



DESTINATION ***CHANGI AIRPORT***

Changi Airport is a part of our travels as much as it is a destination – a special place for our passengers, where the world meets. A retail haven for all who visit, where a new era awaits each and every person. A place where our people call home, touching lives and making a difference each day.

Connecting people since its maiden flight took off 36 years ago, Changi continues to grow steadily. It is today a major global air hub welcoming almost 60 million passengers a year, with some 100 airlines linking a

network of over 380 cities worldwide. Changi Airport is now the world's sixth busiest airport for international traffic, handling 7,000 flights weekly, or one every 90 seconds.

Even as Changi journeys to greater heights, its commitment to service – to put passengers at the heart of everything – remains steadfast. The Changi Experience anchors the airport's service culture and philosophy. Innovation takes centre stage, driving service excellence to the next level to create positively surprising experiences for all who pass through its doors.

Changi is now at a pivotal moment in its transformation journey. Terminal 4 will be unveiled to the world soon, showcasing it as a terminal like no other. Construction of Jewel Changi Airport is also taking shape, even as development of Changi East, including Terminal 5, makes good progress. Changi will ride the momentum of growth with these next-generation building blocks, as it seeks to transform itself into a destination of choice for travellers worldwide.



A SPECIAL PLACE



From the thrill and excitement before departure, to the joy of reunions at arrival, Changi Airport continues to hold a special place in the hearts of the many who have come through our welcoming doors. At Changi, every detail is carefully thought through to delight and surprise our passengers and visitors, as more memories await to be made.

where the world



meets

More than just the gateway to Singapore, Changi Airport is today Asia's leading air hub – the sixth busiest airport in the world for international traffic. Serving close to 60 million passengers a year, Changi connects you to over 380 cities in more than 80 countries around the globe. These numbers are set to grow, as we remain committed to tap on new growth opportunities with our airline partners to strengthen Changi's connectivity, bringing the world even closer to you.





At Changi Airport, we indulge our passengers in more ways than one. Home to over 360 retail stores and 140 dining outlets, Changi is every traveller's delight. We continually strive to stay ahead of evolving consumer trends to bring only the most exciting and rewarding offers to you – whether it is a contemporary whiskey bar, a double-storey fashion boutique, an innovative pop-up male grooming club, or Changi's first celebrity chef restaurant – making Changi one of the world's best airports to shop and dine at.

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A new era awaits

Changi Airport stands at a pivotal moment in its journey of transformation. With Terminal 4 opening for operations soon, we are ready to write the next chapter in the Changi story. Growth in the Changi family will continue soon after with Jewel Changi Airport, followed by Changi East, including Terminal 5. Not just infrastructure projects, these new developments will usher in the dynamism and innovation that will position Changi Airport for new heights both as an air hub, and as a destination in itself.





Terminal 4



Our most prized asset, our people, remain the defining factor behind Changi Airport's continued success. As we take the airport to its next level of excellence, we will continue to invest, nurture and develop our talent pool in a vibrant and conducive working environment that they are proud to call their second home. By strengthening our team culture that embodies the Changi spirit of innovation and excellence, we strive to build an organisation that will become a great place to work in.

With



Our



People



difference

Our aspiration to touch the lives of people extends beyond the passengers we serve. As an advocate for social and environmental responsibility, we are committed to make meaningful contributions to our country, from championing green causes to supporting our youth. Through our community programmes that enrich the lives of disadvantaged youth, we aim to motivate, inspire and groom the next generation of Singaporeans in their prime – poised to take on the world.



MISSION

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

VISION

Exceptional People,
Connecting Lives

We aspire to build a company where ordinary people achieve exceptional 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

We value our
PEOPLE



We are the
best in our
BUSINESS



INTEGRITY
is at the heart of
everything we do

We are
committed
to our
CUSTOMERS



We succeed
with our
PARTNERS



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 and developing Changi Airport, CAG undertakes key functions focussing 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 540 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 close to 60 million passenger movements in FY2016/17, serving about 100 airlines flying to more than 380 cities worldwide. With 76,000 square metres of commercial space across its three 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 grow its overseas business, 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, Russia and South America.

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.

CHAIRMAN & CEO *MESSAGE*

Lee Seow Hiang
Chief Executive Officer

Liew Mun Leong
Chairman



Financial year 2016/17 was marked by a more positive market environment for the aviation industry, with many airlines restructuring and reengineering their businesses. Low fuel prices further helped the industry grow faster than the global economy.

Against this backdrop, Changi Airport performed well with passenger movements hitting a record of 59.4 million, representing a growth of 4.6%. The airport also enjoyed a 5.0% growth in concession sales, achieving an all-time high of S\$2.4 billion. At the same time, we made good progress on our development projects.

We continued to enhance the Changi Experience during the year and our efforts were recognised with 25 Best Airport Awards during the year, from various travel organisations and publications around the globe. This includes winning the widely-followed Skytrax World's Best Airport for the fifth year in a row.

Growing a world-class air hub

Building flight connectivity continues to be central to the growth of Changi Airport, and on a broader scale, the economy of Singapore. Much effort and resources are thus invested in growing our network of airlines and destinations each year. This year, four new scheduled passenger and freighter airlines joined our family of airline partners. Together with eight new city links and new non-stop services to San Francisco, Changi's global network now sees over 100 airlines connecting Singapore to some 380 cities in more than 80 countries around the world.

Passenger traffic growth was registered across all regions, with Northeast Asia, Southeast Asia and South Asia contributing 88% of this growth. Amongst Changi Airport's top 10 country markets, China registered the highest growth rate of 14% during the year.

CAG continues to work proactively with our partners to grow air traffic

demand and enhance our network. For example, CAG, Singapore Airlines and Singapore Tourism Board announced a three-year, S\$34m partnership to promote travel to Singapore. CAG also forged a partnership with Mauritius which resulted in more flights to Singapore.

Changi Airport handled close to two million tonnes of cargo last year, representing a 7.0% growth over the previous year. DHL Express opened its South Asia Hub in October 2016 and more recently, Changi became the first airport in Asia Pacific to establish a community of cargo players to undergo the International Air Transport Association's (IATA) Center of Excellence for Independent Validators on Pharmaceutical Handling (CEIV Pharma) certification. These developments help Changi position itself as a major pharmaceutical hub in the region as well as be well-placed to benefit from the global boom in e-commerce.

Innovating the airport experience

Recognising the importance of continuous innovation to maintain Changi Airport's competitive edge, CAG launched the Living Lab Programme which will serve as a platform for CAG and the airport community to create, test and demonstrate new technological solutions. We hope to use this initiative to partner companies and start-ups to capture emerging solutions to

enhance our productivity, efficiency and passenger experience at Changi Airport.

The momentum for Fast and Seamless Travel (FAST) gathered speed in the last year, with FAST now available for 70% of all departing flights. The success of FAST has allowed us to free up two entire rows of counters in each of Terminal 2 (T2) and Terminal 3 (T3). Work on the Central FAST Zone in Terminal 1 (T1) is on schedule to be completed by end-2017, further improving productivity and helping to alleviate manpower challenges.

Reinvigorating Changi retail

Despite the rapidly growing popularity and reach of online retail, retail sales at Changi Airport kept pace with passenger growth. We signed 84 new leases and welcomed 28 new brands making their Changi debut. Amongst these were first-in-Singapore concepts like Hello Kitty Orchid Garden Café and new-to-Changi brands such as Ermenegildo Zegna, Saint Laurent Paris and The Kitchen by Wolfgang Puck.

With the focus on experiential retail concepts, Changi welcomed the opening of the second DFS Wines & Spirits Duplex store at T2 that boasts three unique in-store concepts – the Wine Reserve, the Cigar Room and The Whiskey House. This store sits elegantly along the newly created Luxury Street that now allows passengers to shop in a lush environment.

“

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“

The steady growth in passenger movements and concession sales at Changi Airport put CAG in good stead for the near term. However, volatility and uncertainty in the global macro economic and political environment are here to stay. Adding to this, digitisation will inevitably change our customers' behaviour and expectations. Thus, the right strategy and planning will be needed to guide out way forward, while our people will have to remain adaptive and flexible as the business environment changes.”

To keep the shopping experience fresh and exciting, we supported Changi-First global product launches by brands like Shisheido, Martell, Miu Miu and Guerlain. We also introduced the Changi Gift Card to provide passengers another avenue to gift their loved ones the Changi retail experience, while opening a new channel to support our concessions and to spur sales.

iShopChangi and Changi Rewards, our e-commerce and loyalty programmes respectively, had an outstanding year of growth. The former saw sales grow by 67% while sales from Changi Rewards members increased 22% year-on-year.

Enabling our people

Last year was a transformational one for CAG. To provide our employees with a more productive environment, we embraced technology to allow them the flexibility to be connected from different spaces within the office, or even via their mobile phones while on the go. An example of this is In.Touch, an app designed internally to facilitate employee sharing and engagement.

We also overhauled our office space at T2 to create a conducive and collaborative working environment in its place. The new office has received many positive reviews by employees and guests alike.

The year was especially gratifying as our efforts to engage and empower our staff community, even as we continue to grow at a rapid pace, were recognised by both Randstad and Hays with the Most Attractive

Employer and the Employer of Choice awards respectively.

To ensure that we deliver a consistent Changi Experience across the entire passenger journey, we continued to engage our over 200 airport partners. The One Gracious Changi campaign and a learning trip to Japan were among the highlights of our efforts. The staff canteen in T2 was renovated and it is now modern, bright, and well ventilated, providing healthy and affordable meal options.

Investing through Changi Airports International (CAI)

Our wholly-owned subsidiary, CAI, had a very busy year growing its portfolio as well as helping its investee airport, Tom Jobim International Airport in Rio de Janeiro, prepare for the 2016 Olympic Games. For this historic event, a new 100,000-square-metre concourse with 26 new gates served by aerobridges was inaugurated in May 2016, increasing the airport capacity by 88% to 37.5 million passengers per annum (mppa). The commercial area was tripled to offer passengers more F&B choices, and all facilities were refreshed for an enhanced customer experience.

The transformation was completed in record time and the airport successfully handled a record 85,000 departing passengers a day during the Olympic Games, twice the number on normal days. Travellers and media described the airport experience as “seamless, magical and unforgettable”. The airport also registered record sales from its retail stores and restaurants during the period.

In preparing for the Games, CAI worked closely with the airport operator, RIOgaleão, to achieve ISO 9001 international certification for quality management. The airport also became the only one in Latin America certified by IATA to handle pharmaceutical products.

To grow its portfolio, CAI, as part of a consortium, completed the acquisition of Vladivostok International Airport in February 2017 – its fifth airport in Russia. The airport currently has a network of over 40 destinations and annual passenger traffic of some two million, growing 8.9% in 2016. The consortium sees the potential of this airport to serve about five million passengers in the medium term.

CAI was also recently named the winning bidder by Saudi Arabia's aviation authority for a 20-year concession at King Abdulaziz International Airport (KAIA) in Jeddah. Under the terms of the concession, the group will manage and operate the new KAIA when it is completed in 2018.

Delivering a sustainable financial performance

With increases in both aeronautical and non-aeronautical revenue, the Group's operating revenue grew by 6.5% to S\$2.3 billion in FY2016/17.

Low fuel prices encouraged airlines to expand their networks and helped to drive passenger traffic. The increase in traffic, together with the expiry of rebates given to airlines, contributed to the higher aeronautical revenue.

Despite the softer retail market, Changi Airport managed to grow concession sales by deepening relationships with customers through innovative retail concepts, our loyalty programme and intensive joint marketing and promotions with our tenants. Our efforts resulted in a 5.0% growth in airport concession and rental income to cross S\$1.1 billion.

The Group's operating expenses increased 9.1% to S\$1.4 billion. The increase was largely due to higher CAAS charges and higher services and security-related expenses.

In FY2016/17, the Group provided for impairment loss of S\$110 million. This was largely due to the deterioration of Brazil's economy, which affected the performance of RIOgaleão airport.

For the year, the Group's EBIDTA closed at S\$1.2 billion, an increase of 3.5%. However, Net Profit after Tax declined by 16.2% to S\$657 million after taking into account the impact of the impairment. Shareholders' equity rose by S\$450 million to S\$7.0 billion. A sinking fund reserve of S\$90 million was apportioned out of CAG's retained earnings to be set aside for the Changi East development project.

Building for the future

Whilst ensuring that day-to-day operations are seamless and positively surprising, CAG continues to build for the future, transforming Changi Airport to meet the future needs of passengers.

The construction of the 225,000-square-metre Terminal 4 (T4) was completed in late 2016 within a time frame of just three years. Operational readiness trials have been conducted since October 2016. These have enabled us to not only ensure that the systems work well, but also to understand how passengers navigate the new terminal, including interacting with initiatives such as FAST which may be less familiar to them.

All available commercial space at T4 has been leased, with a quarter of the retail and dining outlets new to Changi Airport. Members of the public were invited to visit the T4 Open House in August 2017 for a preview of the terminal's offerings, and we look forward to commencing operations in the last quarter of 2017.

The construction of Jewel Changi Airport (Jewel) – the new iconic lifestyle destination sitting in the heart of the airport – is progressing well and the superstructure is now visible from the other terminal buildings. This 10-storey complex and its façade of over 9,600 glass panels will house a 40-metre-tall waterfall, 100,000 shrubs, 2,500 trees and over 300 retail and F&B outlets. It is shaping up nicely to be an icon at Changi Airport, and is set to open in 2019.

Further on the horizon lies the development of Changi East. Works on setting up a three-runway system and the design work for various tunnel systems are already underway, with a tender called for the provision of Master Building consultancy services for the development of Terminal 5 (T5). A separate tender has also been called to appoint a Master Civil Consultant for the design of infrastructure outside of the T5 buildings. This will be CAG's most ambitious and complex project yet, with coordination among multiple agencies in both the public and private sectors critical to its smooth progress. Once built, T5 will increase Changi Airport's handling capacity to 135 mppa. The project will also encompass a ground transport hub, which is a complicated project on its own.

Looking ahead

The steady growth in passenger movements and concession sales at Changi Airport put CAG in good stead for the near term. However, volatility and uncertainty in the global macro economic and political environment are here to stay. Adding to this, digitisation will inevitably change our customers' behaviour and expectations. Thus, the right strategy

and planning will be needed to guide our way forward, while our people will have to remain adaptive and flexible as the business environment changes.

The results we achieved in FY2016/17 would not have been possible without the commitment, diligence and teamwork of the management and staff of CAG, our airline and airport partners, the Civil Aviation Authority of Singapore, the Ministry of Transport, and other government agencies.

We would like to thank Ms Lim Soo Hoon and Mr Derrick Wan, who have retired from the Board. We are particularly grateful for their service and guidance over the past few years. We welcome Mr Lim Zhi Jian who joined the Board in October 2016, and Mrs Tan Ching Yee and Mr Tan Gee Paw who joined in May 2017.

We thank our fellow Board Directors for their strong support and good counsel, and express our appreciation to all who have helped us achieve these heights. We look forward to deepening our relationships as we embark on the next chapter together, as One Changi.



Liew Mun Leong
Chairman



Lee Seow Hiang
Chief Executive Officer



BOARD OF DIRECTORS



1. LIEW Mun Leong
Chairman

2. LEE Seow Hiang
Chief Executive Officer

3. TAN Ching Yee

4. Dilhan Pillay SANDRASEGARA

5. Richard Rokmat MAGNUS

6. TAN Gee Paw

7. Eric ANG Teik Lim

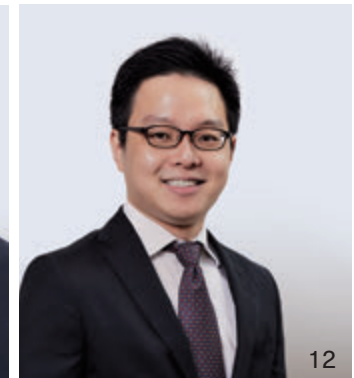
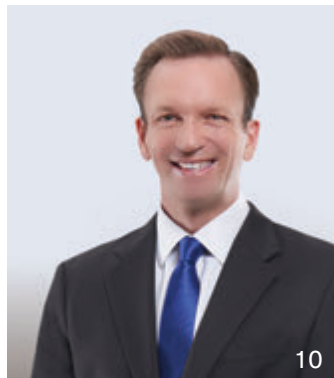
8. Miguel KO Kai Kwun

9. Danny TEOH Leong Kay

10. Michael George William BARCLAY

11. Professor TAN Kong Yam

12. LIM Zhi Jian
Alternate Director to Tan Ching Yee



LIEW Mun Leong

Chairman

Mr Liew is the Chairman of CAG. He was appointed to the Board on 16 June 2009.

Mr Liew was the founding Group President and CEO of CapitaLand Limited. He is currently the Chairman of Surbana Jurong Private Limited. Mr Liew sits on the boards of Singapore Exchange, Singapore China Foundation and the Chinese Development Assistance Council. He also chairs the Management Advisory Board of NUS Business School and Temasek Foundation Nurtures CLG Ltd.

Mr Liew is the Provost's Chair Professor (Practice) (pro bono) in NUS Business School, Faculty of Engineering and the Lee Kuan Yew School of Public Policy.

He was elected the President of International Organisation for Standardisation (ISO) for the term 1997 to 1998.

With over 45 years of experience in the construction and real estate industries both locally and overseas, Mr Liew has been involved in several Singapore's public sector projects, including the development of Changi Airport from the beginning in 1975. For his exceptional contributions, Mr Liew was awarded the Meritorious Service Medal by the President of Singapore in 2011. In 2016, Mr Liew was conferred France's National Order of the Legion of Honour (Ordre national de la Légion d'honneur), with the rank of Knight.

Mr Liew graduated from the University of Singapore with a degree in Civil Engineering and is a registered professional civil engineer. He has published four books, entitled *Building People: Sunday Emails from a CEO, Volumes 1-3* and *Building People: Sunday Emails From a Chairman, Volume 4*.

LEE Seow Hiang

Chief Executive Officer

Mr Lee is the CEO of CAG. He was appointed to the Board as Executive Director on 16 June 2009.

Mr Lee is concurrently Deputy Chairman of Changi Airports International Pte Ltd, Non-Executive Independent Director of SMRT Corporation Limited since 19 January 2011, Board Member on the Airports Council International (ACI) World Governing Board and First Vice President of the ACI Asia-Pacific Regional Board.

Prior to the corporatisation of CAG, Mr Lee was Deputy Director-General (Operations) of the Civil Aviation Authority of Singapore. From 2005 to 2008, he was the Principal Private Secretary to Minister Mentor Lee Kuan Yew in the Prime Minister's Office. 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. His last military appointment was Deputy Head of Air Operations in HQ RSAF.

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 of Arts (Honours) from the University of Cambridge, UK, and a Master of Business Administration from the Massachusetts Institute of Technology, USA.

TAN Ching Yee

Mrs Tan is a Non-Executive Director of CAG and was appointed to the Board on 1 May 2017.

Mrs Tan is the Permanent Secretary of the Ministry of Finance, Singapore. She also holds the appointment of Permanent Secretary (Special Duties), Prime Minister's Office. She assumed these posts on 1 May 2016. She is Chairman of the Inland Revenue Authority of Singapore, and a Board member of the National Research Foundation.

She was previously Permanent Secretary at the Ministry of Health and the Ministry of Education. Before that, she was the Chief Executive of the then Infocomm Development Authority, Singapore, and also Deputy Secretary (Infocomm and Media Development) at the former Ministry

of Information, Communications and the Arts. Prior to these roles, she had worked at the Ministry of Education and Ministry of Trade and Industry.

Mrs Tan read Economics at Cambridge University and obtained her Masters of Science in Management from the Graduate School of Business, Stanford University.

Dilhan Pillay SANDRASEGARA

Mr Sandrasegara is a Non-Executive Director of CAG and was appointed to the Board on 15 January 2010.

He is the President, Joint Head of the Enterprise Development Group and Investment Group, and Head, Americas, of Temasek International Pte Ltd. Prior to joining Temasek, Mr Sandrasegara was the Managing Partner of WongPartnership LLP.

Mr Sandrasegara currently also serves on the boards of the Singapore Management University, Singapore Institute of Legal Education, National Research Foundation, Singapore Innovate and certain subsidiaries of Temasek Holdings. He is also a member of the Future Economy Council and the Financial Centre Advisory Panel of the Monetary Authority of Singapore.

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

Richard Rokmat MAGNUS

Mr Magnus is a Non-Executive Director of Changi Airport Group and was appointed to the Board on 23 July 2010.

Mr Magnus is currently Chairman of the Public Transport Council, Public Guardian Board, Political Films Advisory Committee, Bioethics Advisory Committee, Ministry of Home Affairs' Remote Gambling Act Appeals Advisory Panel and Member of the Public Service Commission and the Ministry of Home Affairs' Independent Review Panel. In the private sector, Mr Magnus serves on the boards of Temasek Foundation Cares CLG Limited, CapitaLand Mall

Trust Management Ltd, Singapore Consortium Investment Management Limited, and is Chairman of the Management Board of Human Capital (Singapore) Pte Ltd. He was the Founding Chairman of the Casino Regulatory Authority. He is also Singapore's First Representative to the ASEAN Inter-Governmental Commission on Human Rights, an Expert Member on UNESCO's International Bioethics Committee, as well as an alumnus of the National Agenda Council of the World Economic Forum.

Mr Magnus is a retired (now termed Chief) District Judge. He was awarded the Meritorious Service Medal for his exceptional public service and awarded the Outstanding Volunteer award by the Ministry of Social and Family Development, and the Public Service Star by the State in 2015.

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

TAN Gee Paw

Mr Tan is a Non-Executive Director of CAG and was appointed to the Board on 1 May 2017.

Mr Tan previously served as Chairman of the Public Utilities Board (PUB), Singapore's national water agency from 1 April 2001 until his retirement on 31 March 2017. Mr Tan is a member of a number of government committees. He is Chairman of Nominating Committee, Lee Kuan Yew Water Prize, Singapore International Water Week. He is the Adjunct Professor, Dean's Office, Faculty of Engineering, National University of Singapore. Previous appointments held by Mr Tan were Principal of Ngee Ann Polytechnic, and Permanent Secretary of the then Ministry of the Environment. He is currently a member of CAG's Executive Committee on Airport Development

and a Director of Surbana Jurong Private Limited.

Mr Tan graduated with First Class Honours in Bachelor of Engineering (Civil) from the University of Malaya in 1967, and a Master of Science in Systems Engineering from the University of Singapore (NUS) in 1971. He was conferred an Honorary Degree of Doctor of Science from the University of Westminster, UK in 1993, and an Honorary Doctorate in Engineering from Sheffield University, UK in 1995. In 2013, he was conferred an Honorary Degree of Doctor of Engineering by the Nanyang Technological University.

Mr Tan received the Public Administration Medal (Silver) in 1978 and a Special Award (Gold Medal) for Clean River Commemoration in 1987. He also received the Medal of Commendation at the NTUC May Day Award in 2005, the President's Award for the Environment in 2007 and the President's Science and Technology Medal in 2015. Mr Tan was conferred the Meritorious Service Medal in 2001 for his work as Permanent Secretary of the then Ministry of the Environment and the Distinguished Service Order in 2010 for his work as Chairman of PUB. In 2011, Mr Tan was conferred the Distinguished Engineering Alumni Award by NUS, and the NUS Society Distinguished and Outstanding Member Award by NUS in 2014. He was elected an Honorary Fellow of the Institution of Engineers, Singapore and awarded the Lifetime Engineering Achievement Award in 2015. Mr Tan was also elected as a Fellow of the Academy of Engineering, Singapore in 2012.

Eric ANG Teik Lim

Mr Ang is a Non-Executive Director of CAG and was appointed to the Board on 18 November 2009.

Mr Ang is a career DBS banker with 39 years of banking experience and until

31 May 2014, was responsible for the capital markets business. He is now a Senior Executive Advisor at DBS Bank and is principally responsible for business origination and high level relationship building for the bank.

His current directorships include Hwang Capital (Malaysia) Berhad, Sembcorp Marine Ltd, Raffles Medical Group, Surbana Jurong Pte Ltd, DBS Foundation Ltd and NetLink NBN Management Pte Ltd. He is also the Co-Chairman of the SGX Disciplinary Committee.

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

Miguel KO Kai Kwun

Mr Ko is a Non-Executive Director of CAG and was appointed to the Board on 7 September 2009.

Mr Ko is currently the Executive Director and Group CEO of Ascendas-Singbridge. Mr Ko is also the Chairman of Ascendas Hospitality Fund Management Pte Ltd/Ascendas Hospitality Trust Management Pte Ltd and Deputy Chairman of Ascendas Funds Management (S) Ltd. Previously, Mr Ko was Chairman and President of Starwood Hotels & Resorts, Asia Pacific Division. Prior to his appointment, Mr Ko was Deputy Chairman and CEO of CDL Hotels International.

Widely recognised for his knowledge and insight of business and culture in the Asia Pacific tourism industry, Mr Ko was voted Regional Hotel Chief of the Year (2007 and 2008) by the readers of 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, and honoured with the Lifetime Achievement Award 2012 at the China Hotel Investment Conference in Shanghai.

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-participating Certified Public Accountant by the State Board of Accountancy in New Hampshire, USA.

Danny TEOH Leong Kay

Mr Teoh is a Non-Executive Director of CAG and was appointed to the Board on 23 July 2010.

Mr Teoh is a Board Member of Ascendas-Singbridge Pte Ltd, DBS Ltd, DBS Bank Holdings, DBS Bank (China) Ltd, DBS Foundation Ltd and Keppel Corporation Ltd.

Mr Teoh was Managing Partner of KPMG in Singapore until his retirement on 30 September 2010. During this time, he served as a member of KPMG's Asia-Pacific Board and the KPMG International Council and Board. He also 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. He is currently a fellow of the Institute of Chartered Accountants Singapore. In his current appointment as an independent Director of various boards, he also serves as the Chairman of the Audit Committee and Board Risk Committee.

Michael George William BARCLAY

Mr Barclay is a Non-Executive Director of CAG and was appointed to the Board on 16 June 2009.

Mr Barclay is the Group CEO of Mandai Park Holdings (MPH). Mike oversees both Mandai Park

Development, the entity set up to drive the rejuvenation of Mandai into an integrated wildlife and nature precinct, and Wildlife Reserves Singapore, the operator of four award-winning attractions – Jurong Bird Park, Night Safari, River Safari and Singapore Zoo.

Prior to joining Mandai Park Holdings, Mr Barclay was CEO of Sentosa Development Corporation for seven years. This followed on from stints as Regional Vice President Asia for the International Air Transport Association and Chief Executive of SilkAir. Mr Barclay began his career with Singapore Airlines, holding various portfolios in Singapore, Germany, Switzerland, Belgium and the UK.

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

Professor TAN Kong Yam

Professor Tan is a Non-Executive Director of CAG and was appointed to the Board on 30 January 2015.

Professor Tan is presently Professor of Economics at the Nanyang Technological University and Co-Director of the Asia Competitiveness Institute at the Lee Kuan Yew School of Public Policy at the National University of Singapore. He is also Deputy Chairman of APS Asset Management (China) and sits on the boards of Surbana-Jurong, Ascendas-Singbridge and CapitaRetail China Trust Management.

From 1984 to 1988, Professor Tan was the assistant director on exchange rate policy at the Monetary Authority of Singapore and assistant to the late Dr Goh Keng Swee, the former Deputy Prime Minister of Singapore, who had been invited by Mr Deng Xiaoping to advise China on economic

development strategy. From June 2002 to June 2005, he was a senior economist at the World Bank office in Beijing. In 2004, he was a member of the World Bank expert group on the 11th five-year plan (2006 to 2010) for the State Council in China. The expert group provided analysis and policy recommendations to the Chinese government. Prior to that, he was the chief economist of the Singapore government at the Ministry of Trade and Industry (1999 to 2002) and head of the Department of Strategy and Policy at the NUS Business School. He has also worked at the Hoover Institution at Stanford University and World Bank in Washington.

Professor Tan is a graduate of Princeton University with a Bachelor of Arts (Honours) and has a PhD in Economics from Stanford University

LIM Zhi Jian

Mr Lim is the Alternate Director to Mrs Tan Ching Yee and was appointed to the Board on 1 May 2017.

He is Director (Reserves and Investment) at the Ministry of Finance. Prior to joining the Ministry of Finance in June 2016, he held appointments in the Ministry of Manpower and the Monetary Authority of Singapore. In the Ministry of Manpower, he was the Deputy Director of the Foreign Workforce Policy Department. In the Monetary Authority of Singapore (MAS), he held the positions of the Deputy Director of the Strategic Planning Office and Senior Policy Analyst of the Prudential Policy Department.

Mr Lim was awarded the Overseas Scholarship by MAS and graduated from Carnegie Mellon University with a double major in Computer Engineering and Economics. He also holds a Masters in International Policy from Stanford University and a Master in Public Administration Edward S. Mason Program from the Harvard Kennedy School.

EXECUTIVE MANAGEMENT TEAM

CHANGI AIRPORT GROUP

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



CHANGI AIRPORTS INTERNATIONAL

- 8. LIM Liang Song**
Chief Executive Officer

MANAGEMENT TEAM

CHANGI AIRPORT GROUP

CHOY Da Wen

Senior Vice President,
Changi East Programme
Management Office

CHUNG Choon San

Project Director,
Changi East Construction

Jayson GOH

Managing Director,
Airport Operations Management

HUNG Jean

Chief Executive Officer,
Jewel Changi Airport Development

KOH Miaw Ling

Senior Vice President,
T5 Building

KOH Ming Sue

Managing Director,
Master Planning & Development

LECK Siew Leng

Senior Vice President,
Internal Audit

Audrey LEE

Senior Vice President,
Economic Affairs

Steve LEE

Senior Vice President,
Corporate IT & Technology/
Chief Information Officer

LEONG How Yin

Project Director,
Changi East Planning,
Design & Construction

LEONG Kok Hoong

Senior Vice President,
Development Contracts & Cost Control

Albert LIM

Senior Vice President,
Passenger Experience

LIM Ching Kiat

Managing Director,
Air Hub Development

LIM Wee Ping

Senior Vice President,
Corporate Strategy & Business
Development

LING Ming Koon

Senior Vice President,
T1 Expansion Programme
Management Office

Jessie LOONG

Senior Vice President,
Legal / Company Secretary

Matthew NGAN

Senior Vice President,
Mechanical & Electrical

ONG Chee Chiau

Senior Vice President,
Changi East T5 Planning

ONG Sim Lian

Senior Vice President,
Design Management

Cletus PACKIAM

Chief,
Airport Emergency Service

Leslie PAKIANATHAN

Project Director,
Tunnel Construction Management

TAN Boon Seng

Project Director,
Project Control

Ivan TAN

Senior Vice President,
Corporate & Marketing
Communications

Justina TAN

Managing Director,
People

TAN Kok Siong

Project Director,
Changi East Construction

TENG Hwee Onn

Senior Vice President,
Engineering Management &
Systems Planning

TEO Chew Hoon

Senior Vice President,
Airsides Concessions

WEN Dazhi

Senior Vice President,
Tunnel Design Management

Ivy WONG

Senior Vice President,
Finance Strategy & Transformation

YEO Kia Thye

Managing Director,
Airport Operations Planning & Airside

CHANGI AIRPORTS INTERNATIONAL

(Members of Changi Airports International's Management Committee)

CHAN Mew Yoong

Director & Head,
Human Resources

Eugene GAN

Managing Director,
Asset Management

Peter LEE

Managing Director,
Changi Airport Planners & Engineers

LOW Beng Lan

Chief Financial Officer

NG Kuan Luen

Director & Head,
Risk Management

SEE Ngee Muoy

Managing Director,
Legal & Compliance

James THONG

Managing Director,
Consultancy

ACCOLADES



2017

MONTH	CATEGORY OF AWARDS	NO. OF TIMES	PUBLICATION/ORGANISATION
Mar	Airport of the Year above 20 Million Passengers	2	Air Transport News
	World's Best Airport 2017	8	Skytrax
Feb	Best Airport	12	DestinAsian
	Top Worldwide Airport	15	Wanderlust
Jan	Deficiency - Free	36	International Federation of Air Line Pilots' Associations (IFALPA)

2016

MONTH	CATEGORY OF AWARDS	NO. OF TIMES	PUBLICATION/ORGANISATION
Dec	Best Overall Airport in the World	2	Global Traveler
	World's Leading Airport	11	World Travel Awards
	Favourite Airport	6	Condé Nast, Traveller, India
Nov	Best Airport (World)	5	Travel + Leisure, India and South Asia
	Best Airport in the World	12	Business Traveller, China
Oct	Best Airport	2	Future Travel Experience
	Top International Airport	9	Condé Nast Traveler, US
	Asia's Leading Airport	13	World Travel Awards
Sep	Best Airport in the World	29	Business Traveller, UK
	Travel Hall of Fame	14	TTG Asia
Aug	Best Airport in the World	24	Business Traveller, Asia Pacific
	Best Airport Worldwide	8	Smart Travel Asia
Jul	Best Airport	2	International Traveller
	Best International Airport in the World	4	Travel + Leisure
	Best Business Airport	23	Business Traveller, Germany
May	Best Airport in the World	10	UltraTravel Magazine
	Airport Authority in Asia/Pacific with the Most Supportive Approach to Travel Retail	16	Duty Free News International & Travel Retailer International
Apr	Best Airport in the World	1	eDreams.com
	Best Airport in the World	13	Business Traveller, Middle East
	Airport Authority with the Most Supportive Approach to Travel Retail	8	Duty Free News International & Travel Retailer International

FINANCIAL *REVIEW*

FINANCIAL HIGHLIGHTS

	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17
Profit & Loss (S\$'mil)					
Total revenue	1,911	2,106	2,150	2,164	2,305
Total expenses	1,149	1,185	1,255	1,284	1,401
EBITDA	1,045	1,187	1,171	1,167	1,208
Profit after tax	751*	896*	782	784	657
Financial Position (S\$'mil)					
Assets	5,880	6,684	7,564	8,460	9,260
Liabilities	768	937	1,441	1,874	2,223
Equity	5,112	5,747	6,123	6,586	7,037
Financial Ratios					
EBITDA margin	54.7%	56.3%	54.5%	53.9%	52.4%
NPAT margin	39.3%	42.5%	36.4%	36.2%	28.5%
Return on assets	13.6%	14.3%	11.0%	9.8%	7.4%
Return on equity	15.8%	16.5%	13.2%	12.3%	9.6%

* NPAT included one-off gains of S\$78 million and S\$111 million for FY12/13 and FY13/14 respectively.

THE YEAR IN REVIEW

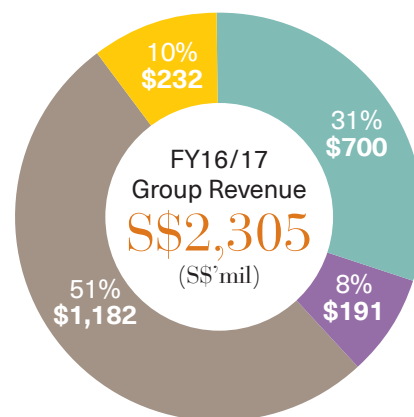
Changi Airport recorded strong growth in passenger movements of 4.6% to reach 59.4 million passenger movements, placing it as the sixth busiest airport in the world for international traffic. Indonesia continued to rank as Changi Airport's largest country market, followed by Malaysia, China, Thailand and Australia. The uplift in passenger traffic was in part due to subdued oil prices which fuelled airlines' network expansion and in part supported by CAG's continuous joint marketing efforts with airlines to drive traffic through Changi Airport. In FY2016/17, Changi Airport launched eight new city links and new non-stop flights to San Francisco with United Airlines and Singapore Airlines. During the year, Changi Airport also welcomed four new airlines.

Operating revenue in FY2016/17 grew by 6.5% to reach S\$2.3 billion. Both aeronautical revenue and non-aeronautical revenue registered growth compared to the previous financial year. The growth in aeronautical revenue was driven primarily by the increase in passenger traffic as well as the expiry of rebates given to airlines. Notably, the increase in non-aeronautical revenue was underpinned by strong concession sales, which hit a record high of S\$2.4 billion (a year-on-year increase of 5.0%). Despite the soft retail market, CAG managed to help its tenants grow sales through effective marketing and promotions, innovative retail concepts, and also deeper engagement with customers through the Changi Rewards loyalty programme.

On the cost front, operating expenses grew 9.1% year-on-year to S\$1.4 billion. Higher charges from the Civil Aviation Authority of Singapore (CAAS), and a one-off S\$15 million reversal in airport security charges last year were two key contributors for the higher operating expenses.

Overall, the Group achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of S\$1.2 billion in FY2016/17, an increase of 3.5% from last year. Net profit after tax closed at S\$657 million representing a 16.2% decline from last year due to provision for impairment in overseas airport investments amounting to S\$110 million.

Operating Revenue



- *Airport services*
- *Security services*
- *Airport concessions and rental income*
- *Others*

The Group's operating revenue grew 6.5% to S\$2.3 billion, underpinned by strong passenger growth and higher airport concession revenue. The growth in passenger movements of 4.6% from 56.7 million to 59.4 million, was boosted by higher traffic to and from Southeast Asia and South Asia, which registered growth of 5.3% and 7.3% respectively. The addition of four new airlines and eight new city links enhanced Changi Airport's connectivity and strengthened Singapore's position as the leading air hub in the region, connecting Singapore to some 380

cities in more than 80 countries around the world. Aircraft movements grew by 3.2% to reach 362,246 movements in FY2016/17.

Revenue from airport services increased by 11.6% from S\$627 million to S\$700 million due mainly to higher passenger traffic. In addition, certain financial assistance given to airport partners in the last two financial years to tide them over a difficult operating environment expired during the year. Notwithstanding the expiry of these rebates, CAG, through the Changi Airport Growth initiative, continues to incentivise our airport partners to drive more traffic and enhance connectivity at Changi Airport. Revenue from security services also increased 4.7% in tandem with passenger traffic growth.

The Group achieved strong growth in airport concession and rental income of 5.0% year-on-year crossing S\$1.1 billion. The growth in concession revenue was supported by a 5.0% increase in concession sales to reach a record high of S\$2.4 billion in FY2016/17. This placed Changi Airport as one of the top three airports in the world for concession sales.

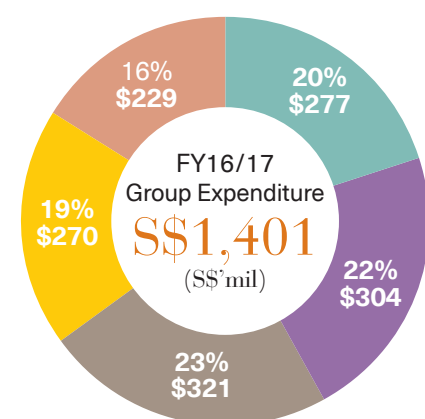
Despite the soft retail market, CAG managed to help tenants grow sales by deepening engagement with customers through in-airport activities and the Changi Rewards loyalty programme. To add value to concession partners in this digital age, the iChangi mobile app was enhanced to incorporate Changi Rewards and iShopChangi, the airport's online shopping portal. During the year, iShopChangi expanded its product range by 60%, growing its sales by more than 70%. The Changi Rewards membership base also increased, with sales from members growing by 22% year-on-year.

New and refreshed retail offerings also helped to boost retail sales. During the year, DFS launched its

second Wines & Spirits duplex store at Changi Airport with a seven-week Whiskey Festival to showcase different whiskey brands. The new duplex offers customers an interactive and engaging shopping experience, allowing them to sample and explore DFS' broad assortment of wines and spirits

CAG's anchor retail campaigns, "Be a Changi Millionaire" and the annual year-end festive celebrations were also well-received and helped to drive footfall and concession sales. The strong performance from Changi Airport's non-aeronautical revenue enables CAG to subsidise and keep aeronautical charges competitive.

Operating Expenses



- Maintenance of land, buildings and equipment
- Depreciation
- Government charges and CAAS services
- Services, security and other related expenses
- Employee compensation

The Group's operating expenses increased by 9.1% to S\$1.4 billion in FY2016/17. The increase mainly came from CAAS charges, and services and security-related expenses. The increase

in CAAS charges contributed to more than 40% (or S\$50 million) of the increase in operating expenses due in part to the cessation of rebates.

The increase in services, security and other related expenses was in part due to a one-off S\$15 million reversal in airport security charges last year and in part due to annual contract escalation for manpower-intensive contracts pertaining especially to security manning services. Aside from investing in security-related services, CAG continued to work closely with partners in the airport community to drive a stronger service culture and guide the service teams in their interactions with customers at all touch-points.

CAG's subsidiary, Changi Recommends, expanded its services and footprint in the region, contributing to an increase in operating expenses in FY2016/17. Whether passengers are heading overseas or visiting Singapore, Changi Recommends offers services and products that help passengers travel better. These include rental of Wi-fi routers, sale of local and overseas SIM cards to allow travellers to stay connected, sale of tourist attraction tickets and hotel bookings.

Operating expenses also increased with the stepping up of Changi East project activities, which saw the engagement of more professional services to support the development of the project.

EBITDA/Profit After Tax

The Group achieved an EBITDA of S\$1.2 billion, representing a 3.5% increase from the previous year.

In FY2016/17, the Group provided impairment loss of S\$110 million for its overseas airport investments. This was largely due to the deterioration of Brazil's economy, which affected the performance of RIOgaleão airport. Taking into account this impairment, the Group's NPAT declined by 16.2%, to S\$657 million.

Strong Financial Position

The Group's shareholder's equity improved by S\$450 million to reach S\$7.0 billion with a strong asset base of S\$9.3 billion.

Total assets increased S\$799 million to S\$9.3 billion. The increase comprised mainly investments in development projects as we embarked on capacity building. The major components of total assets were property, plant and equipment (of S\$5.1 billion) and cash and cash equivalents (of S\$2.7 billion). The surplus cash has been earmarked for the funding of on-going development projects.

An interim sinking fund was created last year to set aside funding for the Changi East development project. The contribution to this sinking fund in FY2016/17 was S\$90 million, bringing the cumulative amount in this fund to S\$176 million.

Capital Expenditure

The Group's strong financial position strengthens its ability to invest in capital expenditure to upkeep and enhance the airport's facilities as well as fund several significant development projects (which include T4, Jewel, T1 Expansion and the three-runway system) to meet long-term capacity needs and enable Changi Airport to stay ahead of global competition.

CAG has made good progress on the major development projects. Construction work for T4 has been completed, operational readiness trials are ongoing and the terminal is slated to open in late 2017. Structural works for the Jewel development, comprising five storeys above ground and five basement storeys – housing about 300 shops and F&B outlets – have been completed. It is scheduled for opening in early 2019. The three-runway system is on track for completion in the first half of the 2020s.

CORPORATE *GOVERNANCE*

The Board and Management of CAG are deeply committed to our Company's central core value – integrity – which is at the heart of all we do. We strive to meet and maintain the highest standards of corporate governance, professionalism and integrity to build a company which stakeholders can be proud of. To thrive and to operate a sustainable business over the long term, and to uphold and protect the Company's brand and reputation, CAG strongly believes that it has to be accountable to its immediate business and regulatory environment, as well as to the global community.

CAG has a Code of Conduct, which sets out the principles, policies and standards of conduct that it expects of all employees in their day-to-day activities and in the decisions they make. The Company has implemented a whistle-blowing framework to prevent, detect and deter unethical or illegal conduct, while protecting whistle-blowers from retaliation.

THE BOARD OF DIRECTORS

1. CAG's Board of Directors is our highest decision-making body, which oversees the Company's long-term strategies and provides 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 11 Directors, of whom only the CEO, Mr Lee Seow Hiang, is an executive Director. The majority of our Board members are independent. Our Directors are individuals with broad and diverse expertise and experience, both domestically and internationally.
3. The Board Directors of CAG are:

Mr Liew Mun Leong - Chairman
Mr Lee Seow Hiang - CEO
Mrs Tan Ching Yee
Mr Lim Zhi Jian
(Alternate Director to Mrs Tan Ching Yee)
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
Professor Tan Yong Kam
Mr Tan Gee Paw

The profiles of the Directors can be found on pages 20 to 23 in this annual report. Changi Airports International (CAI), a wholly-owned subsidiary, has a separate Board of Directors.

4. The roles 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 implementation of the Group's strategies and policies.
5. Six committees have been formed to assist the Board in the detailed consideration of various matters. These are the Executive Committee (EXCO), Executive Resource and Compensation Committee (ERCC), Audit Committee (AC), Tenders Committee (TC), Executive Committee on Airport Development (ECAD) and Operational Risk and Safety Committee (ORSC). Each committee is governed by its own terms of reference, which sets 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.

Access to Information

7. Prior to each Board Meeting and when necessary, the Board is provided with pertinent information – including 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, at its expense, arrange for the appointment of relevant professional advisors.

CAPITAL & INVESTMENTS

1. The members of the EXCO are:

Mr Liew Mun Leong - Chairman
Mrs Tan Ching Yee
Mr Eric Ang Teik Lim
Mr Richard R. Magnus
Mr Lee Seow Hiang
2. The EXCO reviews and recommends to the Board financing and investment strategies of the Company and approves significant investments by the Company and CAI. The EXCO also approves treasury matters such as the acceptance of banking and credit facilities, granting of corporate guarantees, debt capital market issuance, opening of bank accounts as well as hedging

policies. EXCO also sets the financial limits for operations, procurement and treasury of the company.

EXECUTIVE RESOURCE AND COMPENSATION

1. The ERCC comprises the following 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, 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 their development and reviewing succession plans 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.

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 and as the Board may require from time to time, to enable the Board to make balanced and informed assessments of the Company's performance, position and prospects.

Audit Matters

2. The AC comprises the following non-executive Directors:
 - Mr Danny Teoh Leong Kay - Chairman
 - Mrs Tan Ching Yee
 - Mr Eric Ang Teik Lim
3. The primary role of the AC is to assist the Board to review the adequacy of CAG's internal control systems in ensuring that the financial records have been properly maintained and its financial statements give a true and fair view of the Company's performance and position. In addition, the AC is also responsible to

review the effectiveness of financial, compliance and risk management framework, as well as the robustness of the reporting processes. The AC also reviews the adequacy of mechanisms put in place for CAG's employees, partners, suppliers and contractors to raise concerns in confidence, the procedures for independent investigation of the matters reported and ensures appropriate follow-up, investigation and resolution.

4. During the year, the AC performed an independent review of the financial statements of the Company. In the process, the AC reviewed the key areas of management judgment applied for adequate disclosure, critical accounting policies and any significant changes that would have a material impact on the financial statements.
5. Annually, the AC reviews and approves the audit plans of the internal auditors to ensure the adequacy of the audit scope in reviewing CAG's significant internal controls. Besides reviewing the adequacy of the internal audit function in terms of its resources, competency and standing within the organisation, the AC is also updated on the training received by the internal audit team to ensure that its staff continually updates their technical and auditing skills. The AC also reviews the reports of the external and internal auditors on the effectiveness of actions taken by Management on the auditors' recommendations and observations.
6. The AC reviews and approves the external auditor's audit plan for the year. Prior to making recommendations to the Board on the external auditor's appointment or reappointment, the AC reviews the external auditor's independence, objectivity and quality of work based on guidelines established by the Accounting and Corporate Regulatory Authority and through discussions with the external auditors. In line with best practice, the external audit partner is rotated every five years. The AC also reviews the non-audit fees awarded to the external auditors to ensure that the non-audit services performed by them would not affect their independence.
7. The AC meets with the internal and/or external auditors three times during the year. At least one of these meetings is conducted 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 and Management of the Company are fully committed to maintaining a robust system of internal controls, procedures and risk management to safeguard our shareholder's interests and the Group's assets. The Board delegates its oversight responsibilities for internal controls, and financial and strategic (business)

risk management to the AC, which ensures effectiveness and adequacy of the system of internal controls in the Company, while the ORSC assists the Board in reviewing the operational and safety risk management systems put in place by Management.

2. The internal controls established by CAG are supported by systems, processes and people. There are three elements to the internal controls:
 - a. business governance and policies to provide direction and guidance on financial, operational, information technology and compliance matters;
 - b. the management and assurance frameworks such as the enterprise risk management and fraud risk management processes. These processes include the conflict of interest declarations by employees under the Code of Conduct to establish expectations of employees' business conduct and the Whistle-blowing Policy; and
 - c. independent assurance provided by the internal and external auditors.
3. CAG's internal and external auditors review the key internal controls of the Company for material non-compliance or failures in internal controls and recommend areas of improvements. AC reviews the effectiveness of the action taken by Management on the recommendations made.
4. The AC also reviews the effectiveness of the enterprise risk management framework and the risk management processes put in place to manage financial and strategic (business) risks while meeting business objectives.
5. A separate committee, the Tenders Committee (TC), evaluates and approves tenders for goods and services exceeding S\$50 million, with the exception of those related to new development projects and major redevelopment projects at Changi Airport, which come under the purview of the ECAD. The TC is chaired by a non-executive Director and comprises the following Directors:

Mr Michael George William Barclay - Chairman
Mr Richard R. Magnus
Mr Lee Seow Hiang

Internal Audit

6. The role of the internal auditors is to assist the AC to ensure that the Company maintains a sound system

of internal controls. Internal Audit (IA) conducts regular audits of high risk areas, and undertakes investigations as directed by the AC. It comprises suitably qualified and experienced staff, headed by the Senior Vice President, Internal Audit (SVP, IA). SVP, IA reports functionally to the Chairman of the AC, and administratively to the CEO. To ensure the independence of the IA function, the IA team has unrestricted access to the AC.

7. IA adopts a risk-based approach in its audit work, focusing on key internal controls, including financial, operational and compliance controls. Internal audit practices are also guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.
8. Audits are carried out on all significant business units and processes in the Company. The annual audit plan is developed in consultation with, but independent of, Management and is approved by the AC. IA's report on findings and recommendations are submitted to the AC with copies extended to the CEO and relevant senior management officers, and a summary of key findings and recommendations discussed at the AC meetings. IA also tracks and reports to the AC on the implementation status of actions agreed by Management, so as to ensure timely and adequate closure of audit findings.

AIRPORT DEVELOPMENT

1. The ECAD currently comprises four directors and six non-voting external members, who have been co-opted to provide advice and expertise in relation to the development projects. The four directors are:

Mr Liew Mun Leong – Chairman
Mr Tan Gee Paw
Mr Lim Zhi Jian
Mr Lee Seow Hiang
2. The ECAD oversees new development and major redevelopment projects at Changi Airport. The roles of the ECAD include:
 - a. reviewing and approving collaborations, selection of consultants, architects and other professional advisors, design concepts, aesthetic element proposals and other proposals related to development projects at Changi Airport; and
 - b. reviewing and approving tenders for goods and services exceeding S\$50 million related to the development projects at Changi Airport.

ENTERPRISE RISK *MANAGEMENT*

1. CAG is fully committed in implementing a robust Enterprise Risk Management (ERM) framework, which include the following areas:

Policy:	Risk strategy, objectives, scope and thresholds;
People:	Risk governance structure, objectives, and competencies;
Methods:	Risk identification, analysis, evaluation, treatment, and monitoring;
Enablers:	Risk matrix, thresholds, and registers.

2. There is a clear definition of roles, responsibilities and accountability in the implementation of risk management in CAG. Both current and emerging risks are thoroughly identified, examined, and aggregated to the enterprise level.
3. The scope of CAG's risk types cover operational and safety, regulatory, financial, strategic and key project management risks arising from T4, Jewel, T1 Expansion, and Changi East developments.
4. Each key developmental project has a dedicated risk manager, whose role is to identify and aggregate the project's current and emerging risks which impact timelines, costs, quality and safety, and to report the project's top risks and mitigation measures to the CAG Risk Committee, through the ERM division.

Risk Governance

5. The CAG Risk Committee, supported by the ERM division, leads the Company's efforts in developing and strengthening its risk management processes and framework.
6. Both the Board and Management are responsible for managing risks. The ORSC assists the Board in exercising this role by reviewing CAG's operational and safety risks, while the AC assists the Board by reviewing CAG's Financial and Strategic risks.
7. The ORSC comprises two Directors. The two directors are:

Mr Michael George William Barclay - Chairman
Mr Richard R. Magnus

An external member (not being a director) may be co-opted as and when necessary to provide expertise in the areas reviewed.

8. Reporting to both the AC and ORSC, the Risk Committee is chaired by the CEO and comprises Senior Management members, who meet regularly to review CAG's key risks and provide directions to strengthen the implementation of ERM in CAG.

Risk Awareness Culture

9. At CAG, every employee and everyone working in the airport community is a valued manager of risks. Therefore, the Risk Committee, through the ERM unit, continues with its engagement efforts through inter-divisional risk workshops and meetings with risk owners.