



Future Ready

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Future Ready

About 40 years ago, a bold decision was taken – one that determined the future of Singapore's aviation hub – to move the nation's airport from Paya Lebar to Changi. The consultants, developing the original airport masterplan for Singapore in the mid-1970s, planned for Changi Airport to have a total capacity of just 30 million passengers per annum.

But Singapore's leaders had the confidence in the country's potential as a major air hub despite her size. Thus, space was reclaimed at the eastern end of Singapore, for an airport that could handle far more than what was initially planned. Singapore has benefitted from this foresight. Changi Airport handled 30m passengers in 2004, and it took just another six years after that to reach 40 million, and another two years to reach 50 million.

Today, Changi Airport Group (CAG), as manager and operator of Changi Airport, finds itself at the threshold of a new era as it undertakes planning to secure Changi Airport's future. The considerations today are multi-faceted and the challenges, dynamic. An airport is no longer just an incidental aircraft interchange, but is expected to be a destination on its own. This is something that many air hubs around the world recognise. Against a competitive landscape, it is imperative that CAG does not stop innovating and reinventing Changi Airport.

Yet, one core principle remains unchanged – strategic forward planning continues to be the cornerstone of Changi's success.

Its formula is simple: ensure supply, in the form of ample capacity – as passenger and aircraft movements grow – while maintaining Changi Airport's appeal as an aviation hub to both passengers and airlines.

Mapping out the right path calls for astute judgement, bold innovation and decisiveness. Hence, the move to close the Budget Terminal, making way for a larger and enhanced Terminal 4 in its place – one that can better meet Changi's capacity needs and rising user expectations. Likewise, CAG's plans to build an iconic lifestyle destination in front of Terminal 1, Project Jewel, when the simpler alternative would have been a functional multi-storey car park.

Looking beyond this decade, the master planning for Changi Airport's next phase of growth has also started. Comprising a third runway and fifth terminal, this is a major, long-term project of unprecedented complexity and scale. CAG is committing significant resources, including manpower, to ensure that the various infrastructure projects are planned well and executed smoothly.

So, while it is business as usual at Changi Airport, with on-going efforts to grow Singapore's air hub and to deliver an award-winning Changi Experience – work for the future is happening behind the scenes. The destination may not be immediately visible, but CAG's journey to be **future ready** has certainly begun.





Building Ahead for Growth



CAG's strategy to plan ahead of capacity needs underpins the continued success of Changi Airport as a leading global air hub. Today, CAG is actively working on major infrastructure projects – a brand new Terminal 4 and the development of a mixed-use complex (Project Jewel) at the Terminal 1 car park – two enhancements that will propel Changi's growth for years ahead. With these key developments, Changi Airport is well-positioned to meet demands of burgeoning passenger traffic, well-equipped to capitalise on exciting growth opportunities of the future.





Strengthening the Air Hub



Against the backdrop of an increasingly competitive landscape, CAG works closely with airlines and travel industry partners to strengthen Changi Airport's connectivity across the globe, and taps exciting growth opportunities in new markets. To capture tourism mindshare for both Changi and Singapore, CAG continuously reinvents the airport as a vibrant destination in its own right, through fresh facilities and invigorating attractions, augmenting Changi's position as a top transfer hub in the world.





Rethinking the Airport Experience



As the operator of the world's most awarded airport, CAG prides itself in delivering an exceptional passenger experience that is cutting-edge and at the forefront of technology. In its efforts to enhance the Changi Experience, CAG harnesses new technologies and implements touches of innovation to propel Changi's facilities, efficiency and service – creating an airport of the future.



Invigorating the Retail Business



In a dynamic travel industry with a fast-changing retail landscape, consumer preferences continue to evolve. In forging ahead towards the goal of strengthening the air hub, CAG innovates to inject vitality to Changi's transit and public malls, delivering a fresh and exciting retail experience to passengers. A firm believer of growing together with its concession partners, CAG takes a proactive approach to create the ideal place for retailers to base and grow their business.



**Developing
Our People**



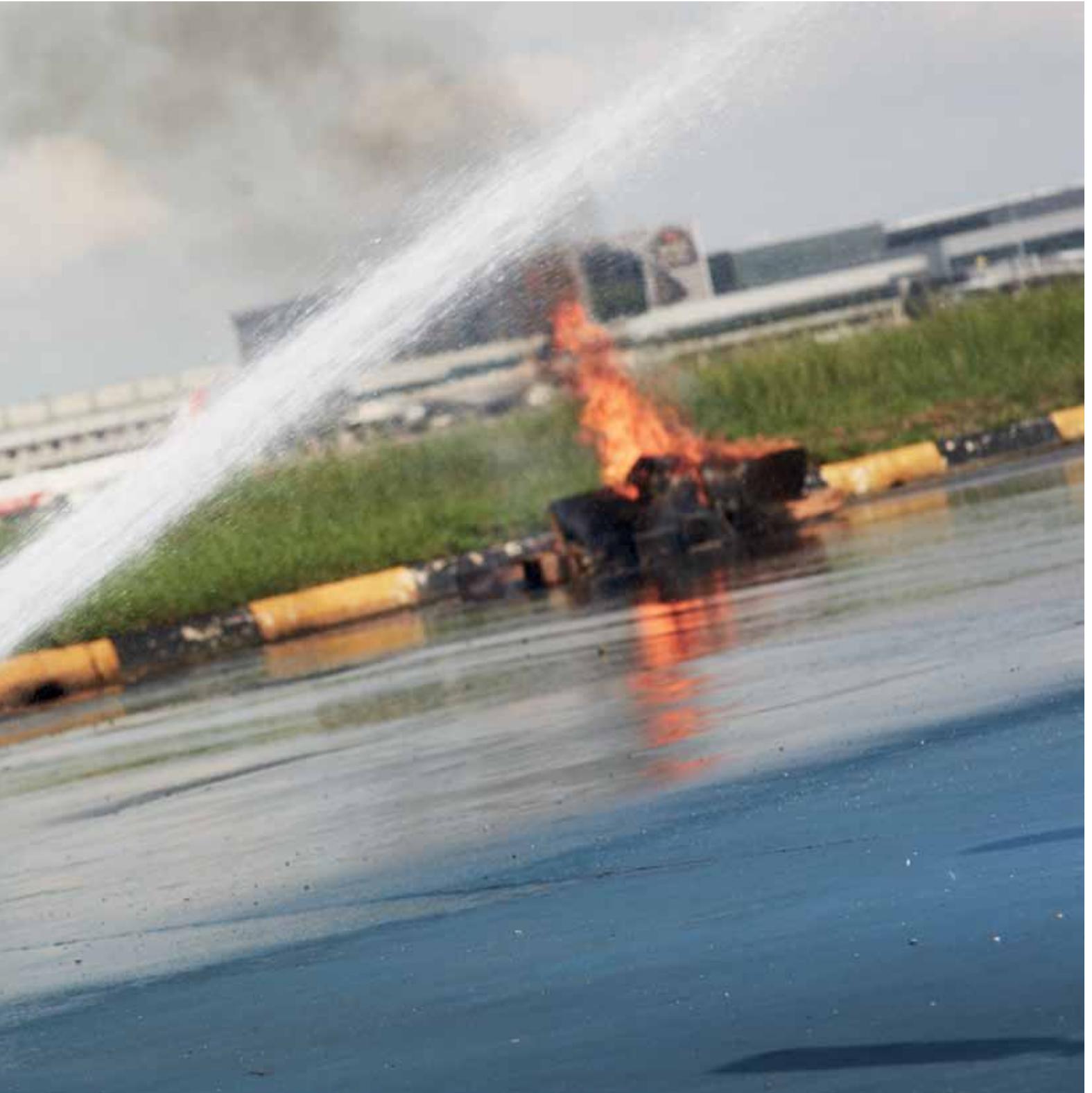
A defining factor behind a company's success is none other than its people. In pursuing growth, one of CAG's key strategies is to develop its people – to attract and nurture talent, as well as build skills and leadership amongst its employees. To this end, CAG places much emphasis on creating a fulfilling workplace environment with a conducive culture for personal development and growth.



Caring for the Community



As a responsible corporate citizen, CAG believes in being an integral part of the local community beyond just economic contribution, but also, touching people's lives in the most meaningful ways. Through CAG's CSR programme, Changi Foundation, it aims to contribute to its preferred social cause – youths of the community, and to make a difference in their personal growth journeys.



Our Mission

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

Our Vision

Exceptional People, Connecting Lives

At Changi Airport Group, we aspire to build a company where ordinary people achieve extraordinary results. Working together as a team, we bring great ideas to life and achieve exceptional results beyond our individual capabilities. Customers are our inspiration. From the youngest child to the largest corporation, we understand that what we provide connects people in ways that will enhance their lives.

Our Values



Corporate Profile

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

Over the past three decades, CAG – previously as part of the Civil Aviation Authority of Singapore – has successfully established Changi Airport as the world's most awarded airport. With more than 430 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 more than 52 million passenger movements in FY12/13, serving about 100 airlines flying to more than 250 cities in about 60 countries and territories worldwide. With over 70,000 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 spread the success of Changi Airport far and wide, CAG invests in and manages foreign airports through its subsidiary Changi Airports International (CAI). CAI's objective is to build a quality portfolio of airport investments worldwide with strong markets and significant development potential. Its key business activities include investments in airports, as well as the provision of consultancy and airport management services. Today, CAI's presence covers major economies including China, India, the Middle East, South America and Europe.

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



LIEW Mun Leong
Chairman



LEE Seow Hiang
Chief Executive Officer



Chairman & CEO Message

Financial year 2012/13 was a significant year for Changi Airport Group (CAG). We delivered an exceptional performance and achieved milestones on several fronts including record highs for passenger movements and retail sales, and a breakthrough on the international front.

As we continued with our pursuit of operational excellence – an approach that has underpinned Changi Airport's success for the past three decades – we also embarked on another important mission to lay the ground and set the cornerstone for Changi's success tomorrow. Much effort and resources were put into a number of infrastructure enhancement projects to prepare for Changi Airport's future.

RECORD PASSENGER TRAFFIC

Against a less-than-rosy operating backdrop, we did well in FY12/13 and strengthened Changi Airport's position as a global air hub. We closed the year with 52 million passenger movements – an all-time high, representing a healthy growth of 8.3% year-on-year. Remarkably, we crossed the 50-million mark, just two years after we crossed the 40-million milestone.

We have achieved this outcome despite intensifying competition, thanks to our close partnerships and active collaborations with airline partners. During the year, we worked hard with our airline partners to introduce a series of programmes, like *Changi Connects* and the *Changi Transit Programme*, to increase Changi's appeal as a transit and stopover point.

We are pleased to report that Changi Airport's network continued to expand this past year, with six new city links and five new airlines bringing the total to over 250 city links served by some 110 airlines. Aircraft movements increased 5.5% to 328,000, driven by strong travel demand within Asia-Pacific and to long-haul markets like Europe. The cargo sector was more affected by the weak global economy with airfreight handled at Changi Airport contracting 3.8% during the year to 1.80 million tonnes.

A CAPTIVATING CHANGI EXPERIENCE

As Changi Airport handles increasing traffic, we remain deeply rooted to our core commitment to deliver a world class, award-winning airport experience. It is this mission – shared by the 32,000 members of the airport community – that has enabled Changi to be the world's most awarded airport. In FY12/13, Changi Airport won another 28 'Best Airport' awards, including the Skytrax 'World's Best Airport' award, and Business

Traveller UK's 'Best Airport in the World' award for the 25th time. These accolades brought the total received by Changi since 1981 to more than 430.

We celebrated the completion of Terminal 1's refurbishment in July 2012 with the unveiling of our newest crowd-puller, Kinetic Rain - the world's largest kinetic art sculpture. Since its debut, it has quickly gained the status of being a key icon of the Changi Experience, captivating audiences with the graceful dance of its 1,216 bronze droplets. Nothing gives us greater satisfaction than to witness our passengers' delight.

A SOLID RETAIL BUSINESS

An integral part of our strategy to strengthen Changi's air hub status is to grow our retail business. As our non-aeronautical profits go into covering the costs of airport operations, a thriving retail business puts us in a stronger position to keep airport charges competitive. In FY12/13, we continued to deliver stellar results in this area. Concession sales grew to a record of more than S\$1.9 billion, outperforming traffic growth and putting Changi among the top four airports in the world in terms of travel retail sales. We achieved this through retail innovation, a nimble response to market needs and trends to provide a good spread of retail mix, and effective collaborations with our concessions. These included the introduction of many new brands, exclusive first-in-the-world product launches in the beauty and liquor categories, and exciting promotions including our hugely popular 'Be the Changi Millionaire' Draw and the 'Angry Birds Space' Christmas promotion.

INTERNATIONAL BREAKTHROUGHS

Beyond our shores, the Group has made good headway internationally. Through wholly-owned Changi Airports International (CAI), we have grown Changi's global footprint and portfolio, with notable achievements on both the consultancy and investment fronts. In June 2012, we invested in Russia, with the acquisition of a 30% stake in Airports of the South (AOS) - a group of four airports in the south of the country. Ahead of the 2014 Winter Olympics in Sochi, CAI will be assisting AOS to develop Sochi Airport to gear up for the global event.

Chairman & CEO Message

Another overseas project that has yielded excellent results was CAI's investment in Gemina S.p.A., the holding company of Aeroporti di Roma S.p.A. Since 2010, CAI, as a strategic investor in Gemina, has played an active role in the planning and development of Fiumicino Airport, the main airport in Rome. We take great pride that CAI's work there over the last few years has added much value to this investment. CAI's investment in Gemina contributed an investment gain of S\$106 million to CAG's FY12/13 earnings.

After the close of the financial year, CAI divested its interest in Gemina in May 2013, after taking into account a potential dilution of its stake resulting from industry consolidation. The divestment to institutional investors translated into a total net realised investment yield of 82% amounting to S\$126 million. Even after the divestment, CAI continues to work with Fiumicino Airport through the provision of advisory services, covering the areas of master planning, operations, commercial and air traffic development.

REVENUE GROWTH & ROBUST COST MANAGEMENT

CAG's revenue for FY12/13 rose 7.4% to S\$1.91 billion, in line with the increase in passenger movements.

As CAG pursued top line growth, we also instilled a disciplined cost management culture within the organisation to curb costs escalation in upcoming years. A rigorous effort was made to identify cost-effective procurement measures to lower operating costs, without compromising on quality. For instance, instead of having separate maintenance contracts for each terminal, we adopted the strategy of amalgamating them into single pan-airport contracts, which led to operational synergies and cost efficiency. We also restructured several contracts, such as those for maintenance and cleaning, to introduce variable, performance-based elements to encourage productivity gains.

Our new technological initiatives to improve information flow and work processes within the airport community have enabled us to do more and manage better, while using less. An example of this is the e-Inspection system, which allows CAG and its contractors to receive real-time alerts on building faults. This has reduced our reliance on manpower in these areas, thus resulting in better productivity and cost savings. Together, these measures were effective in mitigating rising expenses, mainly driven by inflationary cost increase, wage increase and higher fuel cost. CAG's operating costs for the year rose moderately by 2.7%.

With strong revenue growth from both aeronautical and non-aeronautical segments, effective cost management, and investment gains, CAG delivered record earnings before interest, tax, depreciation and amortisation ("EBITDA") exceeding S\$1 billion and a profit after tax of S\$751 million, representing a year-on-year growth of 12.4% and 35.8% respectively.

DEVELOPING PEOPLE

CAG places a strong emphasis on developing our employees, our most critical asset. In FY12/13, we stepped up efforts to build a strong and dedicated talent pool, through increased staff engagement and training programmes. We conducted our inaugural Employee Engagement Survey, which provided valuable insights into how we can better engage our staff, and build a sense of belonging to the company. Through our scholarship and talent internship programmes, we reached out to universities to attract talent.

Over the past three decades, Changi Airport has received tremendous support from the Singapore community, and we seek to return this support by contributing to society in meaningful ways. In April 2012, we officially launched the Changi Foundation to help our identified social cause – disadvantaged youths, to help nurture and develop them to become active contributors to society. Under this programme, we have reached out to approximately 800 youths through numerous activities, to help equip them with skills and to influence them with positive attitudes to life.

PLANNING FOR THE FUTURE

CAG's strategy is to plan ahead of capacity needs so as to ensure the continued success of Changi Airport as a leading global air hub. Given the complexity of airport master-planning, it is important for us to prepare many steps ahead of market demand. Today, we are actively working on a number of major infrastructure projects that will transform Singapore's aviation landscape and propel Changi's growth in the years ahead.

TERMINAL 4 DEVELOPMENT

In September 2012, we closed a chapter in aviation history, with the cessation of operations at the Budget Terminal (BT). In its place, we have plans for Terminal 4 (T4), which will have an annual capacity of 16 million passenger movements, more than double that of the BT. In terms of design and facilities, T4 will sport a look, feel and ambience comparable to Changi's existing terminals, with attractive retail offerings. The terminal will offer passenger-friendly facilities such as aerobridges and is designed with the flexibility to meet the operational needs of both regional full-service and low-cost carriers.

We are working with a consortium of architects and contractors on the terminal development plans, which includes design concept, operations planning, retail planning and airport stakeholder engagement. As part of this process, we are integrating productivity enhancing initiatives into many aspects of the terminal design. Examples include functions such as automated baggage sorting and self check-in. Construction of T4 will begin by the end of 2013, with the opening of the terminal planned for 2017.

PROJECT JEWEL AND TERMINAL 1 EXPANSION

Another exciting project we are working on is the development of the existing open-air car park fronting Terminal 1 (T1) into space for better commercial use. In its place, we plan Project Jewel, a mixed-use complex that is integrated with T1, as well as an expansion of T1's floor area. Besides raising T1's passenger handling capacity to 24 million passengers, this project gives us the opportunity to create a signature lifestyle destination which will strengthen Changi's appeal as an air hub.

Project Jewel will feature aviation facilities, leisure attractions and retail offerings. It will be an iconic must-visit attraction that will capture tourism mindshare on the world stage, enticing more passengers to choose Singapore as a stopover point. Located between the three existing terminals, the new development will also act as a strategically convenient node connecting the terminals, and a central ground for the airport community to get together. As with T4, a dedicated Project Jewel team has been formed to work on the concept and plans. We hope to share more details by the end of the year including the formation of a joint venture to manage the development.

INCREASING AIRFIELD CAPACITY

In addition to terminal works, another important component of capacity enhancement is to increase Changi's airfield capacity. For this purpose, CAG is converting a 38-hectare land plot south of Terminal 3 into an aircraft parking area with 26 new remote aircraft parking stands. This project will increase Changi's aircraft parking capacity by 24% when completed in 2016.

In addition, we have been working closely with the Civil Aviation of Authority (CAAS) to optimise aircraft handling on our runways. To facilitate the handling of more aircraft movements, several measures have been implemented by CAAS and CAG, including the reduction of departure flight separation times, reconfiguration of flight routes, and improvements in runway inspection processes. These new measures have been effective in improving Changi's runway efficiency.

We are currently in talks with MRO companies regarding their plans to build new aircraft maintenance hangars at Changi Airport. These plans may initiate the development of up to eight new hangar bays, with five sized to handle wide-body aircraft. To support these hangar developments, CAG will invest an initial amount of S\$14 million on new infrastructure including the extension of the taxiway, roadway and power supply networks.

BEYOND THIS DECADE

Looking beyond this decade, CAG is working closely with the Ministry of Transport (MOT) and CAAS on the long-term master

planning for Changi Airport, which includes Terminal 5 and the conversion of the current military runway into Runway 3 for civilian use. This project is being led by an inter-agency committee helmed by MOT. This is a long and complex process, which requires intensive studying and many years of planning and preparation. The committee's plan is for Terminal 5 to be operational in the middle of the next decade.

EXCITING TIMES AHEAD

These are exciting times for us at CAG. We relish the valuable opportunity to help shape Changi Airport's long-term future. In the near term, prospects for aviation remain good, on the back of a positive demand outlook in Asia-Pacific. Our fundamentals remain solid, and CAG is well-positioned to tap opportunities, whether to develop the Changi air hub or for investments in overseas markets.

We will continue to strive for growth with our formula that has determined Changi Airport's success all these years – a relentless pursuit of excellence and innovation, close partnerships with our government and industry partners, and a strong commitment to bring out the best in our people.

We would like to express our appreciation to all employees in the airport community, our airport partners, government agencies and our Board Directors. We welcome Ms Lim Soo Hoon who joined the Board in June 2012.

Thank you for your steadfast support and contributions, which were instrumental in helping us achieve an exceptional year. The coming years, albeit with challenges, will be exciting and full of potential for Changi Airport. Our work continues, and we look forward to walking this journey together with you.



LIEW Mun Leong
CHAIRMAN



LEE Seow Hiang
CHIEF EXECUTIVE OFFICER

12 June 2013

Board of Directors

1. LIEW Mun Leong CHAIRMAN

Mr Liew is the founding President and CEO of CapitaLand Group. He is currently the Chairman of Surbana International Consultants Holdings Pte Ltd. and Pavilion Gas Pte Ltd. He also sits on the boards of Singapore Exchange, CapitaLand Hope Foundation (the philanthropic arm of CapitaLand), Pavilion Energy Pte Ltd, NUS Business School, Human Capital Leadership Institute, Centre for Liveable Cities, Chinese Development Assistance Council and the Singapore China Foundation.

In 2013, Mr Liew was appointed as Provost Chair and Professor (Practice) in NUS Business School and the Faculty of Engineering.

He was elected the President of International Organisation for Standardisation (ISO) for the term 1997 to 1998. He was the Chairman of the Board of Governors of Temasek Polytechnic from 1999 to 2006.

With over 40 years of experience in construction and real estate both locally and overseas, Mr Liew has been instrumental in a number of Singapore's public sector projects, including the development of Changi Airport. For his exceptional contributions, Mr Liew was awarded the Meritorious Service Medal by the President of Singapore in 2011. He has also received several accolades including 'Outstanding CEO of the Year' at Singapore Business Awards (2006), 'CEO of the Year' at Singapore Corporate Awards (2007), 'Asia's Best Executive of 2008 (Singapore)' by Asiamoney, as well as 'Best CEO in Asia (Property)' by Institutional Investor (2008). In 2011, he was named Best CEO in Singapore by FinanceAsia. In 2012, he was awarded the Outstanding PR Champion by The Institute of Public Relations of Singapore.

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

2. LEE Seow Hiang CHIEF EXECUTIVE OFFICER

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

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

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

3. LIM Soo Hoon

Ms Lim Soo Hoon was appointed Permanent Secretary (Finance) (Performance) at the Ministry of Finance on 1 April 2012. She is also the Chairman of the Accounting & Corporate Regulatory Authority.

In her capacity as Permanent Secretary (Finance)(Performance), she oversees the Ministry's central role in creating a high performance government through efficient and effective use of resources, and working towards an integrated government through synergies in programmes, processes and systems across the various government agencies.

Ms Lim joined the Administrative Service in 1981. She has served in various portfolios in the Singapore Civil Service including the Ministry of Trade and Industry, the former Ministries of Communications, Labour, and the Registry of Vehicles. She was appointed Permanent Secretary, Ministry of Community Development in 1999 and became Permanent Secretary (Public Service Division) in 2005 before joining the Ministry of Finance in 2012.

Ms Lim graduated with a Bachelor of Economics (Honours) degree from the University of Adelaide on a Colombo Plan Scholarship. She also has a Master in Public Administration from Harvard University.

4. Derrick WAN Yew Meng (Alternate Director to Ms Lim Soo Hoon)

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

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

5. Michael George William BARCLAY

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

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

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



Board of Directors

6. Miguel KO Kai Kwun

Mr Ko is Non-Executive Chairman of the Asia-Pacific region for Starwood Hotels & Resorts Worldwide, Inc. He was previously the Chairman and President of the Asia-Pacific Division with strategic oversight of the operating and financial performance of the largest upper-upscale hotel company in the region. Prior to this, he was Deputy Chairman and CEO of CDL Hotels International.

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

7. Eric ANG Teik Lim

Mr Ang is Managing Director and Head of Capital Markets at DBS Bank. He also serves on the DBS Group Holdings Ltd (DBSH) Management Committee. Within DBSH, he serves on numerous boards including DBS Asia Capital Ltd, Hwang-DBS Investment Bank Berhad and The Islamic Bank of Asia Limited.

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

8. Dilhan Pillay SANDRASEGARA

Mr Sandrasegara is the Head of Enterprise Development Group and Singapore, as well as Co-head of Portfolio Management and Europe of Temasek International Pte Ltd. Prior to joining Temasek, he was a corporate lawyer.

Mr Sandrasegara serves on the boards of the Singapore Management University, Singapore Institute of Legal Education, Temasek Life Sciences Ventures Private Limited and Fullerton Financial Holdings Pte Ltd. He is also a member of the Capital Markets Committee of the Monetary Authority of Singapore. He was previously a member of the Corporate Governance Council and a board member of various publicly listed companies and public bodies.

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

9. Danny TEOH Leong Kay

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

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

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

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

10. Richard MAGNUS

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

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

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

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



Executive Management

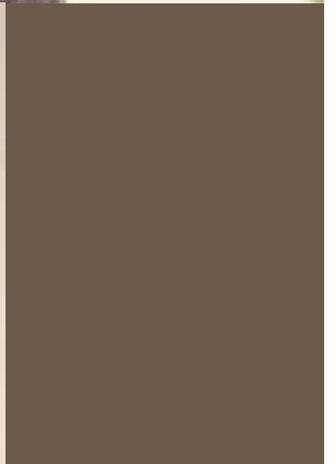
CHANGI AIRPORT GROUP

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|---|---|
| 1. LEE Seow Hiang
CHIEF EXECUTIVE OFFICER | 5. LIM Peck Hoon
EXECUTIVE VICE PRESIDENT
Commercial |
| 2. TAN Lye Teck
EXECUTIVE VICE PRESIDENT
Airport Management | 6. NG Lai Leng
CHIEF FINANCIAL OFFICER |
| 3. YAM Kum Weng
EXECUTIVE VICE PRESIDENT
Air Hub & Development | 7. FONG Kok Wai
EXECUTIVE VICE PRESIDENT
Engineering & Development |
| 4. FOO Sek Min
EXECUTIVE VICE PRESIDENT
Corporate | |

CHANGI AIRPORTS INTERNATIONAL

- | |
|--|
| 8. LIM Liang Song
CHIEF EXECUTIVE OFFICER |
| 9. Eugene GAN
DEPUTY CHIEF EXECUTIVE OFFICER |





Management Team

CHANGI AIRPORT GROUP

KOH Ming Sue

SENIOR VICE PRESIDENT
Engineering & Master Planning

LECK Siew Leng

SENIOR VICE PRESIDENT
Internal Audit

Audrey LEE

SENIOR VICE PRESIDENT
Economic Affairs

Steve LEE

SENIOR VICE PRESIDENT
Technology / Chief Information
Officer

LIM Ching Kiat

SENIOR VICE PRESIDENT
Market Development / General
Manager, Seletar Airport

LIM Wee Ping

SENIOR VICE PRESIDENT
Corporate Strategy & Business
Development

Arlene OEI

CHIEF LEGAL OFFICER &
COMPANY SECRETARY

Cletus PACKIAM

CHIEF
Airport Emergency Service

Ivan TAN

SENIOR VICE PRESIDENT
Corporate & Marketing
Communications

Justina TAN

SENIOR VICE PRESIDENT
Human Resource

Ivy WONG

SENIOR VICE PRESIDENT
Airside Concessions

YEO Kia Thye

SENIOR VICE PRESIDENT
Airport Operations

CHANGI AIRPORTS INTERNATIONAL*

CHAN Mew Yoong

VICE PRESIDENT
Human Resources

LOW Beng Lan

SENIOR VICE PRESIDENT
Finance

NG Kuan Luen

VICE PRESIDENT
Risk Management

Jose PANTANGCO

SENIOR VICE PRESIDENT
Investments

SEE Ngee Muoy

GENERAL COUNSEL

L SOMKIAT

CHIEF AIRPORT PLANNER

*Members of Changi Airports International's
Management Committee



Financial Review

FINANCIAL HIGHLIGHTS

	Group FY 10/11	Group FY 11/12	Group FY 12/13
S\$ in Millions			
Total revenue	1,454	1,779	1,911
Total expenses	1,057	1,119	1,149
EBITDA ¹	617	930	1,045
Profit before tax	409	670	884
Profit after tax	337	553	751

S\$ in Millions

Assets	7,648	5,144	5,880
Liabilities	3,806	754	768
Equity	3,842	4,390	5,112
Return on equity	9.2%	13.4%	15.8%

Operating Statistics (In Thousands)

Passenger movements	42,983	47,951	51,941
Aircraft movements	271	311	328

¹ Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)

OVERVIEW

Changi Airport Group (CAG) registered strong financial performance with earnings before interest, tax, depreciation and amortisation ("EBITDA") exceeding S\$1 billion and profit after tax of S\$751 million for the financial year ended 31 March 2013, representing a growth of 12.4% and 35.8% respectively over the preceding financial year. The strong performance was underpinned by higher passenger traffic, solid growth in retail sales as well as an investment gain of S\$106 million.

Against the backdrop of economic uncertainties in major economies like the Euro zone and the United States, Changi Airport's passenger traffic registered a robust growth of 8.3% to 52 million, crossing the 50 million mark for the first time. Aircraft movements also increased by 5.5% to 328,000 movements during the financial year. Asia-Pacific continued to be the key driver of passenger growth with the strongest traffic coming from Northeast Asia, Southeast Asia

and Southwest Pacific. Joint marketing and collaboration with airlines to launch new routes as well as deepen existing ones helped to boost traffic.

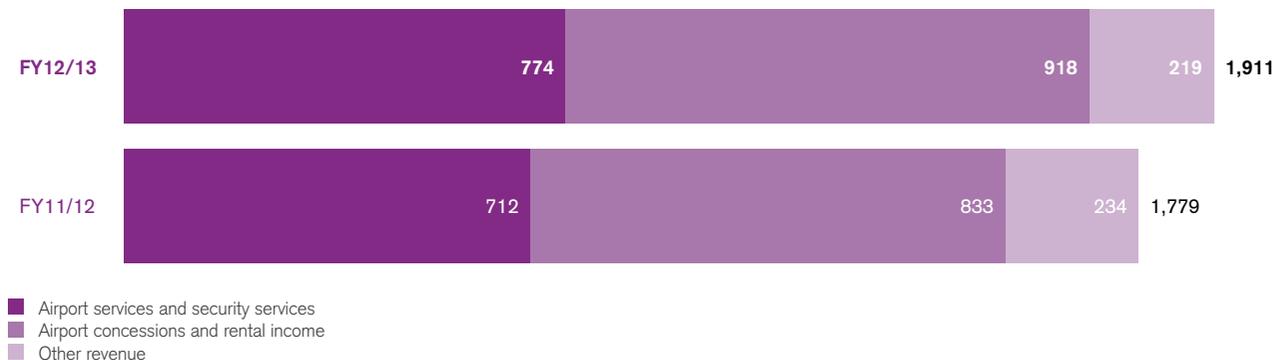
Changi Airport remains one of the world's best connected airports serving more than 100 airlines with over 6,500 weekly scheduled flights to more than 250 cities in some 60 countries and territories worldwide.

In its non-aeronautical business, CAG's retail performance continued to scale new heights. Concession sales at Changi Airport registered double-digit growth to more than S\$1.9 billion, placing it amongst the world's top four airports in terms of annual retail sales turnover. This result was achieved through higher passenger traffic, concerted efforts to introduce new brands to refresh the Changi retail experience, an increase in leasable space as well as intensive promotion and marketing to drive retail sales.

Financial Review

REVENUE COMPOSITION

S\$ IN MILLION



OPERATING REVENUE

In tandem with robust passenger traffic growth, the Group's revenue grew by 7.4% from S\$1.78 billion to S\$1.91 billion.

Revenue from **Airport services and security services** increased by 8.7% to S\$774 million, buoyed by strong travel demand on both full-service and low-cost carriers. During the year, Changi Airport also welcomed five new airlines that extended Changi Airport's reach to six new cities.

To promote Changi Airport as a transfer hub, the Changi Transit Programme was launched where eligible passengers transiting through Changi Airport were entitled to Changi Dollar Vouchers for use in the retail stores, F&B outlets and lounges within the airport. CAG also recognises the potential of the emerging "do-it-yourself" transfer market where passengers travel with two unrelated airlines in one itinerary. Hence, a new service, Changi Connects, was introduced to facilitate hassle-free transfers at Changi without the need to exit and check-in a second time for the onward flight. The above initiatives, together with the popular Free Singapore Tour, will strengthen Changi Airport's appeal as a transfer hub.

Airport concessions and rental income, representing 48.0% of total revenue, increased by 10.2% to S\$918 million. The increase in concession revenue was driven by higher passenger traffic and strong retail performance. The introduction of exciting new outlets and an innovative retail mix were vital to enhance the shopping

experience at Changi. In addition, proven successful marketing campaigns also continued to attract shoppers including the 7% savings through absorption of GST in the public-area stores, Changi Rewards loyalty programme, Christmas promotion and the chance to be an instant millionaire with the "Be a Changi Millionaire" draw.

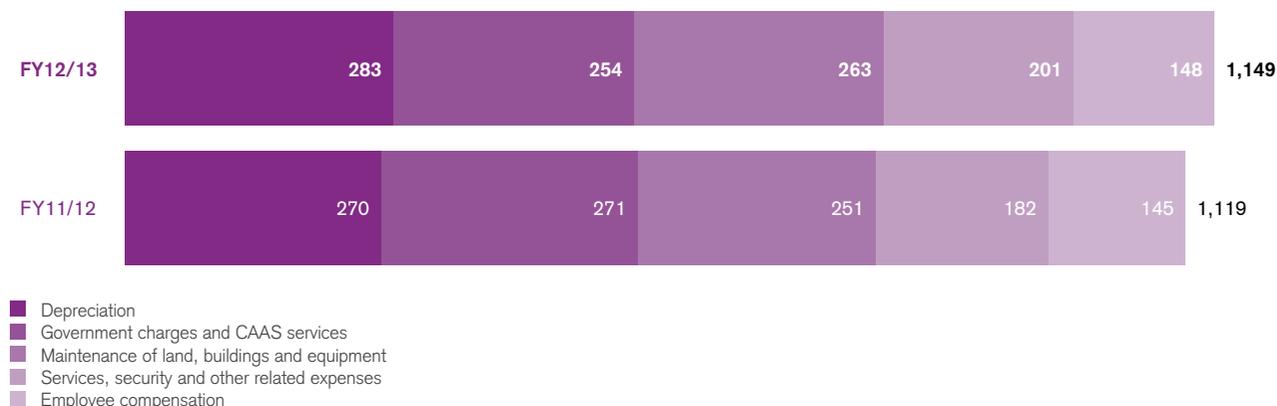
OPERATING EXPENSES

The Group's operating expenses increased moderately by 2.7% to S\$1.15 billion. Maintenance expenses and security related expenses increased by 4.8% and 10.4% respectively driven by inflationary cost increase, wages increase and higher fuel cost. The full impact on cost escalation was mitigated by the Group's efforts in working closely with its service providers to drive productivity through automation and job redesign initiatives. With Singapore entering an era of workforce transformation and wage reform, the Group expects to see more cost pressure from labour intensive contracts that are due for renewal in the following years.

To manage cost escalation, CAG will continue to engage its service providers to leverage technology to improve productivity and re-design job scope and processes for better allocation of resources. Some examples of these measures included the Instant Feedback System which helped cleaning contractors to more efficiently deploy their manpower resources as well as maintenance and cleaning contracts which were restructured to tie compensation to performance, thereby instilling productivity gains.

EXPENSE COMPOSITION

S\$ IN MILLION



INVESTMENT GAIN

The group achieved an investment gain of S\$106 million through its wholly-owned subsidiary, Changi Airports International Pte Ltd (CAI), due to a revaluation gain and share of results from its investment in Gemina S.p.A. (the holding company of Aeroporti di Roma S.p.A. which operates Fiumicino and Ciampino airports in Rome). On 15 May 2013, the Group divested all of its shareholdings in Gemina. The divestment will result in a further gain of S\$24 million to be recognised in the next financial year.

PROFIT AFTER TAX

Overall, the Group recorded a profit after tax of S\$751 million, an improvement of S\$198 million over last year, driven mainly by robust passenger traffic growth, strong retail performance as well as the investment gain from CAI.

FINANCIAL POSITION

The Group's shareholder equity increased to S\$5.11 billion, an increase of S\$722 million compared to the previous financial year. The increase was primarily due to the net profit attained for the financial year, partially offset by the payment of dividends. For the financial year ended 31 March 2013, a final dividend amounting to S\$230 million has been recommended.

Property, plant and equipment accounted for 42.5% or S\$2.50 billion of the Group's total asset of S\$5.88 billion.

One key milestone this year was the completion of Terminal 1 upgrading with improved façades, more space for retail offerings, additional facilities and improved passenger flow for airport users.

As at 31 March 2013, the Group held **cash and cash equivalents** of S\$2.64 billion. These funds are earmarked to be reinvested for capital expenditure to upkeep and enhance airport facilities as well as major infrastructure developments to increase operating capacity. The major development projects include the upcoming Terminal 4, and Project Jewel, a mixed-use complex at the Terminal 1 car park. In addition, the Group is also working closely with government agencies in planning for Singapore's longer-term aviation requirements including planning for a third runway and a fifth terminal.

Corporate Governance

The Board and Management of Changi Airport Group (CAG) are committed to meeting and maintaining the highest standards of corporate governance, professionalism and integrity to build a company which stakeholders can be proud of. To thrive and 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 or behaviour, while protecting whistle-blowers from reprisal within the limits of the law if they have acted in good faith.

THE BOARD OF DIRECTORS

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

Composition and Balance

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

Mr Liew Mun Leong	– Chairman
Mr Lee Seow Hiang	– CEO
Ms Lim Soo Hoon	(appointed on 16 June 2012)
Mr Derrick Wan Yew Meng	(Alternate Director to Ms Lim Soo Hoon)
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 Magnus	

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. Five 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) and the Executive Committee on Airport Development (ECAD). Each committee is governed by its own terms of reference, which set out the scope of the committee's duties and responsibilities. Ad-hoc committees are also formed to review specific issues from time to time.
6. The Board meets at least four times a year to review CAG's business performance and financial results, and to approve the annual budget.
7. Formal letters are issued to newly-appointed Directors upon their appointment, detailing their duties and obligations as Directors. Management conducts an orientation programme for new Directors, and updates Directors on new laws and regulations, as well as developments and risks facing the business and industry, when necessary. Site visits are also arranged for new Directors to familiarise them with the Group's operations.

Access to Information

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

CAPITAL & INVESTMENTS

1. The members of the EXCO are:

Mr Liew Mun Leong	– Chairman
Mr Eric Ang Teik Lim	
Mr Lee Seow Hiang	

2. The EXCO reviews and recommends to the Board the capital structure, and the financing and investment strategies of the Company. The EXCO also approves significant investments by CAG and CAI. As an executive committee of the Board, it also assists the Board in reviewing and approving executive matters of the Company, including the opening and operations of bank accounts, acceptance of banking and credit facilities, granting of corporate guarantees, debt capital market issuance as well as hedging policies and financial limits for operations, procurement and treasury.
3. The primary role of the AC is to assist the Board in ensuring integrity of financial reporting and that a sound system of internal controls is in place. The AC's responsibilities include reviewing the financial information CAG provides to its shareholders and competent authorities and the effectiveness of key internal controls including financial, operational, compliance and risk management, as well as the financial reporting processes that the Board and the Management of CAG have established. The AC also reviews the mechanisms put in place by CAG for employees to raise concerns in confidence, about possible improprieties in financial reporting or other matters; the procedures for independent investigation of the matters reported and for appropriate follow-up action.

EXECUTIVE RESOURCE AND COMPENSATION

1. The ERCC comprises three independent and non-executive Directors:
 - Mr Liew Mun Leong – Chairman
 - Mr Eric Ang Teik Lim
 - Mr Miguel Ko Kai Kwun
2. The ERCC supports and advises the Board on remuneration matters, leadership succession and development. The roles of the ERCC include:
 - a. reviewing and approving the policy for determining executive remuneration, including the remuneration packages, service contract terms and benefits programme for key management executives;
 - b. approving the appointment of key management executives, overseeing the development of key executives and reviewing succession plans for key positions to ensure a strong pipeline of talent to enable the continued success of the Company; and
 - c. recommending the remuneration framework, including Directors' fees for non-executive Directors.
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 financials.
5. Annually, the AC reviews and approves the audit plans of the external auditors and internal auditors to ensure the adequacy of coverage in terms of the audit scope in reviewing CAG's significant internal controls. The AC also reviews the adequacy of the internal audit function in terms of its resources, competency and standing within the organisation and the training programmes attended by the internal audit team to ensure that the staff continues to update their technical and auditing skills. The AC also reviews the reports of the external auditors and internal auditors on the effectiveness of actions taken by Management on the recommendations and observations.
6. 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. The AC also reviews the non-audit fees awarded to the external auditors to determine that the non-audit services performed by them would not affect their independence.
7. The AC meets with the external and internal auditors without the presence of Management, where the auditors may raise issues encountered in the course of their work directly to the AC.

ACCOUNTABILITY AND AUDIT

Accountability

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

Audit Matters

2. The AC comprises the following three non-executive Directors:
 - Mr Danny Teoh Leong Kay – Chairman
 - Ms Lim Soo Hoon (appointed on 16 June 2012)
 - Mr Derrick Wan Yew Meng (Alternate Director to Ms Lim Soo Hoon)
 - Mr Eric Ang Teik Lim

Corporate Governance

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 shareholders' interests and the Group's assets, and to manage risks. The Board delegates its oversight responsibilities for internal controls and risk management to the AC, which ensures effectiveness and adequacy of the system of internal controls in the Company.
2. CAG's internal control framework, supported by systems, processes and people, comprises three lines of defence in ensuring the adequacy of CAG's system of internal controls. The first line of defence comprises business governance and policies implemented by Management to provide direction and guidance on financial, operational, information technology and compliance matters. The second line of defence comprises the management and assurance frameworks, i.e. enterprise risk management and fraud risk management processes. These include conflict of interest declarations by employees and the implementation of the Whistle-blowing Policy and Code of Conduct to establish a clear tone on the expectations of employees' business conduct. The third line of defence is the independent assurance provided by the internal and external auditors.
3. CAG's internal and external auditors review the key internal controls of the Company; and any material non-compliance or failures in internal controls. Recommendations for improvement are reported to the AC, which 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 risks while achieving business objectives.
5. A separate committee, the 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 are under the purview of the ECAD. The TC is chaired by a non-executive Director and comprises the following three Directors:

Mr Michael George William Barclay – Chairman
Mr Richard Magnus
Mr Lee Seow Hiang

Internal Audit

1. The internal audit function assists the AC to ensure that the Company maintains a sound system of internal controls. Internal Audit 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.
2. Internal Audit 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.
3. 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. Internal Audit'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. Internal Audit 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.

EXECUTIVE COMMITTEE ON AIRPORT DEVELOPMENT

1. The ECAD comprises four Directors and five non-Directors. The four Directors are:

Mr Liew Mun Leong – Chairman
Mr Derrick Wan Yew Meng
Mr Michael George William Barclay
Mr Lee Seow Hiang

As and when necessary, external members, may be co-opted to provide expertise to the development projects.

2. The ECAD oversees new development projects 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. As an airport operator, Changi Airport Group (CAG) has to manage a wide range of activities and risks, which are broadly classified into strategic, financial, operational, regulatory and investment. The Company seeks to reduce the occurrence of risks and to minimise potential adverse impact as much as possible.
2. To ensure that a robust system is put in place to manage CAG's risks, an Enterprise Risk Management (ERM) framework has been implemented and is reviewed continuously to ensure its relevance to the company's business. This framework subscribes to international best practices in the form of ISO 31000:2009, an internationally recognised risk management standard.

RISK GOVERNANCE

3. The CAG Risk Committee, supported by the ERM unit, leads the Company's efforts in developing and strengthening its risk management processes and framework. Reporting to the Board's Audit Committee, the Risk Committee is chaired by the CEO and comprises Senior Management members, who meet quarterly to review CAG's key risks and provide directions to strengthen the implementation of ERM in CAG. Efforts have been made to institutionalise ERM by developing a robust risk awareness culture in CAG.

OBJECTIVES

4. The key objectives of the Enterprise Risk Management framework are to integrate risk management into daily activities of the Group at all levels within the organisation to ensure:
 - a. proper oversight of CAG's risks;
 - b. risk-considered decision-making;
 - c. compliance with regulatory obligations; and
 - d. protection of CAG's integrity, value, reputation and assets.

RISK AWARENESS CULTURE

5. 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 so that there is a common and holistic understanding of how risks are managed across the many areas of Changi Airport.

FOCUS ON ERM EXCELLENCE

6. To further develop ERM maturity at CAG, the ERM unit has encouraged risk owners to utilise analytical tools such as root cause analysis in risk assessments which would provide more insight to facilitate risk identification. The unit has also embarked on developing a company-wide risk information technology project to ensure key risks are systematically captured, addressed and acted upon.

