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SATS LTD.

**MINUTES OF THE 45th ANNUAL GENERAL MEETING
HELD ON THURSDAY, 19TH JULY 2018 AT 11 AM
AT MARINA MANDARIN BALLROOM, LEVEL 1, MARINA MANDARIN SINGAPORE
6 RAFFLES BOULEVARD, MARINA SQUARE, SINGAPORE 039594**

1. PRESIDENT AND CHIEF EXECUTIVE OFFICER'S PRESENTATION

- 1.1 President and Chief Executive Officer, Mr. Alex Hungate, reviewed the progress of SATS Ltd. (the "**Company**" or "**SATS**") during FY 2017/18 and laid out the Company's strategy and future direction.

2. WELCOME ADDRESS

- 2.1 Chairman, Ms. Euleen Goh, welcomed the shareholders and proxies to the Meeting.
- 2.2 Chairman informed the Meeting that a quorum was present and called the Meeting to order at 11.15 AM.
- 2.3 Chairman informed the Meeting that the proxies lodged have been checked and that she had been appointed to act as proxy for some shareholders and that she would vote according to their instructions.
- 2.4 Chairman introduced the following members of the Panel to those present:
- 2.4.1 Other Directors of the Company – Mr. Alex Hungate (President & Chief Executive Officer), Mr. Koh Poh Tiong, Mr. Yap Chee Meng, Mr. Michael Kok, Mr. Tan Soo Nan, Mr. Yap Kim Wah, Mr. Achal Agarwal, Mr. Chia Kim Huat, Ms. Jessica Tan;
- 2.4.2 Chief Financial Officer of the Company – Mr. Manfred Seah; and
- 2.4.3 Company Secretary – Ms. Prema Subramaniam.
- 2.5 Chairman also informed the Meeting that the Company's current auditors, KPMG, the Company's legal advisors, Allen & Gledhill, and the Company's remuneration consultant, AON Hewitt, were present at the Meeting.

3. ELECTRONIC VOTING

- 3.1 Chairman informed the Meeting that voting of all resolutions at the Meeting would be by poll and conducted electronically.
- 3.2 Chairman invited the Scrutineer to take the shareholders through the procedures for the electronic voting, and the Scrutineer invited the shareholders to view a short video presentation explaining the voting process. The Scrutineer explained that a voting time of 15 seconds would be given for the voting of each resolution as shown on the timer on the large screens facing the shareholders, and that if any shareholder wished to spilt the vote for the resolution, that shareholder would need to register the spilt votes outside at the Spilt Vote Counter located next to the Registration Counters.

3.3 A test resolution was then carried out to familiarise shareholders with the system. Following that, the Scrutineer handed over the conduct of the Meeting to Chairman.

4. NOTICE OF ANNUAL GENERAL MEETING

4.1 Chairman informed the Meeting that the Notice of the 45th Annual General Meeting had been circulated to shareholders earlier and could be found in the Annual Report; the Notice had also been advertised in the Business Times on 20 June 2018 and posted on the SATS Website and SGXNET on the same day.

4.2 Chairman proposed that the Notice be taken as read. This was accepted by those present at the Meeting.

ORDINARY BUSINESS

5. **RESOLUTION 1: To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2018 and the Auditors' Report thereon**

5.1 The first item on the Agenda was to receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2018 and the Auditors' Report thereon.

5.2 Chairman proposed the motion. She then invited questions from the audience.

5.3 A shareholder, Mr. Tan See Peng, noting from page 10 of the Company's Annual Report that Changi Airport had ceased rebates for concession fees that had been in place for the past two years, asked if the Company could appeal to have the rebates reinstated. He also asked if the Company would consider using artificial intelligence and big data analysis in its operations.

5.4 Chairman responded by assuring Mr. Tan that the Company would continue to work closely with Changi Airport Group on the concession issue. President and Chief Executive Officer, Mr. Hungate, explained that the Company would continue to use digitisation to gather data for analysis both in the gateway and food sectors. This would improve efficiency and connectivity for both the Company and the Company's key customers. He also mentioned that the Company had recently hired a new Chief Digital Officer to lead the Company's digital transformation.

5.5 A shareholder, Desmond, asked the Board for its views regarding (i) the 1.6% decrease in OP margins for the Company's food solutions business; (ii) the losses in Beijing Aviation Ground Services ("BGS") that exceeded the Company's interest in that associate; (iii) SATS BRF Food ("SBRF")'s continued losses over the past two years; and (iv) the Company's unsecured JPY term loans which would be maturing shortly.

5.6 Mr. Hungate explained that the Company had been increasing productivity to address pricing pressures for the past few years. Mr. Hungate further shared that while the Company would continue to face increasing pricing pressures, the Company had gained market share.

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- 5.7 Turning to BGS, Mr. Hungate explained the Chinese authorities have recently lifted the cap on the fees that ground handlers can charge airlines and BGS is returning to profitability again. Mr. Hungate further shared that China is an important geography for the Company. The new Daxing airport which is being built is expected to have the capacity to handle 100 million passengers.
- 5.8 Regarding SBRF, Mr. Hungate explained that SBRF was a food trading company with low margins that would experience fluctuations in profitability. While SBRF had recorded losses over the past two years, it has been profitable more recently. Mr. Hungate cautioned that the nature of SBRF's business meant that SBRF would be exposed to volatility. Chairman added that the Board has been working and would continue to work to ensure that the Company's investments would add to the Company's bottom line.
- 5.9 Turning to the unsecured JPY term loans that would be maturing shortly, Chairman explained that while no one would be able to predict interest rates with certainty, the Company would when taking loans (i) hedge to reduce currency exposure; and (ii) strive for lowest interest rates.
- 5.10 A shareholder, Mr. Venkatesh, asked the Board to elaborate on the Company's (i) earning sensitivities to the US Dollar; (ii) joint venture with Wilmar; and (iii) joint venture with Air India, especially in view of the Indian Government's privatisation of Air India.
- 5.11 Responding first to the questions on the joint ventures, Mr. Hungate explained that SATS was expanding its joint venture with Wilmar by building a second kitchen in Beijing following the success of the first kitchen in Kunshan. For Air India, Mr. Hungate shared that there were no bidders for the Indian Government's original sale proposal, which had bundled Air India's 50% stake in AISATS together with the Indian Government's stake in Air India and Air India Express. If the Indian Government were to offer only the sale of the 50% stake in AISATS for sale separately from the sale of Air India, the Company would have the right to bid for this stake.
- 5.12 Turning to US Dollar exposure, Chief Financial Officer, Mr. Seah, explained that the majority of the Company's billings and costs were either in Singapore Dollars or the local currency of the relevant subsidiary or joint venture. Beside fuel costs, which is not significant, US Dollar may constitute a portion of the Company's CAPEX, but the Company would usually hedge for that. As such, the Company had minimal exposure to US Dollar.
- 5.13 Mr. Steven Chen, corporate representative for a corporate shareholder, asked (i) how much of the impetus for the Company's innovations came from Changi Airport Group, and if the Company would be able to replicate its innovations across other airports; and (ii) with free cash flow coming down and CAPEX going up, would dividends be affected.
- 5.14 On free cash flow, Chairman explained that the Company had in the previous years held what some may consider to be excessive cash holdings, and that it was only in more recent years that the Company has begun to consciously utilise its cash for greater balance sheet efficiency. Chairman added that the Company's investments are categorised into (i) investments in assets or technology that would increase

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- productivity; and (ii) investments in businesses for increased revenue and connectivity. On dividends, Chairman explained that the Company strives to provide sustainable and progressive dividend payouts.
- 5.15 Turning to the Company's innovations, Mr. Hungate explained that we generally test and deploy our innovations such as "smart watches" and "smart glasses" in Singapore first. The Civil Aviation Authority of Singapore has always supported our technology drive even providing the Company with incentives for the same.
- 5.16 A proxy, Mr. Chong, asked for the Company's comments on its high staff costs. Chairman explained that service companies generally have higher staff costs. Mr. Seah added that even after normalising staff costs following the deconsolidation of SATS Hong Kong, staff costs would have increased marginally. Mr. Seah further indicated that the Company would continue to use technology to improve productivity to control staff costs.
- 5.17 A shareholder, Mr. Sudeer, noted that the Company's headcount has decreased, and asked if these employees have been asked to leave. He also asked for an update on the Company's plans for its Istanbul joint venture. Chairman explained that the reduction was due to natural turnover, and that increase in value added per employee was due to the Company's policy to train its employees and improve productivity. Turning to the Company's Istanbul plans, Mr. Hungate explained that there were issues to be resolved between Turkish Airlines and its current service provider, which is why progress has been slow.
- 5.18 A shareholder, Mr. Rusmin, asked about the related party loans in relation to Cardig Aero Services ("CAS"). Chairman responded by assuring the shareholder that the Company's accounts have been vetted very thoroughly, and that all necessary disclosures have been made.
- 5.19 A shareholder, Mr. C.V. Ang, asked (i) if the Company has planned to accelerate deployment of technology to its ground operations, such as through use of driverless vehicles; and (ii) if the Company could print more hardcopies of the Annual Reports as there were insufficient copies for distribution that morning. Starting with the issue of the Annual Reports, Chairman explained that the Company had restricted prints for sustainability reasons, but that the Company would be happy to issue a hardcopy report to shareholders who request for one. On deployment of technology, Chairman assured the shareholder steps were already underway, citing ongoing trials of driverless vehicles, as well as "smart watches" and "smart glasses" that have already been successfully deployed.
- 5.20 A shareholder, Mr. Law Ren Hui, asked about the impact of the major airlines' profitability on the Company's own profitability. Chairman acknowledged that a significant portion of the Company's revenues originate from airlines, and that for such reason, the Company had to work with the airlines to ensure that the airlines stay successful as well. Chairman further shared that the Company would only bid for an airline contract if the Company believes that there could be a mutually beneficial partnership with the airline in the long run.
- 5.21 A shareholder, Ms. Siew Ling, asked for an update on the Company's partnership with Air Asia, as well as if the related party loan to CAS had been on an arms-length basis and properly disclosed. Turning first to the issue of the loan, Chairman

explained that the Company has complied with applicable requirements. On the Air Asia partnership, Mr. Hungate shared that Air Asia was one of the fastest growing airlines in the world, and that Air Asia is an important partner for SATS. The ground handling joint venture for Malaysia is already bearing fruit, with fewer flight delays and better service being recorded.

5.22 A shareholder, Seng Choon, congratulated Mr. Hungate and the SATS Board for winning the Best Chief Executive Officer and the Best Managed Board Awards at the Singapore Corporate Awards 2018. Chairman thanked the shareholder and assured the Meeting that the Board would continue to work hard for the Company.

5.23 As there were no further questions, Chairman put the motion to vote by poll. 98.88% representing 756,491,630 shares voted in favour of the motion, and 1.12% representing 8,549,347 shares voted against the motion. Based on the results, Chairman declared the motion carried.

6. RESOLUTION 2: To declare a final ordinary tax-exempt (one-tier) dividend of 12 cents per share for the financial year ended 31 March 2018

6.1 Chairman informed the shareholders that the Board has recommended the payment of a final ordinary tax-exempt (one-tier) dividend of 12 cents per share for the financial year ended 31 March 2018. This represented an increase of one cent from the final dividend for the financial year ended 31 March 2017.

6.2 Chairman proposed the motion. As there were no further questions, Chairman put the motion to vote by poll. 99.99% representing 765,357,693 shares voted in favour of the motion, and 0.01% representing 51,808 shares voted against the motion. Based on the results, Chairman declared the motion carried.

7. RESOLUTION 3: To re-elect Mr. Alexander Charles Hungate, who will retire by rotation in accordance with Article 90 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company

7.1 Chairman informed the Meeting that Mr. Hungate would be retiring under Article 90 of the Company's Constitution at the AGM, and that Mr. Hungate was eligible for re-election and was willing to be re-elected as a Director of the Company. If re-elected, Mr. Hungate would continue to serve as President and Chief Executive Officer of the Company, an Executive Director of the Board, and a Member of the Board Executive Committee.

7.2 Chairman added that the Nominating Committee and Board consider Mr. Hungate to be a non-independent Director.

7.3 Chairman proposed the motion. She then invited questions.

7.4 There being no questions, Chairman put the motion to vote by poll. 99.96% representing 762,680,354 shares voted in favour of the motion, and 0.04% representing 322,663 shares voted against the motion. Based on the results, Chairman declared the motion carried.

8. RESOLUTION 4: To re-elect Mr. Tan Soo Nan, who will retire in rotation in accordance with Article 90 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company

8.1 Chairman informed the Meeting that Mr. Tan would be retiring under Article 90 of the Company's Constitution at the AGM, and that Mr. Tan was eligible for re-election and was willing to be re-elected as a Director of the Company. If re-elected, Mr. Tan would continue to serve as the Chairman of the Board Risk and Safety Committee, and a Member of the Audit Committee.

8.2 Chairman added that the Nominating Committee and Board consider Mr. Tan to be an independent Director.

8.3 Chairman proposed the motion. She then invited questions.

8.4 There being no questions, Chairman put the motion to vote by poll. 99.69% representing 759,080,168 shares voted in favour of the motion, and 0.31% representing 2,330,502 shares voted against the motion. Based on the results, Chairman declared the motion carried. Before moving on to Resolution 5, Chairman noted that Mr. Koh Poh Tiong and Mr. Thierry Breton were not seeking re-election as Directors of the Company, and thanked them for their valuable contributions and wished them well for their future endeavours. Mr. Koh thanked the Board and shared that he did not seek re-election due to other extensive commitments, and expressed confidence that the Company would continue to do well.

9. RESOLUTION 5: To approve payment of Directors' fees of up to \$1,300,000 for the financial year ending 31 March 2019

9.1 Chairman informed the Meeting that the Company would like to seek the approval of shareholders for the payment of Directors' fees up to the amount of \$1.3 million for the financial year ending 31 March 2019. Chairman added that there was no increase in the total amount of the fees from the previous financial year although, if approved, the scale of fees payable to the non-executive Directors would be revised as set out in the Annual Report, for FY2018-19 onwards, and that the total amount of fees and the scale of fees have not been revised since 2010.

9.2 If approved, the motion would facilitate the timely payment of Directors' fees in arrears on a half-yearly basis during the financial year. The non-executive Directors will receive approximately 85 percent of their total Directors' fees for FY2018-19 in cash and approximately 15 percent in the form of ordinary shares of the Company. The non-executive Directors who have shares in the Company would abstain from voting on this Resolution.

9.3 A shareholder, Mr. Denis Marie, proposed the motion. There being no further questions, Chairman put the motion to vote by poll. 99.79% representing 763,140,451 shares voted in favour of the motion, and 0.21% representing 1,577,717 shares voted against the motion. Based on the results, Chairman declared the motion carried.

10. RESOLUTION 6: To re-appoint Messrs KPMG LLP as Auditors of the Company to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration

- 10.1 Chairman informed the Meeting that this resolution was to re-appoint the Company's Auditors and authorise the Directors to fix their remuneration, and the Company's Auditors, Messrs KPMG LLP, have expressed their willingness to continue in office.
- 10.2 Chairman proposed the motion and then invited questions.
- 10.3 There being no questions, Chairman put the motion to vote by poll. 99.46% representing 757,888,490 shares voted in favour of the motion, and 0.54% representing 4,095,421 shares voted against the motion. Based on the results, Chairman declared the motion carried.

SPECIAL BUSINESS

11. RESOLUTION 7: To authorize Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act

- 11.1 Chairman informed the Meeting that Resolution 7 (the full text of which is set out in the Notice of AGM) was a resolution which most listed companies pass at their AGMs, to give flexibility and discretion to Directors to issue shares at short notice, for the benefit of the Company and its shareholders, for example, to raise funds, or to facilitate an equity exchange with a strategic party, or as consideration for an acquisition.
- 11.2 Chairman added that the Listing Manual and Article 58(2) of the Company's Constitution permit shareholders to give a mandate to Directors to issue shares not exceeding 50% of the Company's issued share capital (excluding treasury shares and subsidiary holdings). A sub-limit of 20% would apply if the shares were not issued on a *pro rata* basis to existing shareholders. This authority given to Directors would expire at the conclusion of the next AGM.
- 11.3 Chairman said that the approval sought was for a mandated sub-limit of 5% instead of 20% for shares not issued on a *pro rata* basis to existing shareholders, which the Board considered to be sufficient for the Company's present purposes.
- 11.4 Chairman proposed the motion. She then invited questions.
- 11.5 There being no questions, Chairman put the motion to vote by poll. 98.56% representing 745,593,132 shares voted in favour of the motion, and 1.44% representing 10,912,282 shares voted against the motion. Based on the results, Chairman declared the motion carried.

12. RESOLUTION 8: To empower the Directors to grant awards under the SATS Performance Share Plan and the SATS Restricted Share Plan and to issue shares that may be required to be issued pursuant to such Plans or pursuant to the exercise of Options granted under the SATS Employee Share Option Plan

- 12.1 Chairman informed the Meeting that Resolution 8 (the full text of which is set out in the Notice of AGM) was to empower the Directors to grant awards under the SATS Performance Share Plan ("**PSP**") and the SATS Restricted Share Plan ("**RSP**"), as well as to issue shares that may be required to be issued pursuant to such Plans, or

pursuant to the exercise of Options granted under the SATS Employee Share Option Plan (“**ESOP**”). In relation to the ESOP, the final grant of share options was made on 1 July 2008.

- 12.2 Chairman informed the Meeting that the Resolution provided that the number of new shares which may be issued under the PSP, RSP and ESOP was limited to 15% of the Company’s issued share capital (excluding treasury shares and subsidiary holdings), and that the Resolution also provided that the number of shares under awards which may be granted pursuant to the PSP and RSP from this Meeting until the next AGM would not exceed 1% of the Company’s issued share capital (excluding treasury shares and subsidiary holdings).
- 12.3 Chairman said that all shareholders who were eligible to participate in any of the Plans should abstain from voting on this Resolution. Chairman added that Mr. Hungate who was a shareholder and eligible to participate in the Plans would abstain from voting on the Resolution.
- 12.4 Chairman proposed the motion. She then invited questions.
- 12.5 There being no questions, Chairman put the motion to vote by poll. 95.67% representing 723,464,101 shares voted in favour of the motion, and 4.33% representing 32,736,022 shares voted against the motion. Based on the results, Chairman declared the motion carried.
- 13. RESOLUTION 9: To approve the proposed renewal of the Mandate for Interested Person Transactions**
- 13.1 Chairman informed the Meeting that Resolution 9 (the full text of which is set out in the Notice of AGM) was to renew the Mandate for Interested Person Transactions (“**IPT Mandate**”), with Temasek Holdings (Private) Limited (“**Temasek**”) and its associates, which had been approved by the shareholders of the Company at the Extraordinary General Meeting (“**EGM**”) held on 19 July 2003, and modified and renewed in subsequent years. The last renewal of the IPT Mandate was at the AGM held on 21 July 2017. Chairman explained that as the IPT Mandate would expire at the conclusion of the Meeting, the Directors were seeking the shareholders’ approval to renew the IPT Mandate for another year. Chairman highlighted that more details of the IPT Mandate were set out in the Company’s Letter to Shareholders.
- 13.2 Chairman added that Temasek and its associates are regarded as Interested Persons under the IPT Mandate, and would abstain from voting on this Resolution.
- 13.3 Chairman proposed the motion. She then invited questions.
- 13.4 There being no questions, Chairman put the motion to vote by poll. 99.94% representing 315,052,418 shares voted in favour of the motion, and 0.06% representing 193,294 shares voted against the motion. Based on the results, Chairman declared the motion carried.
- 14. RESOLUTION 10: To approve the proposed renewal of the Share Purchase Mandate**

- 14.1 Chairman informed the Meeting that Resolution 10 was a proposal by the Company to renew the mandate from shareholders to acquire or purchase its issued shares. Chairman explained that this mandate would allow the Company to hold the repurchased shares in treasury for the Company's employee share plans, so that such plans will not have any dilutive effect to the extent that no new shares are issued. Chairman added that such a mandate will also provide greater flexibility for the Company to manage its capital and maximise returns to its shareholders, as well as improve the return on equity of the Company.
- 14.2 Chairman informed the Meeting that the limit on the number of shares which may be purchased or acquired under this mandate is 2% of the Company's current issued share capital (excluding treasury shares and subsidiary holdings), and that, if approved by shareholders, the mandate will continue until the next AGM of the Company, or until it is varied or revoked by the Company in a general meeting, or until purchases or acquisitions have been carried out to the full extent mandated. Chairman highlighted that more details of the mandate were set out in the Company's Letter to Shareholders.
- 14.3 Chairman proposed the motion. She then invited questions.
- 14.4 There being no further questions, Chairman put the motion to vote by poll. 99.95% representing 761,853,357 shares voted in favour of the motion, and 0.05% representing 398,609 shares voted against the motion. Based on the results, Chairman declared the motion carried.

15. CONCLUSION OF MEETING

- 15.1 Chairman declared that the formal business of the Meeting had concluded and declared the 45th General Meeting closed. Chairman thanked those present for their attendance at the Meeting.

The Meeting concluded at 12.40 PM.

Approved by:

Euleen Goh
Chairman
SATS Ltd.