

SINGAPORE AIRPORT TERMINAL SERVICES LIMITED

SATS' RESPONSE TO STRAITS TIMES' ARTICLE, PAGE H7, WED 7 Apr 2004

Below is the response by the Company's management to the Straits Times article, Page H7, Wednesday 7 April 2004.

"To: The Editor, Straits Times

I would like to clarify a few points in Ms Rebecca Lee's article "SATS questions need for third ground handler at Changi" (page H7, Straits Times, Wednesday 7 April 2004).

SATS does not question the Government's decision to open the ground handling market and to award a license to a third ground handler. Through the years, we have had competition both locally (against Changi International Airport Services) and regionally. SATS welcomes competition as it serves to challenge us to continually sharpen our cost competitiveness and service quality. We have always priced our handling rates competitively, commensurating with the level of product and service offerings required by our customers. Even with the recent volatile aviation environment, we have been able to deliver top quality service to our customers and strong returns to our shareholders. The entry of the third handling agent will make no difference in this respect.

As for the reported comments made by CEO SATS, Mr Ng Chin Hwee on Monday, they were meant to highlight the concern of the burden placed on SATS as the major player, given the scale of investment required to cater for the growth of the aviation industry. Since 1981, SATS has invested over S\$1 billion in state of the art infrastructure to maintain the high level of service provided to the industry and support Singapore Changi Airport status as the premier aviation hub in the region. Only recently, SATS invested over S\$215 million to relocate its inflight kitchen to facilitate Changi Airport's expansion plans for its Terminal 3. A S\$270 million highly automated cargo handling terminal was commissioned in 2001 to support the air cargo industry by providing handling capacity for the next 7 years. Such investments are usually made well ahead in order to maximize operating efficiencies as the volume of business grows.

SATS is ready to meet the challenge of the third handler and will continue to play a major role of providing cost competitive and quality product to our airline clients in support of Changi as a premier aviation hub.

Mah Tze Chiang
Investor Relations Manager
Singapore Airport Terminal Services Ltd (SATS)

Tel: 65418150

Fax: 65418154

Email: tzechiang_mah@singaporeair.com.sg"

Submitted by Annabelle Yip, Company Secretary on 12/04/2004 to the SGX