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Chartered
Accountant
SINGAPORE

Singapore CA Qualification Examination

INTEGRATIVE BUSINESS SOLUTIONS

ADVANCE INFORMATION

18 June 2024

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WARNING

Candidates **must not under any circumstances** contact any similar company or its agents to obtain research data, and they must use **ONLY PUBLICLY AVAILABLE INFORMATION**. Under no circumstances should they seek to use unpublished or private information.

Dear Candidate,

This information package contains the **Advance Information** for the Integrative Business Solutions (IB) module final examination to be held on **18 June 2024**. A checklist of the documents (Exhibits) contained in this information package is provided on page 3. It is your responsibility to ensure that you have received every document listed.

Your task now is to familiarise yourself with this information including analysing the data provided. In addition, you are encouraged to undertake further research to form a holistic picture of the industry and markets in which the case study company is operating, and the general economic and business environment. Diligent preparation is essential for success in the IB Examination. **Guidance on preparing for the IB Examination is covered in your IB Toolkit.**

The IB examination will be conducted using Cirrus. Please download this Advance Information to the hard drive on your laptop and print this Advance Information prior to the examination day. Although you will have full access to the hard drive on your laptop during the examination, you are strongly advised to have your notes and other preparatory workings in **hard copy format and** a standalone calculator that complies with the ISCA's regulations for your examination.

You will also receive additional information (**Examination Day Documents**) on the case study company on the day of the IB Examination. The Examination Requirements will be included within Cirrus. Follow the instructions in Cirrus to download the Examination Day Documents. You are not allowed to print the Examination Day Documents on the day of examination. The Examination Day Documents complete the case study scenario and set out the requirements for the report that you are required to write. The IB Examination will be an open-book examination of **4 hours 30 minutes**. Your formal report will cover four specified areas, one of which will be to write an Executive Summary. Please note that **only your report commentary (including the assumptions made), appendices, and workings entered in Cirrus on the day of the examination will be marked.**

Red-Dot Airport Terminal Services Limited

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Note: Unless otherwise stated, all dollar amounts (\$) are in Singapore dollars.

The Airport Service Industry

In the rapidly evolving landscape of aviation, the next decade promises a significant surge in demand from both commercial and non-commercial consumers. At the heart of this growth lies aviation's indispensable role in facilitating cross-border trade, particularly for high-value and perishable goods. This, coupled with the industry's ability to provide fast and dependable transportation, serves as the bedrock for global trade and tourism.

Beyond its economic impact, the aviation sector stands as a formidable engine of employment, offering a multitude of roles that span from the cockpit to the control tower, from the workshop to the hospitality sector.

The airline industry is characterised by its diversity, with carriers falling into three principal categories:

- 1. International Airlines:** These major airlines traverse the skies, connecting travellers between international destinations. With vast fleets and a global footprint, they play host to a multitude of employees contributing to their operations.
- 2. National Airlines:** Anchored in their home countries, these carriers radiate from a central hub, facilitating domestic and limited international travel. Their focus is on serving domestic markets while dabbling in international routes sets them apart.
- 3. Regional Airlines:** Catering to specific niches, regional airlines fill the gaps left by their larger counterparts. Operating aircraft with fewer than 100 seats, they often collaborate with major airlines to facilitate seamless travel through connecting flights.

International Air Transport Association (IATA), the international trade association for the world's airlines, expects industry-wide passenger traffic to surpass 2019 pre-pandemic levels by the end of 2024, with passenger volumes projected to increase by at least 10% in 2024 compared to 2023. Bolstered by such promising figures, IATA

projections indicate that the commercial airline industry will generate revenue of over US\$800 billion at the end of 2023.¹

While 2024 paints a promising financial picture, unforeseeable variables such as oil price volatility, geopolitical instability, and intensifying climate patterns continue to pose challenges to the industry. Through its hallmark, Boeing Commercial Market Outlook (CMO) anticipates an impressive US\$7.2 trillion for new aircraft deliveries, projecting an 80% increase in the global aircraft fleet size by 2041. Notably, Asia stands as a cornerstone of this growth, accounting for over 40% of the anticipated global demand for new aircraft.

Airline Services

Airports are the lifeblood of the aviation ecosystem, serving as the launchpad for airline operations. While distinct from airlines, airports and airlines share a symbiotic relationship, with many airlines and/or airport owners and management companies outsourcing their airport service requirements to specialist third-party providers. These specialists bring to the table; expertise, efficiency, and economies of scale, adding value to airlines and ensuring smooth operations.

In the fast-paced world of aviation, the efficient turnaround of aircraft is paramount. This is where airline services step in, optimising processes and facilitating increased flight schedules. These services are attuned to economic nuances and passenger dynamics, making them a crucial driver of the industry's dynamic growth.

It is common for many airline service companies to operate at an airport and for airlines to use multiple airport service companies as part of their supply chain.

The ecosystem of airline services is rich and varied, catering to the diverse needs and complexities of the aviation industry. Airline services can include the following range of services:

¹ Source: <https://www.iata.org/en/pressroom/2023-releases/2023-06-05-01/#:~:text=Revenue%3A%20Industry%20revenues%20are%20expected,%2D10%25%20on%202019>

- **Ground Services:** This involves the choreography of safe aircraft arrivals and departures, including comprehensive safety checks, prepping for take-off, and overseeing passenger embarkation and disembarkation. Ground services include using ground support equipment (GSE) to tow aircraft, for loading/unloading luggage and for loading essential supplies such as food and firefighting equipment.
- **Passenger Services:** From check-in to assistance for passengers with disabilities, final security checks, and seamless luggage handling, these services embody passenger convenience and safety.
- **Air Cargo Services:** A critical link in the supply chain, air cargo services specialise in high-value and time-sensitive cargo transportation. Air cargo services apply sophisticated supply chain and logistics technology to transport high-value and time-critical cargo worldwide. Air Cargo Services often partner with global transportation logistics providers to provide the aviation stage of transport, linking from or linking to road and rail stages to collect and deliver cargo to its intended recipient and destination. Air Cargo Services are often provided in collaboration with logistics giants; these services encompass regulatory checks, warehousing, customs clearance, and specialised cargo transportation.
- **Aircraft Food Services:** Catering to the culinary needs of passengers and crew, these services ensure that meals, snacks, and beverages are prepared and delivered to the aircraft ahead of departure.
- **Aircraft Load Control Services:** The uncelebrated heroes of safe take-offs, these services meticulously calculate fuel loads, weight distribution, and load balance to ensure a secure and balanced flight.
- **Aircraft Maintenance Services:** Aircraft must be safe to fly, and each aircraft undergoes a safety inspection prior to each flight to comply with global aviation regulations. It is imperative that aircraft are kept moving, so aircraft maintenance services can be provided, alongside aircraft inspections to resolve minor electrical or mechanical faults to aircraft doors, for example, which will involve diagnostic testing and, in some cases, the replacement of aircraft parts prior to take-off. For serious inspection issues, an aircraft is grounded and taken to a hangar for major diagnostic testing and repairs, which can also be outsourced to specialist aircraft maintenance companies.
- **De-icing Services:** A vital service in colder regions, de-icing technology ensures that aircraft can operate seamlessly despite challenging weather conditions.

- **Aircraft Exterior and Interior Cleaning Services:** Presenting a clean and welcoming exterior and interior, these services contribute to passenger satisfaction and operational efficiency. Whilst aircraft can be surface cleaned between flights, there is also a need for a regular deep clean to maintain a hygienic and safe environment for airline employees and passengers.
- **Airport Security Services:** These services are dedicated to ensuring the safety and security of all airport activities.
- **Lounge Services:** Elevating passenger experience, these services offer premium spaces for relaxation, work, dining, and connection before flights. Today, lounges can be provided by an airline or operate a pay-for-use model for non-business passengers.

By leveraging specialised services, airlines optimise their operations and enhance passenger experiences. This, in turn, contributes to the industry's adaptability, growth, and readiness to tackle the complexities of the modern aviation landscape.

END OF EXHIBIT 1

About Red-Dot Airport Terminal Services Limited

Red-Dot Airport Terminal Services Limited (Red-Dot) is a Singapore-based, regional leader in airport ground services, air cargo and a preeminent food solutions provider in Asia. Red-Dot is listed on the Singapore Exchange (SGX).

Red-Dot is a significant ground handler and provider of inflight catering services to airlines operating at Changi Airport, which is the world's most-awarded airport and one of the world's busiest international passenger and cargo hubs.

Red-Dot's history is rooted in the establishment of Singapore Airlines (SIA) in 1972. Previously, ground-handling services were provided by a department of Malayan Airways, which became Malaysia-Singapore Airlines (MSA) in 1967. As SIA began to focus on commercial aviation as its core business, Red-Dot evolved naturally into a separate yet wholly owned subsidiary company, with staff numbers growing from 1,600 to 2,000 by the end of the first year. Red-Dot was listed on SGX in 2000, with SIA retaining a majority shareholding.

After operating for three years from Paya Lebar Airport, its first airfreight terminal, Red-Dot relocated to the new Changi Airport in 1980. Between 1992 and 2009, Red-Dot saw rapid growth in the provision of its ground and cargo services businesses due to improved coordination and communications within the company. Red-Dot also built two express courier centres, a maintenance centre, and two more airfreight terminals. In 2009, Red-Dot was officially divested from SIA and has since continued to grow from strength to strength. Today, Red-Dot is headed by Leela Tan as its Chief Executive Officer (CEO). Red-Dot operates three airline service divisions as follows:

1. Red-Dot Ground Services (RGS)
2. Red-Dot Cargo Services (RCS)
3. Red-Dot Food Solutions (RFS)

Red-Dot Ground Services (RGS)

RGS facilitates the movement of people, aircraft, and goods between Singapore and the rest of the world by providing ground services and passenger services.

RGS ground services team provides its airline customers with ramp, passenger, and baggage services. RGS ground services employees are trained to ensure each aircraft is safely cleared for take-off by providing security screening and external checks such as ensuring closed doors and hatches. They also deliver time-critical service of meeting and preparing aircraft for take-off, ensuring the customers' aircraft arrive and depart from the assigned gate safely.

RGS passenger services employees are present from passenger check-in right through to boarding, with the following responsibilities:

- Deliver a welcoming 'check-in' experience on arrival at the airport and provide a further 'check-in' at the gate, clearing passengers for take-off.
- Provide passenger assistance with check-in and carry-on baggage and support transfers to gate service for those passengers requiring assistance, for example, wheelchair or vehicle transfers.
- Ensure that all passengers are boarded and onboarded safely by providing bus transport between an aircraft on a distant part of the runway and a gate in the terminal building, arranging steps to the aircraft, or providing a loading bridge which connects an aircraft to the terminal building directly.
- Provide luggage handling services, which involves loading services at check-in, loading and unloading on aircraft and delivery to the allocated collection carousel in passenger arrivals.

Red-Dot Cargo Services (RCS)

RCS freight experts manage the global transportation of high-value and time-critical cargo by applying cost-effective logistics solutions. RCS air cargo capabilities are differentiated through its value-added services that expedite cross-border e-commerce flows and reduce transit times across the supply chain for customers across the globe. RCS operates its cargo services from six airfreight terminals in prominent Asia airport locations.

RCS uses a secure digital system, its web-based RCS Cargo Portal and Tracer system, which allows the tracking of every single item of cargo and ensures delivery in line with the requirements of its cargo customers. Using this portal, RCS customers can move e-commerce goods efficiently through e-fulfilment and e-facilitation services. At the same time, its user-friendly tracer platform employs Radio Frequency Identification (RFID) tagging technology for tracking air cargo in real-time.

Red-Dot Food Solutions (RFS)

RFS provides catering solutions solely to airlines. RFS operates a central kitchen network to deliver airline meal production and distribution. In 2021, RFS set the foundation for its tiered kitchen production model, which aims to bring together all its expertise in food production, such as technology/digitalisation, supply chain, safety, sustainability, and nutrition, to achieve cost efficiency, strengthen operational resilience, and create more opportunities for upskilling its people. Part of this strategy involves building more central kitchens for large-batch production. In April 2022, RFS opened its innovative food facility in the Jurong Innovation District, which has increased its airline meal production capacity.

Key local sub-contractors

To meet the needs of its round-the-clock operations at Changi Airport, most of Red-Dot's sub-contractors are labour supply companies that provide full-time and part-time support. All subcontractors and staff who work inside the airport (i.e., airside) require security clearance. All Red-Dot's ground handling and kitchen/catering equipment are owned.

Government support and funding

As aviation is considered a strategic industry and a major contributor to the country's GDP, Red-Dot receives some attention from the government of Singapore. Red-Dot is expecting future government support for investment in innovation and automation. This is due to Singapore's foundational focus on integrating digital technology into all aspects of society and recent initiatives such as AI Singapore, a national programme aimed at deepening the country's capabilities and unlocking the positive impact of Artificial Intelligence (AI).

Recruitment and training

Red-Dot Human Resource Department is responsible for running the recruitment and selection process for each service line. The recruitment decision is made jointly by an HR Manager and the respective Head of each airline service division. An induction to Red-Dot and initial role training are provided for each new employee.

Strategic aims

From 1 April 2023, the Board of Directors of Red-Dot has confirmed the following strategic aims:

- Provide consistently excellent and reliable airline services to our customers and passengers.
- Grow the business safely and responsibly. To achieve this, Red-Dot intends to increase the reported revenue for each of our three airline service divisions by 100% of the 2024 level by 31 March 2030.
- Ensure Red-Dot remains the employer of choice and keep annual employee turnover below 5% for each airline service division.
- Maintain Red-Dot average customer satisfaction score of 4.7 (out of 5) in all customer surveys for each airport service provided by Red-Dot.
- Improve Red-Dot's sustainability performance and sustainability reporting.

END OF EXHIBIT 2

Red-Dot Airport Terminal Services Limited: Board of Directors and Governance

Red-Dot’s Board of Directors represents a diverse and well-balanced board. The Non-Executive Directors work part-time, participate in board meetings and fulfil non-executive roles on other committees. Red-Dot has a Board of Directors comprising the Chief Executive Officer (CEO), a Non-Executive Chair, six other Executive Directors and six Non-Executive Directors.

Further information concerning the Non-Executive Chair, the CEO and each Executive Director is set out in the table below:

Position	Name	Sex	Age	Background
Non-Executive Chair	Rohan Pillai	Male	55	Rohan is a former CEO of a global aviation company.
Chief Executive Officer (CEO)	Leela Tan	Female	48	Before being appointed CEO in 2018, Leela had extensive experience in airport terminal service operations.
Chief Financial Officer (CFO)	Devan Raj	Male	40	Devan was a Finance Director at a multinational corporation before joining Red-Dot as CFO in 2016.
Chief Operating Officer (COO)	Nadia Hassan	Female	42	Nadia joined Red-Dot in 2019 as COO and is a supply chain expert with a background in logistics.
Chief Strategy Officer (CSO)	Maya Rao	Female	49	Maya was previously a Strategy Consultant with global aviation industry experience before joining Red-Dot four years ago as CSO.
Marketing Director	Priya Shah	Female	38	Priya was a Red-Dot Marketing Manager before her promotion to Marketing Director in 2022.

Position	Name	Sex	Age	Background
Information Technology (IT) Director	Arjun Lim	Male	50	Arjun has been the Red-Dot IT Director for over seven years following a Head of IT role at a technology-driven data analytics consultancy.
Human Resources (HR) Director	Zara Chen	Female	45	Zara has been the HR Director at Red-Dot for eight years and has significant expertise in employment law in Singapore and other territories where Red-Dot operates.

Board meetings and organisational structure

Red-Dot has monthly board meetings for all Executive and Non-Executive Directors. Red-Dot's average employee count stands at 12,829 for the year ended 31 March 2023 (2022: 10,070).

Supporting the Board of Directors are, a nomination committee, a remuneration committee and an audit committee. It also has a risk committee and an ethics committee to meet corporate governance best practices. Red-Dot also has a small internal audit department that reports to the audit committee.

END OF EXHIBIT 3

Red-Dot Airport Terminal Services Limited: Management accounts for the years ended 31 March 2023 and 31 March 2022

To: The Board of Directors of Red-Dot Airport Terminal Services Limited
From: Devan Raj, Chief Financial Officer (CFO)
Date: 14 May 2023
Subject: Red-Dot management accounts for the year ended 31 March 2023 and 31 March 2022

Dear Board Members,

Please find below extracts from summary management accounts for the years ended 31 March 2023 and 31 March 2022 together with relevant operating data.

**Red-Dot Statement of Profit or Loss
for the year ended 31 March**

	2023	2022
	S\$m	S\$m
Revenue (Notes 1, 2)	1,428.4	1,104.6
Employee and related costs	(508.3)	(388.4)
Depreciation and amortisation	(171.0)	(130.6)
Property and related costs	(146.7)	(114.2)
Consumables	(153.0)	(118.3)
Delivery and logistics	(153.5)	(116.7)
IT and other operating costs	(157.3)	(120.1)
Total costs	(1,289.8)	(988.3)
Operating profit (Notes 2, 3)	138.6	116.3
Finance costs (Note 4)	(62.5)	(75.0)
Profit before tax	76.1	41.3
Tax	(12.9)	(7.0)
Profit after tax	63.2	34.3
Dividend	(15.8)	(8.6)
Retained profit	47.4	25.7

Red-Dot Statement of Financial Position for the year ended 31 March	2023 S\$m	2022 S\$m
Non-current assets	2,091.2	2,208.3
Inventories	38.3	37.1
Trade and other receivables	496.0	476.0
Cash and cash equivalents	350.8	450.5
Current assets	885.1	963.6
Total assets	2,976.3	3,171.9
Equity		
Share capital	500.0	500.0
Revenue reserve	1,317.0	1,269.6
Total Equity	1,817.0	1,769.6
Liabilities		
Trade and other payables	159.3	152.3
Loans and borrowings (Note 4)	250.0	250.0
Current liabilities	409.3	402.3
Loans and borrowings (Note 4)	750.0	1,000.0
Total liabilities	1,159.3	1,402.3
Total Equity and Liabilities	2,976.3	3,171.9

Notes to the management accounts

Note 1: Revenue recognition

Revenue is recognised when airline services are provided to the customer. Payments due from customers are based on the agreed billing terms.

Note 2: Segmental analysis of revenue and operating profit

	2023	2023	2023	2022	2022	2022
	RGS	RCS	RFS	RGS	RCS	RFS
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
Revenue	530.1	308.5	589.8	407.1	233.5	464.0
Employee and related costs ²	(319.6)	(92.9)	(95.8)	(243.9)	(69.6)	(74.9)
Depreciation and amortisation ²	(50.1)	(24.7)	(96.2)	(37.5)	(18.9)	(74.2)
Property and related costs ²	(43.3)	(23.3)	(80.1)	(34.1)	(17.8)	(62.3)
Consumables	(4.7)	(3.2)	(145.1)	(3.5)	(2.5)	(112.3)
Delivery and logistics	(7.7)	(100.6)	(45.2)	(5.8)	(75.7)	(35.2)
IT and other operating costs ²	(68.4)	(47.0)	(41.9)	(52.4)	(35.1)	(32.6)
Total costs	(493.8)	(291.7)	(504.3)	(377.2)	(219.6)	(391.5)
Operating profit	36.3	16.8	85.5	29.9	13.9	72.5

² Includes allocated central corporate overheads as well division specific costs

Note 3: Operating data

	2023	2023	2023	2022	2022	2022
	RGS	RCS	RFS	RGS	RCS	RFS
Operating Data:						
Number of checked-in passengers (millions)	23.90	-	-	18.56	-	-
Volume of cargo transported (tons millions)	-	0.349	-	-	0.269	-
Number of meals prepared (millions)	-	-	58.60	-	-	44.36
Average number of employees	8,520	2,148	2,161	6,688	1,683	1,699

Note 4: Loans and borrowings

On 1 April 2017, Red-Dot commenced a 10-year 5% fixed-rate loan with LionCity Bank, a Singapore-based commercial bank, for S\$2,500 million. The loan is repayable in equal annual instalments paid at each Red-Dot financial year-end. The management accounts reflect the most recent payment on 31 March 2023.

The loan is secured on Red-Dot's non-current assets up to the value of the outstanding loan, in the event of default. The loan carries no other significant covenants or other conditions.

END OF EXHIBIT 4

**Red-Dot Airport Terminal Services Limited: Chief Operating Officer (COO)
review of financial performance for the year ended 31 March 2023**

To: The Board of Directors of Red-Dot Airport Terminal Services Limited
From: Nadia Hassan, Chief Operating Officer (COO)
Date: 30 May 2023
Subject: Review of Red-Dot year to 31 March 2023 operating performance

Dear Board Members,

I am following up on Devan Raj's circulation of the management accounts for the year ended 31 March 2023. I have prepared a review of Red-Dot's operating performance for 2023 which aims to aid the Board in understanding Red-Dot's performance in relation to the current trading conditions in the airline service industry. As the industry focuses on supporting the resurging aviation sector after the COVID-19 restrictions from 2020 to early 2022, it is crucial for us to assess our performance and challenges. This evaluation will also shed some light on our strategy to double the size of each airline service division by 31 March 2030.

All three service divisions of Red-Dot have experienced significant growth in the financial year ended 31 March 2023. Our operating team estimates that the air traffic and passenger volume at Changi Airport have increased by just over 20.1% compared to the same period in 2022. As airline service companies ramp up operations in response to the opportunities arising from a fully functional aviation industry, which suffered due to prolonged COVID-19 restrictions, Red-Dot has shown impressive progress. It is important to note that the overall passenger numbers in the aviation sector for the same period remain below pre-COVID-19 levels. Factors such as passenger reluctance for long-haul travel and the rise of online meetings have led to fewer business-related journeys.

Red-Dot is projected to surpass the pre-pandemic 2019 service operating levels by the end of March 2024. This achievement will place Red-Dot back on track towards its strategic goal of doubling the size of each service division before 31 March 2030.

Despite these positive projections, we must acknowledge several ongoing challenges that might hinder our ability to fully capitalise on short-term growth potential.

Our short-term challenges include a scarcity of skilled labour in the market and intense competition, especially in the airline ground service and airline cargo sectors. Consequently, our short-term outlook is marked by these ongoing challenges. To address these hurdles, Red-Dot must adopt a more creative approach to enhancing operating efficiencies across all divisions. Furthermore, we need to embrace boldness in identifying market opportunities for growth, ensuring sustained profitability for our shareholders in the long term.

The resurgence of air travel since mid-2022 has heightened the demand for employees across all our ground and cargo services. Acquiring a sufficient workforce has proven to be a challenge, not only for Red-Dot but for other service industries in Singapore, Hong Kong, and ASEAN countries as well. The shortage of skilled workers due to retirements and diversification of job choices, coupled with restricted international labour mobility, has led to a high employee turnover rate of just over 8% for the year ended 31 March 2023. This figure exceeds the target turnover rate of 5% set by the Board.

With the rise in airline and passenger volumes, the airline service industry is witnessing intensified price competition. The influx of new entrants seeking to capitalise on the aviation resurgence has resulted in companies competing on price and offering substantial discounts. While Red-Dot has managed to maintain its position as a provider of quality services, this competition has restrained us from significantly increasing our service charges.

Airline Service Division performance

- **Red-Dot Ground Services (RGS):** Despite competitive pressures, RGS has successfully retained and secured new contracts at higher service rates. This achievement has led to a significant increase in checked-in passenger volumes and revenue. The cost increases have remained aligned with volume growth, driven by investments in personnel and infrastructure.

- **Red-Dot Cargo Services (RCS):** The year 2023 has been favourable for RCS, with successful pricing adjustments aligned with global cargo and logistics industry trends. Like RGS, cost increases at RCS have paralleled volume growth, with investments in recruitment, training, and IT systems to manage higher air cargo volumes effectively.
- **Red-Dot Food Solutions (RFS):** RFS has witnessed remarkable growth owing to the aviation industry's resurgence in 2023. The increased demand for airline meals and a recovery in commercial catering orders have fuelled this growth. Cost increases have been managed in line with revenue growth, driven by investments in expanding food processing capacity at Singapore and international sites.

Capital Expenditure

During the COVID-19 restrictions, the Board of Red-Dot implemented a capital equipment spending moratorium. Essential capital expenditure continued but required the Board's approval, effectively preserving working capital. This approach has successfully managed capital expenditure in the past year and will continue through the financial year ending on 31 March 2024.

Future Plans

RFS is currently exploring the acquisition of a new food processing site in Thailand. This facility aims to provide kitchen capabilities to supply premium, chilled airline meals to airlines operating in Thailand, Vietnam, Cambodia, Laos, Japan, and Korea. The goal is to have this site operational by December 2024. Additionally, the completion of a new third runway at Chek Lap Kok International Airport in Hong Kong in 2025 presents Red-Dot with opportunities to expand its services to airport management and airline customers. The Board will investigate this opportunity in the upcoming months, anticipating growth through the financial year ending on 31 March 2025.

Nadia Hassan
Red-Dot COO

END OF EXHIBIT 5

Case for implementing a new Airport Services Operating System (ASOS) at Red-Dot Airport Terminal Services Limited

Extract from a briefing paper prepared for the Board of Red-Dot Airport Terminal Services Limited on 12 December 2023 by Nadia Hassan, Chief Operating Officer (COO):

Potential for Staff and Logistics Efficiency Improvements

At present, each Red-Dot airline service division operates on its own legacy systems, even though there is a pressing need to share information across divisions. Some examples include:

- **Employee Scheduling:** Each division manages its staff and subcontractor's scheduling using a blend of manual processes and spreadsheets. During peak periods, divisions informally request extra staff from other divisions. A transfer price, reflecting the employee's cost for the time borrowed, is applied. This approach is inefficient, especially when synchronising time, skills, and location in a dynamic business environment.
- **Communication:** Employees are informed of their work schedules via email. This poses challenges, especially when last-minute changes arise, or employees cannot access their emails. If employees were trained to operate across all Red-Dot divisions, then employee resources could be more widely shared across divisions. This would enhance employee utilisation, potentially raising it from the current 75% to nearly 90% and reducing vulnerability to a stringent labour market.
- **Food Deliveries:** Orders to aircraft require manual coordination between RFS and RGS, which can become problematic if flights are delayed or gates are changed abruptly.
- **Cargo Loading:** Many passenger planes also carry cargo freight when space permits. Although RCS collaborates with airlines to manage cargo for specific flights, the process relies heavily on manual coordination.

We are missing the opportunity to fully integrate and operate as one cohesive entity. After discussions with Arjun Lim, Red-Dot IT Director, I recommend investing in a unified system:

- To seamlessly coordinate staffing and logistics across the three Red-Dot's airline service divisions.
- To ensure we remain connected with our clients and provide direct information feeds concerning food and cargo logistics.

Proposed new Airport Services Operating System (ASOS)

The Board of Red-Dot has decided to replace existing legacy systems for resource planning and real-time management of employee scheduling with a new Airline ASOS.

The proposed ASOS will primarily employ the industry-standard INFORM GroundStart scheduling software. INFORM is a leading global provider of advanced optimisation solutions for airports, airlines, and ground handlers. This software boasts a centralised cloud-hosted database, ensuring uniform scheduling information access across our divisions. Each division will benefit from cloud-based applications, allowing access to live data from any location.

Furthermore, the enhanced reporting feature will offer real-time data on staff whereabouts and utilisation, the potential for reallocation, and the best routes for cargo and food deliveries. An innovative 'WorkIntuit' module, not yet adopted widely, will incorporate Artificial Intelligence (AI) algorithms. Our skilled scheduling team will train this AI to match client needs with our logistics and resources, automating staff booking and logistics scheduling.

The Board would like the new system in place and ready for use on 1 January 2025.

END OF EXHIBIT 6

Potential future strategic collaboration with a Hong Kong-based airline service company

(1) Email from Maya Rao, Red-Dot Chief Strategy Officer (CSO), to the Board of Red-Dot discussing a potential future collaboration with another Hong Kong-based airline service company

To: The Board of Directors of Red-Dot Airport Terminal Services Limited
From: Maya Rao, Chief Strategy Officer (CSO)
Date: 28 January 2024
Subject: Proposed strategic initiatives for future growth at Red-Dot

Dear Board Members,

At our recent board meeting, Leela Tan, CEO of Red-Dot, emphasised to all Directors that from 2025 onwards, the aviation industry presents a golden opportunity. As the sector rebounds from the challenges of COVID-19, companies that act swiftly and adaptively will thrive.

The Board of Red-Dot recognises that companies aiming for success in 2024 must lay the groundwork for sustainable growth in an aviation sector predicted to grow by an average of 3.0% annually over the next quarter-century. We anticipate that our current airline service divisions will meet 2024's growth targets. Yet, for Red-Dot to truly capitalise on post-COVID-19 growth, we must be audacious. We should harness our strengths, leverage our ability to secure new capital from the Singapore Exchange (SGX) listing and explore bold avenues for strategic growth and enhanced operational capacity. Leela has urged all Directors to leave no stone unturned in our quest for innovation.

We have seen an uptick in tender invitations from airlines eager to augment their scheduled services, responding to a surge in air travel demand. Several airport service providers, including Red-Dot, have been approached to bid for additional gates and corresponding ground services. These services span both our current offerings and

new opportunities like aircraft cleaning, airport lounge services, and pre-flight inspections.

Last month, Leela had insightful discussions with the CEO of AirMain, Aiden Toh, at a civil aviation conference where they explored potential future collaborations, especially as AirMain eyes expansion in Malaysia and Australia's burgeoning Melbourne market.

AirMain is a well-established Hong Kong-based airline service provider which currently provides ground services, aircraft maintenance and refuelling services, airport lounge services, aircraft cleaning and de-icing services, and airport security services. It currently does not provide cargo or in-flight meal preparation services. As well as Hong Kong, AirMain has a strong presence in parts of Mainland China and Macau.

Like Red-Dot, AirMain's financial performance dipped during the period of COVID-19 restrictions but has recently recovered by achieving over 20% revenue growth in the year to 31 December 2023, delivering an operating profit margin of 12.5% which compares favourably with Red-Dot. Also, AirMain and Red-Dot currently share several clients operating out of Hong Kong and Singapore.

AirMain has been invited to submit a proposal for a tender for the provision of ground services, aircraft maintenance, and refuelling services by a major airline planning to use the new runway at Chek Lap Kok International Airport in Hong Kong as its main hub. This new runway is set to launch in 2025, with the request for tender from the major airline expected in the summer of 2024.

Although well-established and respected in the industry, AirMain faces similar challenges to Red-Dot due to its relatively small size compared with global airline service companies. Also, AirMain is grappling with skilled labour resource issues. As a result, AirMain is actively seeking some kind of strategic collaboration with another airline service provider in order to increase its geographical capacity.

At this time, we have no further information about AirMain, but certainly, there are clear positives to develop a closer relationship with this Hong Kong-based airline service provider.

If we did decide to proceed with some kind of formal or informal alliance with AirMain, we would need to complete financial due diligence as AirMain is Hong Kong-based and unknown to us. I think we would need assistance from a professional firm to provide assurance or other types of engagements on (1) historical financial information and (2) forecast financial information supplied by AirMain to Red-Dot to support a deal.

We can discuss the potential for a collaborative alliance with AirMain, or more, as an agenda item at our next board meeting.

Maya Rao
Red-Dot CSO

(2) Email from Devan Raj, Red-Dot Chief Financial Officer (CFO), to Red-Dot's auditor and professional advisors, Ace Professional Services, regarding professional engagements which could provide assurance to support a potential future collaboration with AirMain.

Dear Jim,

Please could you provide information about assurance engagements which could be provided by a professional firm to support forecast financial information provided by the Board of AirMain which may be used by Red-Dot to support due diligence and valuation procedures on AirMain. I would like a brief summary explaining the type of assurance work which could be performed and the nature of the assurance report which would be provided.

Devan Raj
Red-Dot CFO

END OF EXHIBIT 7

SWOT analysis compiled by Red-Dot Airport Terminal Services Limited Chief Strategy Officer (CSO)

To: The Board of Directors of Red-Dot Airport Terminal Services Limited
From: Maya Rao, Chief Strategy Officer (CSO)
Date: 15 November 2023
Subject: SWOT analysis for strategy away day

Dear Board Members,

As promised at our last board meeting, I have compiled a SWOT analysis to help you prepare for our “strategy away day” in a few weeks, where we will discuss Red-Dot strategic direction, so we are ready to fully exploit the market opportunities for airline services in the short, medium, and long term.

This provides insights into our strengths, weaknesses, opportunities, and threats within the context of our operations in the airline services industry. Please read it beforehand, as it will accelerate our focus on strategic planning during the away day. The SWOT is included as an appendix to this email.

Enjoy!!

Maya Rao
Red-Dot CSO

Appendix: SWOT analysis for Red-Dot Airport Terminal Services Limited
prepared by Maya Rao, Chief Strategy Officer (CSO)

STRENGTHS

- **Market and Brand Reputation:** Red-Dot has built a market reputation for good value, reliable, and consistent provision of airline services and high-quality airline meals and corporate catering.
- **Operational Expertise:** Red-Dot possesses a deep understanding of airline ground services and cargo operations, allowing for efficient and reliable service delivery.
- **Leadership Continuity:** Red-Dot CEO, Leela Tan, has steered the company through COVID-19 challenges, ensuring operational stability and growth in response to aviation industry opportunities.
- **Financial Robustness:** Red-Dot's increased profitability, reduced debt, and strong liquidity contribute to its financial strength.
- **Diverse Service Offerings:** Red-Dot offers comprehensive services, including aircraft handling, passenger services, baggage handling, and cargo services, catering to airlines and airports.
- **Listed Status:** Red-Dot's main board listing on the Singapore Exchange provides access to significant equity and debt finance capital.
- **Geographic Presence:** Red-Dot operates in key airports across Asia, granting access to a wide customer base and diverse markets.
- **End-to-end services:** Red-Dot offers a convenient “one-stop” shop to airlines covering passenger handling, meals, security screening, aircraft cleaning and lounge services.

WEAKNESSES

- **High Employee Turnover:** Actual employee turnover in 2023 is significantly higher than the targeted 5%, potentially disrupting operating margins, knowledge retention and operating capacity.
- **Inefficient Systems and Processes:** Reliance on inefficient manual processes and diverse systems across divisions hampers optimisation and efficiency, posing workforce scheduling and coordination challenges.

- **Company Size:** Red-Dot is still too small to be a serious competitive threat to the global market leaders in the airline service industry such as Swissport, the world's largest provider of aircraft ground services and cargo services in the aviation industry.
- **Divisionalised Culture:** Red-Dot is structured on a functional and hierarchical basis, with each airline service operating as a separate division. This creates a 'silo' culture where there are differences in decision-making and operating processes and policies.

OPPORTUNITIES

- **Predicted Growth in the Airline Industry:** Expected annual growth of at least 5% in commercial air travel demand from 2025 creates opportunities for growth in ground and cargo services.
- **Customised Solutions:** Offering tailored solutions like specialised cargo handling or premium passenger services enhances customer loyalty.
- **Cargo Growth:** Increasing demand for e-commerce and international trade presents growth opportunities for Red-Dot's cargo services.
- **Technology Advancements:** Embracing technologies like blockchain and IoT can enhance tracking, security, and efficiency in cargo handling and ground services.
- **Airport Expansion and New Airports:** New runways and airport expansions provide Red-Dot opportunities to meet strategic growth targets.
- **Expansion into Other Airline Services:** Provision of further airline services provides Red-Dot with the opportunity to grow through product development.

THREATS

- **Price Competition:** Competitive price reductions by rivals can limit Red-Dot's operating margins and reduce its ability to offset cost inflation.
- **Access to Skilled Labour:** The shortage of skilled labour in the industry can impact operating capacity and employee recruitment.
- **Global Economic Uncertainty:** Economic downturns or geopolitical instability can lead to reduced air travel demand, affecting Red-Dot's service utilisation.
- **Security Concerns:** The aviation industry's vulnerability to security threats like terrorism.

- **New Automation Technologies:** Introducing new AI technologies can potentially replace some ground and passenger services.
- **Labour Disputes:** Labour disputes or strikes, particularly in regions where labour is unionised, can disrupt operations and damage Red-Dot's reputation.
- **Sustainability Initiatives:** Aviation causes carbon emissions. As governments and society become increasingly concerned about global warming, there may be increasing regulations, fines, or even limitations on the amount of carbon emissions that airlines can produce.
- **Political Instability:** Global political instability can lead to disputes between nations and even war.
- **Weather Sensitivity:** Adverse weather conditions can disrupt airline schedules and consequently impact ground and cargo services.
- **Regulatory Compliance:** Adherence to industry regulations is vital; non-compliance could lead to operational disruptions, penalties or removal of a license to operate.
- **Oil Price Increase:** The costs of jet fuel are a significant cost to airlines. Should the price of jet fuel increase dramatically, demand for air travel may fall, and increased energy costs may increase operating costs and reduce profitability at Red-Dot.
- **Cyber Threat:** Cyber criminals may gain access to Red-Dot's systems and cause disruption which may impact Red-Dot's ability to effectively schedule time-critical airline ground, cargo, or food production services.

END OF EXHIBIT 8

**Extract from Red-Dot Airport Terminal Services Limited 2023 Annual Report:
Sustainability Statement**

The following is an extract from the Red-Dot Airport Terminal Services Limited 2023 Annual Report regarding the company's current positions and aspirations regarding sustainability.

The Board of Directors at Red-Dot Airport Terminal Services Limited (Red-Dot) believes that sustainability is essential to future-proofing the long-term future of its airline service business, to protect its main stakeholders; shareholders, customers, suppliers, its employees, and the local communities affected by its operations.

Red-Dot is committed to integrating sustainable practices throughout its operations by using resources in innovative ways to foster the collective success of the community. The company focuses on three strategic pillars: caring for the planet, investing in the community, and improving its social record and approach to governance.

Besides adopting recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) to help identify and address the potential impact of climate-related risks and opportunities, Red-Dot has also partnered with Enterprise Singapore (<https://www.enterprisesg.gov.sg>) to conduct a series of engagement workshops to help its suppliers embed sustainability in their business.

The Board recognise that the company must improve its sustainability performance in other environmental, social, and governance (ESG) areas. Therefore, the current series of ESG key performance indicators which Red-Dot will report in its 31 March 2024 Sustainability Report will be extended in subsequent years.

END OF EXHIBIT 9

Recent operating issue at Red-Dot Airport Terminal Services Limited

The following email is from the Red-Dot Chief Financial Officer (CFO) to the Chief Executive Officer (CEO). The CFO is seeking initial assistance from the CEO concerning an operational matter to evaluate an issue with a view to recommend appropriate actions to the Board for their approval.

From: Devan Raj, Chief Financial Officer (CFO)
Sent: 5 March 2024
To: Leela Tan, Chief Executive Officer (CEO)
Subject: Confidential matter

Dear Leela,

I am writing to urgently bring to your attention a significant operational matter that has recently come to my knowledge. As the CFO, I find myself unable to resolve these issues independently. I have provided a summary of the matter below.

Red-Dot Food Solutions Potential Food Contamination Incident

Red-Dot Food Solutions (RFS) implements strict quality control and food safety protocols. However, today, a concerning story has been published in The Straits Times regarding an RFS food production issue. An RFS food production line worker reached out to the newspaper, revealing that six months ago, RFS management became aware that it cannot guarantee 100% prevention of peanut contamination in the production of meals that are required to be peanut-free for a well-known airline but decided to ignore the risk to avoid late delivery on this contract.

This information has not yet been confirmed by the RFS production manager, as I have not had the chance to discuss the claim made in The Straits Times with RFS management. However, I did have a conversation with a food technician earlier, who stated that the potential for significant contamination is slight due to the limited

exposure to peanut oil in the production process. Also, this should not happen due to strict quality control and safety protocols at RFS.

No peanuts or peanut oil are intentionally used in the manufacture of these airline meals, and the food production machinery used is fully cleaned before and after food processing. However, it is true that peanut-free airline meals are manufactured in the same RFS food processing facility as our other airline meals, which can be made with peanut oil. I have verified that the contract agreed between RFS, and the airline requires that the airline meals supplied are 100% peanut-free, and RFS continues to supply peanut-free meals to this airline under this contract.

Fortunately, The Straits Times has reported no incidents of passengers with peanut allergies falling ill or requiring hospital treatment.

Given the potential seriousness of this matter, I would appreciate your assistance in determining the next steps for Red-Dot.

Sincerely,
Devan

END OF EXHIBIT 10

Suggestions for further research

The following resources may be useful when beginning your research into the case study company. As always, the caveat is to read everything with a healthy dose of scepticism and apply professional judgment. Just because an article is on this list does not give it legitimacy or relevance. All links were active as of 31 October 2023.

Exhibit 1: The Airport Service Industry

<https://www.iata.org/en/publications/economics/>

<https://www.changiairport.com/corporate.html>

<https://www.straitstimes.com/singapore/transport/changi-ranks-9th-among-world-s-top-10-busiest-airports-in-2022-for-international-passengers#>

<https://www.changiairport.com/corporate/partnerships/cargo.html>

Exhibit 2: About Red-Dot Airport Terminal Services Limited (Red-Dot)

<https://www.aviationpros.com/ground-handling/press-release/21275634/sats-ltd-sats-newest-subsi-dary-aat-unveils-hong-kongs-first-on-airport-cold-chain-facility>

<https://www.sats.com.sg/services/details/apron-services>

<https://www.sats.com.sg/services/details/aviation-catering>

<https://www.aat.com.hk/en/about-aat>

<https://asianaviation.com/sats-breaks-ground-on-indian-central-kitchen/>

Exhibit 6: Case for implementing a new Airport Services Operating System (ASOS) at Red-Dot Airport Terminal Services Limited

<https://www.airport-suppliers.com/supplier-press-release/informs-remote-software-implementation-to-optimize-satss-ground-handling-services-at-singapore/>

Exhibit 7: Potential future strategic collaboration with a Hong Kong-based airline service company

<https://www.reuters.com/markets/deals/singapores-sats-agrees-buy-worldwide-flight-services-11-bln-2022-09-28/>

Exhibit 8: SWOT analysis compiled by Red-Dot Airport Terminal Services Limited Chief Strategy Officer (CSO)

<https://asia.nikkei.com/Business/Food-Beverage/Singapore-airline-meal-purveyor-spreads-wings-to-store-bought-food>

<https://www.aircargoweek.com/sats-and-tum-create-bring-ai-to-cargo-handling/>

<https://www.businessinsider.com/sc/singapore-is-a-leading-force-in-enterprise-tech-innovation>

<https://www.forbes.com/sites/bernardmarr/2022/02/04/what-is-the-future-of-air-travel/>

END OF EXHIBIT 11

END OF ADVANCE INFORMATION