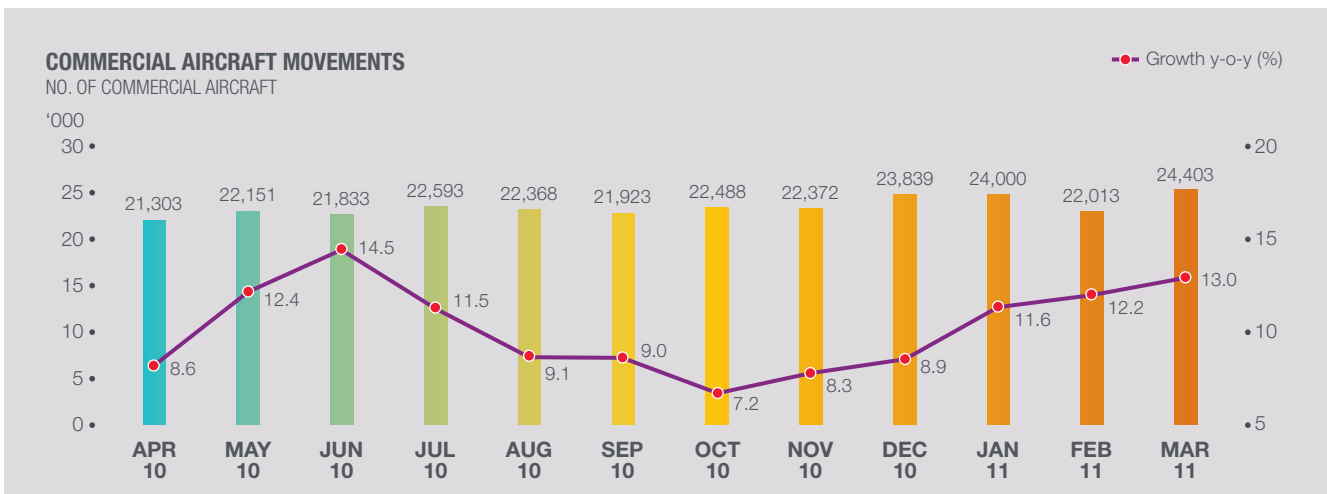
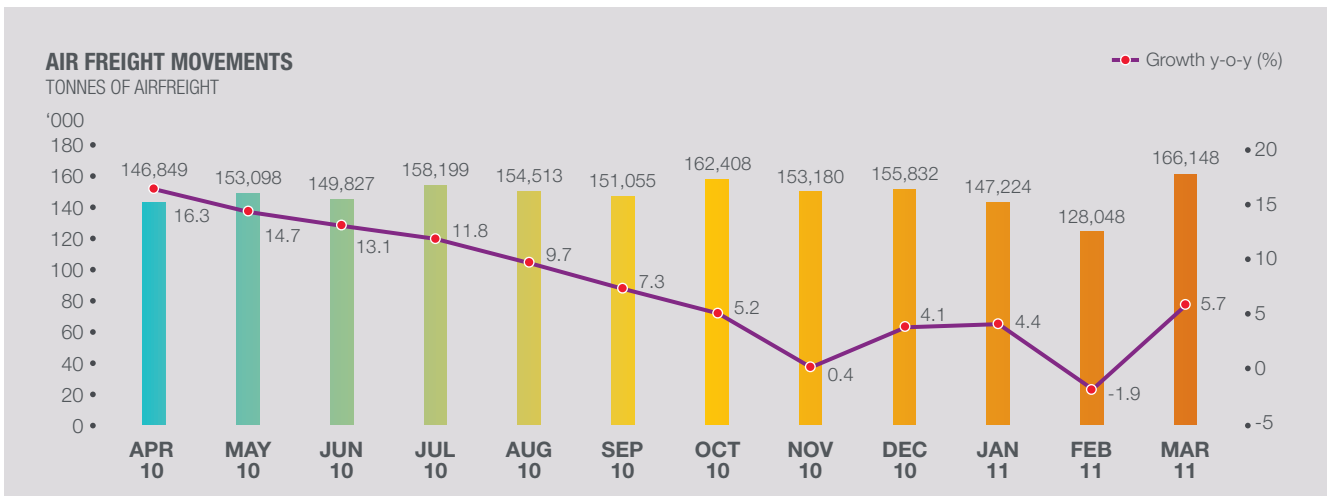
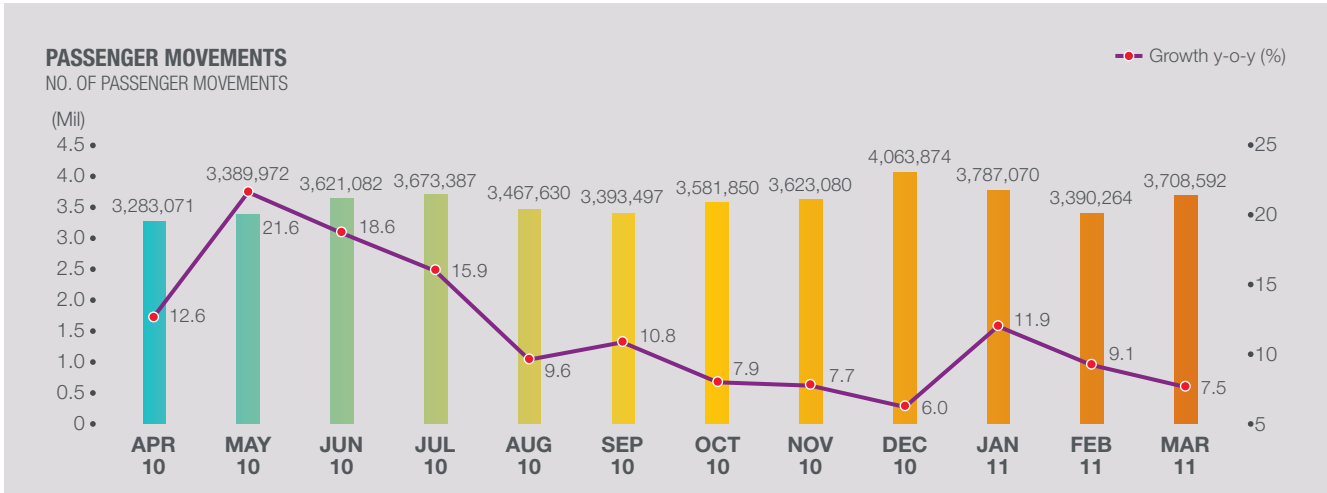


COMMERCIAL AIRCRAFT MOVEMENTS

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 23rd 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.

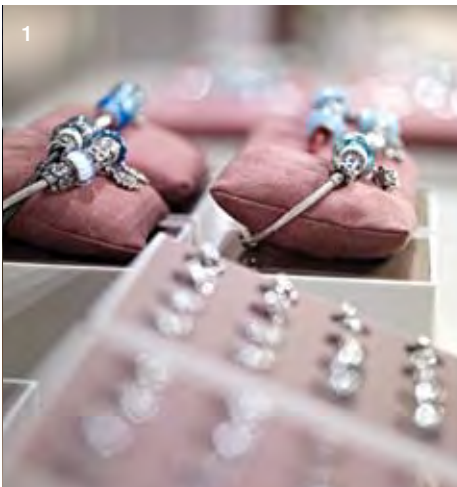
In January 2011, Changi welcomed The Fashion Gallery, a brand new luxury fashion concept, in the Terminal 2 Departure Transit Lounge. At 764 square metres, The Fashion Gallery is

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

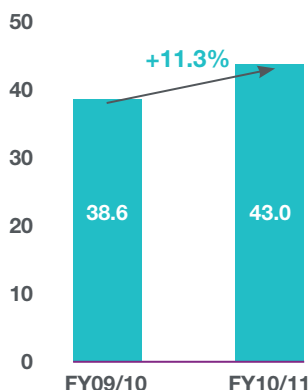
Singapore Changi Airport has come a long way since the first aircraft took off from the airport in 1981. That year, the airport served 35 airlines operating 1,400 weekly flights to 70 cities in 45 countries. Changi has grown by leaps and bounds since, and thirty years later, it serves airlines operating 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

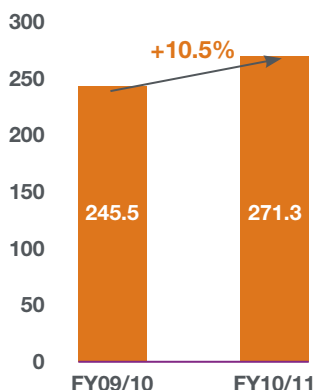
Changi Airport reinforced its position as one of the world's most important international air hubs when it registered 43 million passenger movements for the year ended 31 March 2011. This is an increase of 11.3% over the previous corresponding year and places Changi as one of only seven airports handling 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.

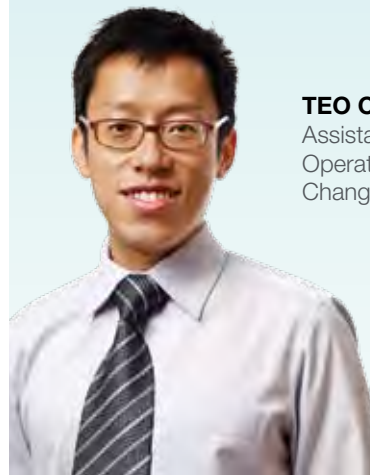
The Durgapur Aerotropolis project in India continued to make good progress. Bengal Aerotropolis Projects Ltd, in which CAI has a 26% stake, has acquired sufficient land for the construction of the airport which is central to the development of the aerotropolis. CAI has been actively involved in the project 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), 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), 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.

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

AWARDS & ACCOLADES



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