



sats

Strengthening The Core Expanding Our Horizons

SATS Ltd. Annual Report FY2022-23

Strengthening The Core Expanding Our Horizons

Contents

Strengthening the Core Expanding Our Horizons	1	Sustainability: Accelerating Change Across Our Value Chain	48
SATS Story	2	Five-Year Group Financial and Operational Summary	52
Key Business Metrics	4	Financial Review	54
Strengthening Core Capabilities	6	Financial Calendar	59
Unlocking Regional Potentials	8	Corporate Governance Report	60
Extending Our Global Presence	10	Financial Statements	109
Chairman & PCEO Statement	12	Additional Information	223
Geographical Presence	20	SATS Acronyms	225
Operational Statistics	22	Information on Shareholdings	227
Board of Directors	24	Notice of Annual General Meeting	229
Group Management Board	30	Additional Information on Directors Seeking Re-election	238
Operations Review Food Solutions: Leveraging Automation	36	Proxy Form	
Operations Review Gateway Services: Creating Value-added Solutions	40	Corporate Information	
Operational Excellence: Building the Foundation for Long-term Success	44		

The pandemic and geopolitical events in the last few years have caused massive disruptions to the global supply chain and reshaped government and business investment decisions. To ensure SATS' long-term growth and business sustainability in the face of these changes, we seized opportunities to advance our growth strategy of replicating our capabilities across our network to grow internationally while strengthening our core capabilities in our home market.

WHO WE ARE

“We are a global leader in gateway services and Asia’s preeminent provider of food solutions with over 46,500 employees delighting customers in over 210 locations and 27 countries across the world.”

OUR CORE VALUES

●

Passion to Delight

●

Safety

●

Innovation

●

Trust

●

Teamwork

For more details on how our core values are embedded within the company

See “Corporate Governance Report” pages 60-107

OUR STAKEHOLDERS



Customers



Communities



Employees



Partners



Investors



Regulators

For more detailed discussions around our context and stakeholders

See “Corporate Governance Report” pages 60-107

See “Collaborating for a Sustainability” pages 48-51

OUR PURPOSE

Feed and Connect Communities

OUR VISION

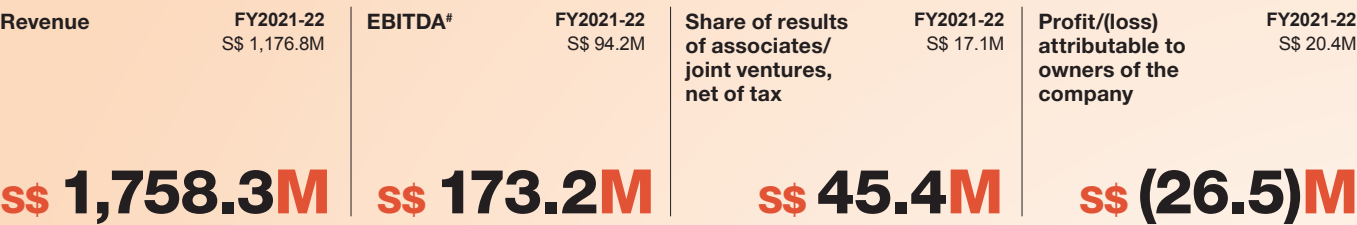
To be the market leader by delighting customers with innovative food solutions and seamless connections.

OUR MISSION

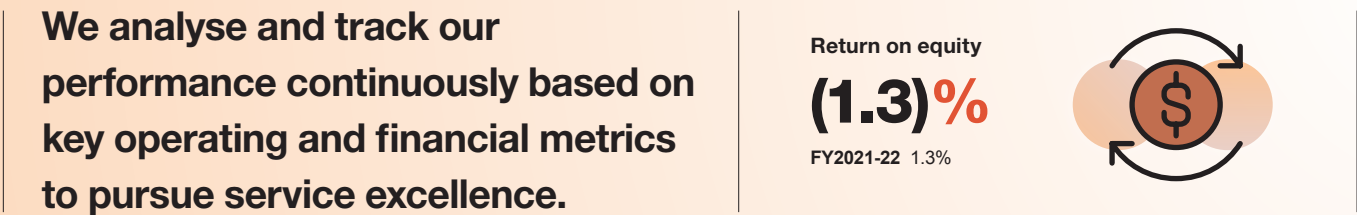
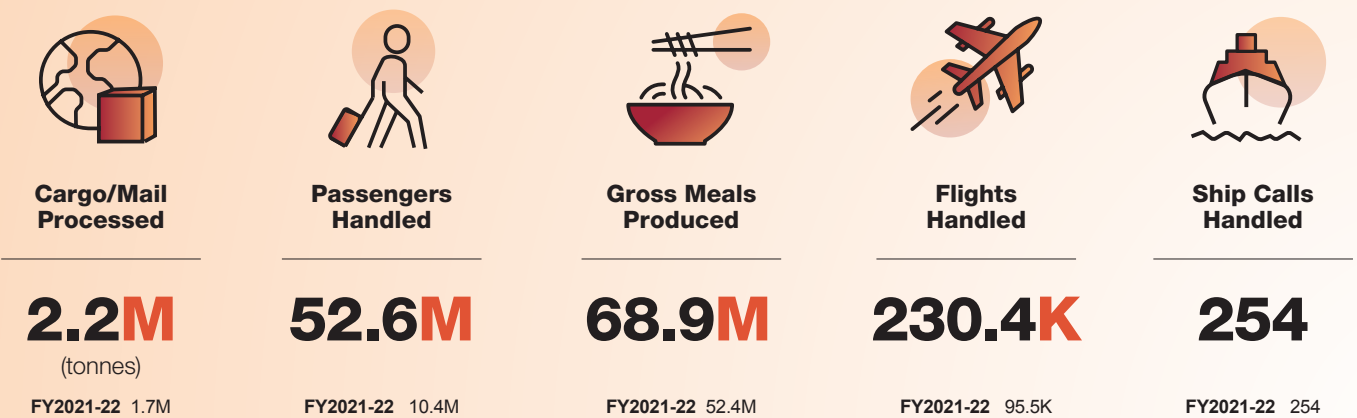
Using innovative food technologies and resilient supply chains, we create tasty, quality food in sustainable ways for airlines, foodservice chains, retailers and institutions. With heartfelt service and advanced technology, we connect people, businesses and communities seamlessly through our comprehensive gateway services for customers such as airlines, cruise lines, freight forwarders, postal services and eCommerce companies.

Key Business Metrics

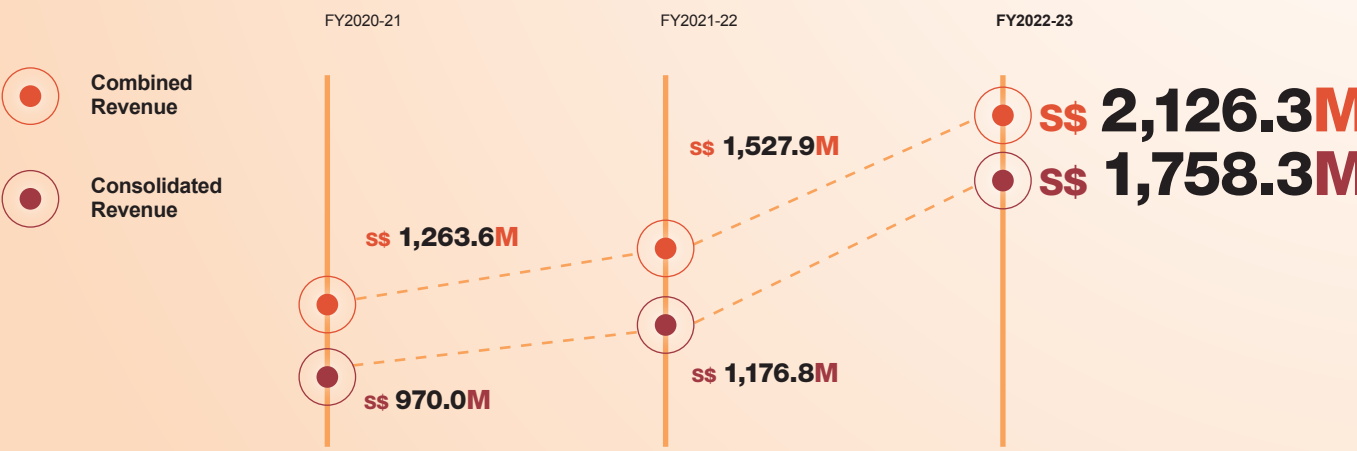
For more detailed information, please refer to page 44



Operating statistics*

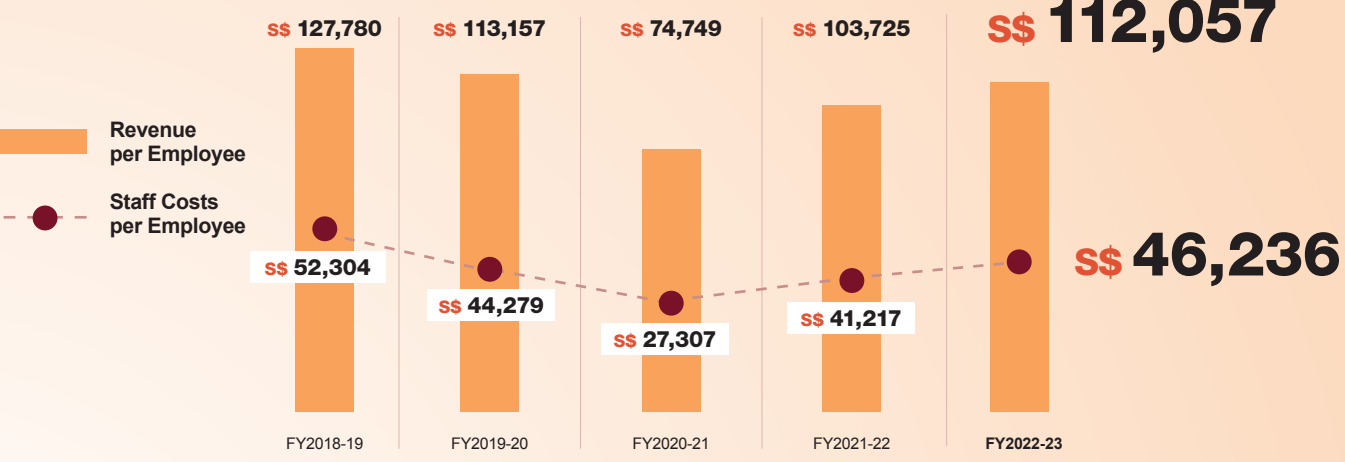


Combined revenue**

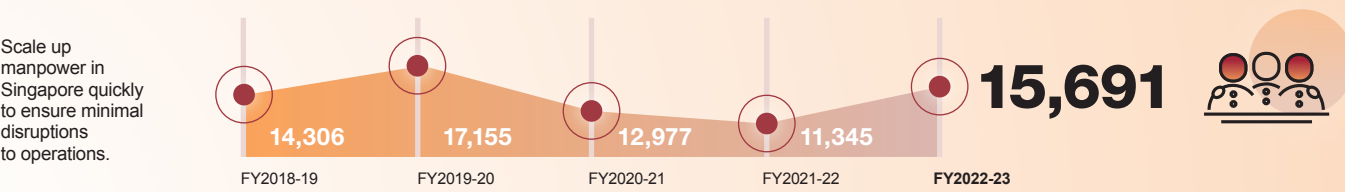


* EBITDA refers to earnings (including share of results of associates/joint ventures) before interest, tax, depreciation and amortisation; and excluding one-off items.
* Operating statistics cover SATS and its subsidiaries, but does not include associates/joint ventures.
** Combined revenue is the sum of the consolidated revenue of the Group and its proportionate share of revenue from its associates/joint ventures (Aggregated Revenue – Non-SFRS(I)).

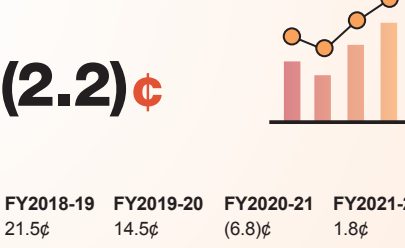
Staff costs & revenue per employee



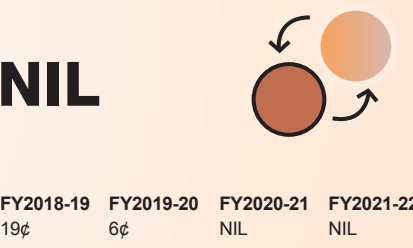
Average number of employees



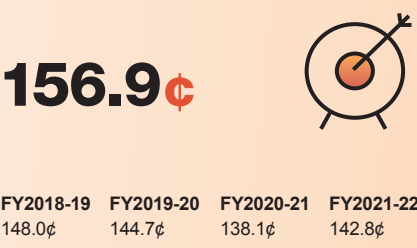
Earnings per share (Basic)



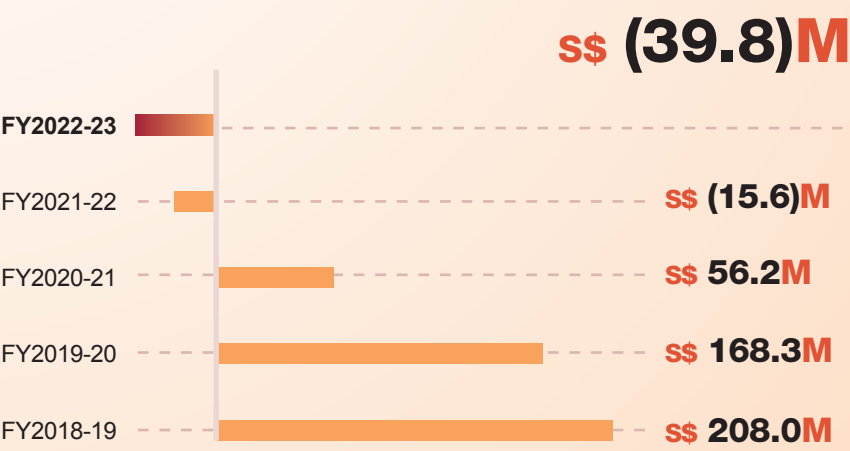
Dividends per share



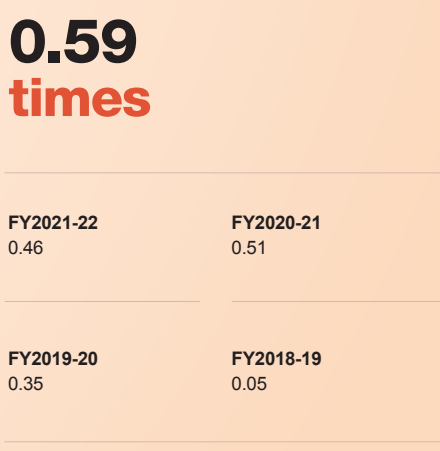
Net asset value per share



Free cash flow



Debt-equity ratio



Strengthening Core Capabilities

We are committed to achieving greater operational excellence and sustainability in our Singapore home base to strengthen our core, and to build our global leadership by replicating these capabilities across our expanding network through our twin-engine growth strategy.

Unlocking Regional Potentials

Operationalising and expanding network of food factories, central kitchens and catering centres to leverage cross-geographical efficiencies and scale to serve aviation and non-aviation segments.

Extending Our Global Presence

By transforming SATS into a leading provider of gateway services with more than 200 locations in over 20 countries, we will build business resilience and capitalise on long-term growth in air cargo including eCommerce and specialised cargo handling.

Chairman and PCEO's Statement

“We are at the starting point of a new and exciting journey of building greater resilience at SATS and creating long-term value for our stakeholders. Strengthening our core will give us the capability to expand our horizons.”

Euleen Goh
Chairman

Kerry Mok
President and Chief Executive Officer



Chairman and PCEO's Statement

Dear Shareholders,

The last financial year has seen an unprecedented aviation restart, with flights handled by the SATS Group in Changi recovering from 43% to 84% of pre-COVID volumes. We correspondingly ramped up our operations and invested in our catering facilities, and are proud to have smoothly delivered on the Changi experience and contributed to Changi Airport being named the World's Best Airport in 2023 by Skytrax.

Internationally, we launched our new central kitchen in Tianjin and reinforced our position in Asia with AISATS being selected to design, build, finance and operate an integrated multi-modal cargo hub at the upcoming Noida International Airport in Uttar Pradesh, India. Significant effort also went into the acquisition of Worldwide Flight Services (WFS), which we announced on 28 September 2022 and completed on 3 April 2023, with the integration of the WFS Group into the SATS Group currently underway.

These are significant steps in our twin engine growth strategy, as we reinforce

our market leadership in Singapore and grow our presence overseas. Moving forward, we will focus on driving efficiency across our operations and leveraging our combined scale and connectivity to drive value creation for our business.

Looking back | the year past

Emerging from the pandemic, we were cognisant of how COVID-19 and recent geopolitical events had transformed the business landscape. Many employees trained in the critical areas of our operations had left SATS during the pandemic, and we had to hire and train more than 2,000 new employees as business volume returned. China's

zero-COVID policy kept its borders closed till January 2023, impacting tourism, supply chains and the global economy. The Russia-Ukraine conflict caused food and energy prices to soar, triggering global inflation and setting in motion the most aggressive monetary tightening policies in a decade, resulting in interest rate hikes. Deteriorating US-China relations sparked fresh supply chain concerns, and saw companies start moving their sourcing and production closer to where demand is generated.

Against this backdrop, SATS had to navigate many challenges and complexities as we ramped up our operations to support travel recovery.

Gearing up | travel rebound

FY23 started expeditiously as we planned for aviation recovery. Travel returned in the second half of the financial year, with China remaining closed till the last quarter. Air cargo volume peaked during the pandemic but slowed down from the first quarter of FY23 due to macroeconomic factors. To ensure we ramp up our operations safely in readiness for travel rebound, we conducted an aggressive recruitment exercise jointly with the Civil Aviation Authority of Singapore at the OneAviation Career Fair. We also collaborated with academia in Singapore and Greater China on various initiatives to nurture a larger pool of work-ready graduates and facilitate bilateral knowledge exchange between industry and academia.



PROFIT FROM SoAJV

Increased share of earnings to the Group by

165.5%

At the end of March FY23, volumes of flights handled, aviation meals served, and cargo tonnage for SATS and our subsidiaries (excluding consolidation with Asia Airfreight Terminal (AAT)) returned to 76%, 74% and 90% of pre-pandemic levels. For FY23, revenue grew 49.4% or \$581.5 million to \$1.76 billion on the back of aviation recovery and AAT consolidation. Despite the top-line increase, SATS recorded a loss attributable to owners of the Company of \$26.5 million for the year, impacted by several one-off expenses such as a reduction of \$81.5 million in government grants compared to the year before, one-off merger and acquisition expenses of \$44.9 million, and the early ramp-up of operations to support aviation recovery. SATS' joint ventures and associates performed well, increasing their share of earnings to the Group by 165.5% or \$28.3 million to \$45.4 million. The fundamentals of the Company remain strong. EBITDA¹ grew 83.9% or \$79 million to \$173.2 million.

Dividend

As SATS incurred a full-year loss excluding government reliefs, the Board of Directors believes it would be prudent not to pay a dividend until SATS is profitable without government reliefs.

Strengthening core capabilities | driving efficiency

The pandemic and geopolitical events in the last few years have caused massive disruptions to the global supply chain and reshaped government and business investment decisions. This has resulted in companies moving their sourcing and production closer to where demand is generated, shifting trade flows between countries and impacting how SATS delivers on its purpose to feed and connect communities. To ensure SATS' long-term growth and business sustainability in the face of these changes, we seized opportunities to advance our twin-engine growth strategy of replicating our capabilities across our network to grow internationally while strengthening our core capabilities in our home market.

On 28 September 2022, SATS announced the acquisition of global air cargo logistics provider Worldwide Flight Services ("WFS") for €1.3 billion (equivalent to approximately S\$1.8 billion) from an affiliate of Cerberus Capital Management ("Cerberus"). We thank our shareholders for supporting the acquisition with a 96.8% approval at the EGM held on 18 January 2023. The acquisition was completed on 3 April 2023. Integrating the operations of both groups strengthens one of SATS' core capabilities - cargo terminal operations. By transforming SATS into a leading provider of gateway services with more than 200 locations in over 20 countries, we are extending our reach beyond our traditional geographies. This provides SATS access to performance data across a global network, which will enable us in turn to provide greater speed and traceability to our customers and enhance their supply chain efficiency. The combined business will also position SATS well for the future and build our resilience. We will be better placed to navigate significant and unexpected market events, such as pandemics and changes in trade flows. It will also offer SATS access to a global talent pool critical to supporting our future growth ambitions.

¹ EBITDA includes the share of results of associates and joint ventures.

Chairman and PCEO's Statement



SATS' new central kitchen in Tianjin

Growing our capability in specialised cargo handling, SATS was the first ground handler in the world to achieve IATA lithium battery certification in three markets – Hong Kong, Indonesia and Singapore. Our competency in the safe handling of lithium batteries helps our customers meet safety regulations for dangerous goods. SATS' newest subsidiary, AAT, has been aggressively building their capability to serve more cargo volume going through Hong Kong, the world's busiest air cargo hub. It also launched AAT Coolport in July 2022, Hong Kong's first on-airport cold

chain facility, allowing for improved handling of perishables and temperature sensitive products.

In India, AISATS has been selected to design, build, finance and operate an integrated Multi-Modal Cargo Hub ("MMCH") at the upcoming Noida International Airport in Jewar, Uttar Pradesh. The five-tier cargo hub will be the first of its kind in India. It will comprise an Integrated Cargo Terminal with warehousing and logistics zones to be built over 87 acres of land. The

MMCH will include integrated facilities with airside access for general cargo, e-Commerce, temperature-controlled rooms for perishables and pharmaceuticals, and express courier shipments. It will also provide trucking facilities to support road-to-road, road-to-air, and air-to-road movements to facilitate seamless and best-in-class cargo experience.

We are also growing our Food Solutions business alongside our Gateway Services. Tapping into the rising demand for convenient meal solutions in China, SATS bolstered our presence in China by opening a 21,553 sq m new central kitchen in Tianjin. The Tianjin central kitchen utilises automation and the Internet of Things (IoT) to provide real-time critical information to efficiently ensure food quality and safety. Cooking processes are pre-programmed and monitored via live dashboards, with alerts automatically triggered in the event of any deviations from cooking timings and temperature settings in pre-set recipes to ensure strict compliance with high food quality and safety standards. With our quality promise, we aim to capture a slice of the growing ready-to-eat market in China.

“Growing our capability in specialised cargo handling, SATS was the first ground handler in the world to achieve IATA lithium battery certification in three markets – Hong Kong, Indonesia and Singapore.”

SATS also signed an MOU with Mitsui to form a strategic alliance to jointly explore how we can harness our strengths to grow our businesses. We will jointly explore opportunities across the food value chain, such as diversifying supply sources, developing innovative products and services, and expanding sales and distribution channels to grow our food and retail business together.

Singapore remains a key pillar of our growth strategy, and we continue strengthening our capability in our home market. To ensure greater safety and efficiency operating in a tight labour market where wages are high, we have introduced further automation to help us manage increased volume efficiently.

We implemented a new digital ground operating system, G-Ops, that tracks the key operational milestones of our apron processes in real time across the terminals. This system facilitates better coordination of under-the-wing operations, from ramp to technical ramp and baggage handling. The performance metrics captured in the system enable us to drive continuous improvements across our ramp operations for higher service performance, improved productivity and optimised capacity utilisation.

In October 2022, we restarted our operations in SATS Inflight Catering Centre 1 with new automation targeted at ramping up annual aviation production capacity in Singapore to achieve 53 million inflight meals by 2025. We invested in new equipment that reduces the need for manual labour, such as a large-scale sous vide immersion circulator that dishes out perfectly cooked proteins, a multi-storey material handling system that automatically sorts and distributes washed aircraft food trolleys, utensils and cutlery, and a computerised multilevel storage system that sends food directly to the food dishing lines.

Supporting and growing key customers | driving operational leverage

Our investments in new capabilities and operating systems have enabled us to support our customers better while growing operational efficiencies for SATS. For example, SATS Food Solutions will enable airline customers such as Singapore Airlines to gain efficiencies in their menu and demand planning by tapping on our AI-enabled food waste tracking

EXPANDED CAPACITY TO REACH

53M

inflight meal production capacity by 2025.

capability to measure the volume and types of unconsumed meals from inbound flights into Singapore from 1 July 2023. We have also leveraged our culinary expertise, knowledge of nutrition and food technology to support certain childcare centres to achieve productivity gains in meal preparations with ready-to-heat proteins.

Our enlarged footprint will enable SATS to grow our business with key customers. Before the acquisition of WFS, SATS could service airline clients in our operations in Asian cities. Post integration, we will be able to serve our customers across a larger network with more value-added services and new solutions.

As one company, we were able to help WFS get started in Bengaluru much quicker by transferring our expertise in cargo handling in Bengaluru to WFS. Our newly acquired subsidiary also adopted the SATS COSYS+ cargo operating system, enabling a smooth transition for our customers.



Large-scale sous vide immersion circulator dishes out perfectly cooked proteins

Chairman and PCEO's Statement



Expanding sustainability horizons | creating greater impact

As we grow and expand, SATS' activities have become more diverse and widespread. To ensure greater commitment and alignment concerning the prioritisation of ESG initiatives across all business units, SATS has formed an ESG Steering Committee comprising key members of the Group Management Board. This committee evaluates all business cases and trade-offs, reviews resourcing plans and the potential financial impact of ESG projects, sets ESG KPIs and develops strategies for strengthening SATS' disclosures and ratings. Guided by the ESG Steering Committee, Management updates the Board on the recommendations and takes guidance from the Board to refine the Company's ESG strategy.

TOTAL EMISSIONS

81%

of SATS' total emissions was from Scope 3 emissions.

Operationalising our sustainability strategy across the value chain can be challenging, but we are progressing steadily. Based on a GHG Protocol Quantis evaluation last year, SATS' Scope 3 contributes to about 81% of our total emissions, of which 67% came from purchased goods and services, much of which is agricultural

and protein inputs for our food business. Therefore, building a responsible and sustainable supply chain is a priority for SATS to achieve our decarbonisation goal. Many of our suppliers are small and medium-sized enterprises that may not have the resources or the capability to develop their sustainability measurements. SATS partnered with Enterprise Singapore and UN Global Compact Network Singapore to conduct the first in a series of supplier engagement workshops in April 2023 to share with more than 20 of our strategic food suppliers and partners the importance of embedding sustainability in their business and show them how to start tracking their carbon emissions.

Safety remains a key priority as we ramp up our operations to support travel recovery. To build a strong safety culture and reinforce the message that we should never compromise safety at work, SATS senior management across our network did safety walks and engaged in meaningful conversations with operations staff on the World Day for Safety and Health at Work this year to drive home the message that we want everyone to be home safe.

Looking ahead | moving with speed

We will be working on integrating SATS and WFS to create synergies for our combined business to drive value for our customers through our extensive network coverage. We are in the early stages of our integration, but we have already started working together at three tradeshows in Istanbul, Munich and Miami.

In addition, we will be focusing on enhancing operational excellence to improve operating margins through productivity gains. The combined business is expected to generate positive free cash flows to pay down our debt. As part of SATS' approach to lower its cost of financing to deleverage its balance sheet, SATS has recently completed the redemption of the Senior Secured Floating Rate Notes due 2027 as well as commenced a tender offer and redemption in respect of the outstanding EUR Senior Secured Notes and USD Senior Secured Notes

due in 2027, all of which were issued by Promontoria Holding 264 B.V.², a wholly-owned subsidiary of the WFS Group. SATS expects that the purchase and redemption of all outstanding EUR Senior Secured Notes and USD Senior Secured Notes will be completed by 6 June 2023, through loan facilities of EUR 1.04 billion taken by SATS. This will result in net interest savings in excess of S\$100 million for the Group, until the maturity date of the notes in 2027.

Beyond accelerating the integration with WFS, we are reviewing our organisational structure to streamline it for growth.

Acknowledgements

We have some board changes this year. Mr Michael Kok has stepped down as an Independent Non-Executive Director of the SATS board. Upon the conclusion of our 50th Annual General Meeting, Mr Yap Kim Wah will also be stepping down from his role as an Independent Non-Executive Director of the Company, while Mr Tan Soo Nan will be retiring from his role as an Independent Non-Executive Director.

Mr Kok has served as a board member of SATS for eight years. He was also a member of the Executive Committee and the Remuneration and Human Resource Committee. Mr Tan and Mr Yap have been board members for seven years. Mr Tan has served on the Board Risk and Safety Committee which he once chaired, as well as the Audit Committee. Mr Yap has been Chairman of the Board Risk and Safety Committee and a member of the Audit Committee.

The Board and Management would like to thank Mr Kok, Mr Tan and Mr Yap for their service. Their contributions and counsel have been invaluable to the Company. We are grateful for their dedication and guidance to SATS and wish them well.

At the same time, we welcome Dr Detlef Trefzger and Mr Eng Aik Meng as Independent Non-Executive Directors of the

² Promontoria Holding 264 B.V. will be changing its name to Neptune Holdings 4 B.V.

“Gearing up for travel recovery was not easy, given the current operating environment, but we are grateful to our customers and business partners for their unwavering support. We thank our shareholders for your faith and trust in our leadership to transform SATS into a global operation with a strong Singapore home base.”

Company. Dr Trefzger and Mr Eng joined the Board on 15 April 2023. Dr Trefzger is the Founder and Chairman of Larix Equity AG, an investment and advisory firm that pursues investment opportunities in climate-driven data, technologies and platforms that enable companies to accelerate their decarbonisation efforts. Dr Trefzger has been a senior executive in the transport and logistics industry for more than three decades and was CEO of the Kuehne+Nagel Group for 9 consecutive years before he set up his own company. Mr Eng is the co-founder of TE Asia Healthcare Partners and CEO of TE Healthcare Advisory Pte Ltd, a single-specialty hospital healthcare group focusing on oncology, cardiology, and orthopaedics. The group manages practices in Hong Kong, Malaysia, Singapore, Indonesia, Vietnam, the Philippines, and Thailand. Before joining the healthcare industry, Mr Eng was the President of APL, a large shipping and marine terminals group. He has more than 20 years of experience in the maritime sector.

Gearing up for travel recovery was not easy, given the current operating environment, but we are grateful to our

customers and business partners for their unwavering support. We thank our shareholders for your faith and trust in our leadership to transform SATS into a global operation with a strong Singapore home base. We will continue to lean on your support to strengthen the Company and grow long-term value for our stakeholders. We would also like to thank our board members for their guidance and stewardship, and SATS management and our dedicated employees for coming together to overcome challenges.

We are at the starting point of a new and exciting journey of building greater resilience at SATS and creating long-term value for our stakeholders. Strengthening our core will give us the capability to expand our horizons.

Euleen Goh
Chairman

Kerry Mok
President & Chief Executive Officer

23 May 2023

Geographical Presence

Post WFS Acquisition

OVER
210
Locations

IN
27
Countries
across the world

- FOOD SOLUTIONS
- GATEWAY SERVICES
- FOOD SOLUTIONS + GATEWAY SERVICES

1. Singapore
 - Singapore

2. Maldives
 - Male

3. Greater China
 - Beijing
 - Taipei
 - Ganzhou
 - Huizhou
 - Macau SAR
 - Nanjing
 - Shanghai
 - Shenyang
 - Tianjin
 - Hong Kong SAR
 - Kaohsiung
 - Taichung

4. Vietnam
 - Ho Chi Minh City

5. India
 - Bangalore
 - Mumbai
 - New Delhi
 - Chennai
 - Goa
 - Kolkata
 - Hyderabad
 - Mangalore
 - Trivandrum

6. Philippines
 - Manila

7. Indonesia
 - Jakarta
 - Angsana
 - Asam-Asam
 - Bogor
 - Bontang
 - Karawang
 - Satui
 - Balikpapan
 - Batam
 - Denpasar
 - Majalengka
 - Medan
 - Surabaya
 - Timika
 - Yogyakarta

8. Japan
 - Tokyo

9. Australia
 - Brisbane
 - Rockhampton

10. Malaysia
 - Kuala Lumpur
 - Penang
 - Ipoh
 - Johor Bahru
 - Kota Bharu
 - Kota Kinabalu
 - Kuala Terengganu
 - Kuching
 - Labuan
 - Langkawi
 - Miri

11. Oman
 - Muscat

12. Saudi Arabia
 - Dammam
 - Riyadh

13. United Kingdom
 - Aberdeen
 - Edinburgh
 - Glasgow
 - Gatwick
 - Heathrow
 - Manchester
 - Newcastle
 - Surrey

14. Thailand
 - Bangkok

15. Belgium
 - Brussels
 - Liege

16. Brazil
 - Belem
 - Boa Vista
 - Brasilia
 - Cascavel
 - Confins
 - Congonhas
 - Cuiaba
 - Curitiba
 - Fortaleza
 - Juiz de Fora
 - Manaus
 - Natal
 - Porto Alegre
 - Recife
 - Rio de Janeiro
 - Salvador
 - Sao Paulo
 - Tabatinga
 - Tefe

17. Canada
 - Dorval
 - Mirabel
 - Toronto

18. Denmark
 - Copenhagen

19. France
 - Bordeaux
 - Lille
 - Lyon
 - Marseille
 - Mulhouse
 - Nantes
 - Nice
 - Paris
 - Rennes
 - Strasbourg
 - Toulouse

20. Germany
 - Frankfurt

21. Ireland
 - Belfast
 - Dublin
 - Cork
 - Shannon

22. Italy
 - Rome
 - Milan
 - Venice

23. Netherlands
 - Amsterdam

24. South Africa
 - Cape Town
 - Johannesburg

25. Spain
 - Alicante
 - Barcelona
 - Bilbao
 - Getafe
 - Madrid
 - Malaga
 - Oviedo
 - Santiago
 - Sevilla
 - Valencia
 - Vitoria
 - Zaragoza

26. Sweden
 - Stockholm

27. United States
 - Albany
 - Allentown
 - Atlanta
 - Austin
 - Baltimore/ Washington
 - Billings
 - Boston
 - Bozeman
 - Cedar Rapids
 - Charleston
 - Chicago
 - Cleveland
 - Columbus
 - Dallas/Fort Worth
 - Denver
 - Des Moines
 - Detroit
 - Dulles
 - East Granbury
 - El Paso
 - Eugene
 - Fargo
 - Fresno
 - Great Falls
 - Greensboro

- Harlingen
 - Harrisburg
 - Hebron
 - Honolulu
 - Houston
 - Huntsville
 - Indianapolis
 - Jackson
 - Kansas City
 - Lafayette
 - Lanai
 - Laredo
 - Las Vegas
 - Lihue
 - Little Rock
 - Los Angeles
 - Manchester
 - Memphis
 - Mesa
 - Miami
 - Minneapolis
 - Mobile
 - Montrose
 - New Orleans
 - New York
 - Newark
 - Oklahoma City
 - Palm Springs

- Philadelphia
 - Phoenix
 - Pittsburgh
 - Plattsburgh
 - Portland
 - Rapid City
 - Reno
 - Rockford
 - Sacramento
 - Salt Lake City
 - San Antonio
 - San Diego
 - San Francisco
 - San Jose
 - Sarasota
 - Seattle
 - Shreveport
 - Sioux Falls
 - Springfield
 - St. Croix
 - St. Thomas
 - St. Louis
 - Stockton
 - Toledo
 - Trenton
 - Washington National
 - West Palm Beach
 - Wichita
20. Strengthening The Core | Expanding Our Horizons
- SATS Ltd. Annual Report 2022-23 21.

Operational Statistics



SATS' broader network, which includes our joint ventures and associates, allows us to increase the scale of our operations to better serve customers and communities.

IN FY23



GROSS MEALS PRODUCED

134.3M



PASSENGERS HANDLED

108.6M



FLIGHTS HANDLED

508.6K



CARGO TONNAGE HANDLED

4.1M



Note:
• Based on FY2022-23 operating statistics for the Group, including international joint ventures and associates.
• Data is not inclusive of WFS.

Board of Directors



Euleen Goh



Kerry Mok



Jenny Lee



Deborah Ong



Achal Agarwal



Vinita Bali



Jessica Tan



Tan Soo Nan



Chia Kim Huat



Eng Aik Meng



Detlef Trefzger



Yap Kim Wah

Board of Directors

As at 23 May 2023

Euleen Goh Yiu Kiang Age 68 Chairman Non-Executive and Independent Director Date of first appointment as a Director 1 August 2013 Date of appointment as Chairman 19 July 2016 Date of last re-election as a Director 22 July 2022 Length of service as a Director 9 years 9 months Board committee(s) served on - Chairman, Board Executive Committee - Chairman, Remuneration and Human Resource Committee - Chairman, Nominating Committee Present directorships in other listed companies - Non-Executive Director, Deputy Chair and Senior Independent Director, Shell plc* Present principal commitments - Chairman, DBS Foundation Ltd. - Chairman, SATS Investments (III) Pte. Ltd. - Chairman, Singapore Institute of Management Group Limited - Non-Executive Director, Singapore Health Services Pte. Ltd. - Trustee, Singapore Institute of International Affairs Endowment Fund - Member, Public Service Commission Singapore Past directorships in other listed companies held over the preceding three years - Non-Executive and Non-Independent Director, DBS Group Holdings Ltd. Achievements - Her World Woman of the Year 2005 - Public Service Medal at the Singapore National Day awards 2005 - Public Service Star at the Singapore National Day awards 2012 Academic and professional qualification(s) - Fellow, Institute of Chartered Accountants in England & Wales - Member, The Chartered Institute of Taxation, UK - Associate member, Institute of Financial Services, UK - Fellow, Institute of Singapore Chartered Accountants - Fellow, Singapore Institute of Directors	Kerry Mok Tee Heong Age 52 President and Chief Executive Officer Executive Director Date of first appointment as a Director 1 January 2022 Date of first appointment as President and Chief Executive Officer 15 December 2021 Date of last re-election as a Director 22 July 2022 Length of service as a Director 1 year 4 months Board committee(s) served on - Member, Board Executive Committee Present directorships in other listed companies Nil Present principal commitments - Chairman, Asia Airfreight Terminal Company Limited - Chairman, Nanjing Weizhou Airline Food Corp. Ltd. - Chairman, TFK Corporation - Director, SATS (India) Co. Private Limited - Director, SATS (Thailand) Co. Ltd. - President, SATS International SAS - Director, SATS Investments Pte. Ltd. - Director, SATS Investments (II) Pte. Ltd. - Director, SATS Investments (III) Pte. Ltd. - Director, SATS Treasury Pte. Ltd. Past directorships in other listed companies held over the preceding three years Nil Achievements - Supply Chain Asia Visionary of the Year award 2012 Academic and professional qualification(s) - Bachelor of Business, Accounting (First Class Honours), Monash University, Melbourne, Australia	Achal Agarwal Age 64 Non-Executive and Independent Director Date of first appointment as a Director 1 September 2016 Date of last re-election as a Director 22 July 2022 Length of service as a Director 6 years 8 months Board committee(s) served on - Member, Board Executive Committee - Member, Remuneration and Human Resource Committee Present directorships in other listed companies - Non-Executive Director, Amcor Plc. Present principal commitments - Board of Trustee, Conservation Fund, WWF-World Wide Fund For Nature (Singapore) Limited - Senior Advisor, Accenture Pte. Ltd. - Independent Member, The Sentosa Sustainability Advisory Panel Past directorships in other listed companies held over the preceding three years Nil Achievements - CNBC Asia Business Leader of the Year 2016 Academic and professional qualification(s) - BA (Hons), History, University of Delhi - MBA, University of Delhi - AMP, Wharton Business School	Vinita Bali Age 68 Non-Executive and Independent Director Date of first appointment as a Director 10 May 2021 Date of last re-election as a Director 22 July 2021 Length of service as a Director 2 years 0 month Board committee(s) served on - Member, Board Executive Committee Present directorships in other listed companies - Non-Executive and Independent Director, Cognizant Technology Solutions Corporation (NASDAQ) - Non-Executive and Independent Director, CRISIL Ltd. (BSE/NSE) - Non-Executive and Independent Director, Syngene International Ltd. (BSE/NSE) Present principal commitments - Strategic Advisor, Caraway Pte. Ltd. Past directorships in other listed companies held over the preceding three years - Non-Executive Director, Bunge Ltd (NYSE) Achievements Recognised for various contributions to business and society, including: - The Clinton Global Initiative, 2009 – for Nutrition work in India - The Economic Times, Forbes, Fortune, Business Today and Business World for contribution to business - The Teachers Leadership Award – 2009 - The Asian Centre for Corporate Governance & Sustainability – Best Woman Director Award – 2010 - The Financial Times – ranked 18th among the top 50 business women in the world in 2011 Academic and professional qualification(s) - Bachelor of Economics, Delhi University - Master of Management Studies, Jamnalal Bajaj Institute of Management Studies, Bombay University	Chia Kim Huat Age 57 Non-Executive and Independent Director Date of first appointment as a Director 15 March 2017 Date of last re-election as a Director 24 September 2020 Length of service as a Director 6 years 2 months Board committee(s) served on - Member, Board Risk and Safety Committee - Member, Nominating Committee Present directorships in other listed companies - Non-Executive and Independent Director, CapitaLand Ascott Trust Management Limited and CapitaLand Ascott Business Trust Management Pte. Ltd. (The Managers of CapitaLand Ascott Trust) Present principal commitments - Partner, Rajah & Tann Singapore LLP Past directorships in other listed companies held over the preceding three years - Nil Achievements “Eminent Practitioner” by Chambers Global and Chambers Asia Pacific “Market-Leading Lawyer” in Asialaw for Capital Markets and Corporate / M&A - Best Lawyers for Capital Markets, Corporate and Mergers & Acquisition - Who’s Who Legal: Corporate Governance / M&A; Capital Markets (Debt & Equity) Academic and professional qualification(s) - LLB (Hons), National University of Singapore - Advocate & Solicitor, Supreme Court of Singapore	Eng Aik Meng Age 53 Non-Executive and Independent Director Date of first appointment as a Director 15 April 2023 Date of last re-election as a Director – Length of service as a Director 0 year 1 month Board committee(s) served on - Member, Remuneration and Human Resource Committee Present directorships in other listed companies Nil Present principal commitments - Group CEO, TE Healthcare Advisory Pte. Ltd. - Senior Advisor, TPG Capital - Director, 65 Equity Partners Pte. Ltd. Past directorships in other listed companies held over the preceding three years Nil Academic and professional qualification(s) - Bachelor of Accountancy (Honours) from Nanyang Technological University - MBA from Harvard University
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* Ms Euleen Goh retired as a director of Shell plc at the close of business of the annual general meeting of Shell plc held on 23 May 2023.

Group Management Board



Kerry Mok
President & Chief Executive Officer



Tan Chuan Lye
Chairman, Food Solutions



Stanley Goh
Chief Executive Officer, Food Solutions



Tan Chee Wei
Chief Human Capital Officer



Henry Low
Global Head, Special Projects



Spencer Low
Chief Data & Sustainability Officer



Ian Chye
Chief Legal Officer



Manfred Seah
Chief Financial Officer



Bob Chi
Chief Executive Officer, Gateway Services



Véronique Crémadès-Mathis
Chief Strategy & Commercial Officer



François Mirallié
Deputy Chief Executive Officer, WFS



Michael Simpson
Chief Executive Officer, Americas, WFS



John Batten
Chief Executive Officer, Europe, Middle East,
Africa & Asia (EMEA), WFS

Group Management Board

Kerry Mok
President &
Chief Executive Officer

Kerry is the President and Chief Executive Officer of SATS. He joined the company in June 2018. Prior to that, he was the Chief Executive Officer of YCH Group.

Kerry is a seasoned executive with more than 25 years of experience in supply chain management and logistics. He held various senior appointments prior to his move to YCH Group, including his role in Goodpack Pte Ltd as the acting Chief Executive Officer and Chief Operating Officer. Before that, he held the position of Managing Director, Strategy - Operations and was also head of the ASEAN Supply Chain Strategy practice at Accenture. Kerry was also previously Senior Vice President - Global Head of Technology Sector and APAC Technology Sector & Service Logistics with DHL, accountable for the strategy and growth of the Global Technology Sector for DHL Supply Chain.

Kerry has been an active contributor to tripartite initiatives. He is a member of the Future Economy Council's Connectivity Sub-Committee since 7 January 2022 and served on the Ministry of Communication and Information's Infocomm Media Master Plan 2025 working group. He is also a member of the Civil Aviation Authority of Singapore's International Advisory Panel for Sustainable Air Hub.

Kerry graduated from Monash University, Melbourne, Australia with a Bachelor of Business, Accounting (First Class Honours).

Manfred Seah
Chief Financial Officer

Manfred joined SATS as Chief Financial Officer in September 2017. He oversees the group's finance operations which include strategic financial management, group treasury and insurance, investor

relations, investment monitoring, group procurement and property management.

Manfred has over 25 years of investment banking, direct investments and financial management experience. He has held senior leadership roles in corporate finance and investment management, and has conducted corporate advisory, mergers and acquisitions activities in Asia.

Before joining SATS, Manfred was the Group Chief Financial Officer of SMRT Corporation Ltd, where he was primarily responsible for driving changes to the business and financing structure of the Group. At SMRT, Manfred led a special task force that developed and facilitated the transition of SMRT Trains Limited to the new rail financing framework, and eventually managed the subsequent privatisation of SMRT by Temasek Holdings in 2016.

Manfred sits on numerous boards of SATS subsidiaries and associate companies. Manfred graduated with Bachelor of Science (First Class Honours) in Mathematics from Queen Mary College, University of London and obtained his Master's degree in Business Administration from the London Business School. He qualified as a Chartered Accountant in the UK, and has been conferred an Advanced Diploma in Corporate Finance (CF) and Fellow of the Institute of Chartered Accountants in England and Wales (FCA).

François Mirallié
Deputy Chief
Executive Officer
WFS, A Member of
the SATS Group

François Mirallié is the Deputy CEO of WFS. He joined the company in August 2016 as Group Chief Financial Officer.

François is a seasoned executive with global experience, and was CFO of Customs Sensors & Technologies

before joining WFS. Prior to this, he had held similar positions in several multinational companies, including Ion Beam Applications, a company listed on the Brussels Stock Exchange; MediMedia, a publishing and marketing services business; Vizada, a satellite telecommunications company; and Zodiac Marine & Pool.

François graduated from Ecole des Mines de Paris and the Wharton Advanced Management Program at the University of Pennsylvania.

Tan Chuan Lye
Chairman, Food Solutions

Chuan Lye is the Chairman, Food Solutions of SATS since January 2014. Prior to this, he was its President and Chief Executive Officer from April 2012 to December 2013.

Chuan Lye joined SATS in May 1976. In a career spanning over 40 years, he has held managerial positions in SIA Ground Services and SATS Airport Services Pte Ltd, and was responsible for both SIA's and SATS' Changi Airport Terminal 2 operations. He was SATS' Executive Vice President, Food Solutions from October 2009 to March 2012, overseeing and growing its aviation and non-aviation food businesses.

Chuan Lye is the Chairman of SATS Food Services Pte. Ltd., SFI Manufacturing Private Limited, and SATS Delaware North Pte. Ltd.

Chuan Lye sits on various Boards of SATS' subsidiaries and associate companies. He graduated from the University of Singapore with a Bachelor of Social Science (Honours) degree, majoring in Economics.

Stanley Goh
Chief Executive Officer,
Food Solutions

Stanley joined SATS as Chief Executive Officer of Food Solutions

in September 2022. He drives the performance of the Group's aviation and non-aviation food businesses by developing and executing high-quality and impactful business strategies to increase value for customers whilst improving productivity and developing new capabilities.

Prior to this, Stanley was the Regional Director of Food Services – Global Developing Markets at Fonterra since 2016. He was responsible for the overall strategy and outcomes for the Food Services business covering 12 key countries across Southeast Asia, the Indian subcontinent and the Middle East.

Stanley brings over 25 years of leadership experience in diverse industries covering in-country and regional roles spanning general management, sales, retail and product marketing, and business development. Before joining Fonterra, Stanley held senior leadership positions at Samsung Asia, Nike and Procter & Gamble, spearheading the commercial and operational management of these businesses.

Stanley graduated from the National University of Singapore with a Bachelor of Arts and Social Sciences in Political Science and Philosophy as well as a Bachelor of Arts (Honours) in Philosophy.

Bob Chi
Chief Executive Officer,
Gateway Services

Bob is the Chief Executive Officer, Gateway Services of SATS, and joined the company in August 1988. Prior to this appointment, he was the Chief Operating Officer, Gateway Services of SATS.

Bob has held other executive and managerial positions in SATS. He was the Senior Vice President of Sales & Marketing for Gateway Services where he was responsible

for airline network marketing and the management of key accounts and ground handling contracts in Singapore. Prior to that, he was Chief Executive Officer of SATS-Creuers Cruise Services Pte. Ltd., where he was responsible for the management of the cruise terminal at Marina Bay Cruise Centre Singapore.

Bob has also served in various capacities in cargo, marketing as well as catering services. He was instrumental in setting up SATS Asia-Pacific Star Pte Ltd, a wholly-owned subsidiary of SATS which provides ground handling and inflight catering services to low-cost carriers at Singapore Changi Airport.

Bob holds a Master's degree in Business Administration from Leicester University and graduated as a Public Services Scholar from the National University of Malaysia (UKM).

Michael Simpson
Chief Executive Officer,
Americas WFS,
A Member of
the SATS Group

Mike Simpson is CEO, Americas WFS. He joined the company in August 2016 as the CFO, Americas and was promoted to Executive Vice President, Americas in 2019.

Mike oversees WFS operations in North and South America. Prior to joining WFS, he was CFO of Sensis, Inc., a print and digital media portfolio company owned by Platinum Equity Holdings, LLC. Michael also served as CFO in several Platinum portfolio companies and Vice President of Portfolio Operations, managing the financial and operational transition of newly acquired companies at Platinum Equity. Prior to this, he was CFO of CompuCom Systems, Inc., an IT outsourcing company in North America.

Group Management Board

Mike holds an MBA in Finance from St Mary’s University and a BBA in Accounting from Abilene Christian University.

John Batten
Chief Executive Officer,
Europe, Middle East,
Africa & Asia (EMEAA) WFS,
A Member of
the SATS Group

John Batten is CEO, Europe, Middle East, Africa and Asia (EMEAA) WFS. He joined the company in 2015 as the Executive Vice President for WFS Business Development. He later took on the role of EVP for WFS’s cargo operations in Europe, the Middle East, Africa and Asia.

John has over 45 years of senior leadership experience in the aviation industry. Before joining WFS, John was EVP of Cargo at Swissport. Prior to this, he was Senior Vice President of Cargo at Qatar Airways. He also held a leadership position at TNT Airways and was responsible for setting up the airline. An active member of IATA working groups on e-Freight, e-AWB and Cargo 2000, John is now a Cargo iQ board member.

Tan Chee Wei
Chief Human Capital Officer

Tan Chee Wei joined SATS as Chief Human Capital Officer in June 2023. She is responsible for all aspects of the Group’s human capital strategy, including business partnering, talent acquisition, organisational development, employee relations and rewards.

Before joining SATS, Chee Wei was the Vice President, Human Resources for Northeast & Southeast Asia, as well as the Global Lubricants business at Shell. In Shell Lubricants, she served as a strategic global HR business partner to sales, marketing and supply chain professionals across more than 100 markets in 4 regions.

She brings more than 20 years of experience leading HR communities covering various business sectors including Upstream, Downstream manufacturing, Marketing, Trading and Supply. She was also Global Head of Talent & Learning, Group Technology & Operations at Standard Chartered Bank, and has experience with strategy and business consulting gained during her employment with Deutsche Bank AG Singapore and Andersen Consulting Singapore.

Chee Wei holds a Bachelor of Science (Honours) degree in Economics from the London School of Economics and Political Science, and a Masters of Communication Management degree from the Singapore Management University.

Henry Low
Global Head,
Special Projects

Henry Low joined SATS as Global Head, Special Projects in October 2022. He is responsible for strategic projects vital to the Group’s long-term growth and profitability, leading integration programmes within acquisitions to realise business synergies and driving operational excellence at the corporate level.

Before joining SATS, Henry was the Director and Country Manager for Amazon Singapore. He launched and led the Amazon.sg, Amazon Fresh and Amazon Global Store businesses with teams based in Singapore, United States and India.

Henry brings over 25 years of leadership experience in general management, category management, project management, operations, and global launches. At Amazon, Henry led several UK fulfilment centres, served as the Asia Pacific

operations director for speciality fulfilment and was a key member of the international leadership team for new marketplace expansions. He was also on the board of directors of Amazon Asia Pacific Holdings, Amazon Payments and the Infocomm Media Development Authority. Prior to joining Amazon in 2010, Henry held senior command and staff roles spanning 15 years within the Singapore Ministry of Defence.

Henry holds a Bachelor of Science (Honours) in Psychology from University College London UK and Masters of Business Administration (Honours) from IMD Switzerland.

Véronique
Crémadès-Mathis
Chief Strategy &
Commercial Officer

Véronique was appointed Chief Strategy and Commercial Officer of SATS in October 2022. She is responsible for Strategy, Growth Transformation (including Ventures), Corporate Branding, Network Marketing, as well as the SATS Global Innovation Centre. Véronique joined the company in October 2021 as Global Head of Strategic Transformation and Market Channel Development.

Before joining SATS, Véronique was Global Head of Sustainable Packaging at Nestlé Head Office in Switzerland. Prior to this, she was Managing Director and Chief Executive Officer of Nestlé New Zealand for six years and thereafter appointed Global Head of Dairy, Food and Confectionery at Nestlé Professional.

Véronique has over 30 years of experience in the global Food & Beverage industry, working in the fields of marketing, product development, communications, compliance, sales and general management. Her diverse career roles have taken her across the

globe in Europe, Americas and Asia-Oceania-Africa, with regional responsibilities in Singapore, Thailand, Myanmar, Cambodia, Vietnam and New Zealand.

Véronique holds a Master’s degree, Double Major in Business and Food Science from Robert Schuman University in Strasbourg, France and graduated with a Bachelor’s degree in Hospitality and Catering from Hotel Business School in Strasbourg, France.

Spencer Low
Chief Data &
Sustainability Officer

Spencer was appointed Chief Data & Sustainability Officer of SATS in October 2022. He leads SATS’ data strategy, governance and analytics and is responsible for the Group’s sustainability, corporate communications, enterprise risk and corporate safety functions. Spencer joined the company in January 2020 as Chief Executive Officer, Travel Retail and Chief Strategy & Sustainability Officer.

Prior to this, Spencer was the Managing Director of Agoda Greater China, where he was responsible for Agoda’s operations in mainland China, Taiwan, Hong Kong and Macau, including strategy, commercial operations, and customer experience. He was previously the Chief Strategy Officer & Executive Vice-President, Customer Acquisition at Rakuten Kobo, part of the Japanese company’s Digital Contents Group, where he led strategy development, M&A/post-merger integration, and global customer acquisition.

Spencer brings more than 20 years of professional experience spanning corporate strategy, eCommerce, retail, and management consulting. He previously held management positions at Holt Renfrew (Selfridges Group Canada), Sears

Canada, and Maple Leaf Foods. Spencer started his career as a consultant with Bain & Co. and was based in multiple offices including Chicago, New Delhi, Shanghai, Singapore, Sydney, Tokyo, and Toronto.

Spencer holds a Master’s degree in International Affairs from Institut d’Études Politiques de Paris in France, and graduated from the Master of Business Administration (MBA) programme at Ivey Business School in Canada.

Ian Chye
Chief Legal Officer

Ian joined SATS as Chief Legal Officer and was appointed Company Secretary in October 2022. He is responsible for the Group’s legal and corporate secretariat functions.

Before joining SATS, Ian was General Counsel at private equity firm Clermont Group where he provided strategic counsel on legal, corporate governance and compliance as well as led all M&A and venture capital activity globally.

Ian is a seasoned legal professional with experience in both private practice and in-house leadership roles, with broad expertise in corporate advisory, public and private M&A, competition law, and structured finance. Prior to Clermont Group, Ian spent significant time with Cargill where he was responsible for its Asia-Pacific M&A activity as lead lawyer amongst other internal leadership roles.

Ian holds a Bachelor of Laws from the University of Leeds, a Postgraduate Diploma in Singapore Law from the National University of Singapore, and a Postgraduate Diploma in Economics for Competition Law from King’s College London.

Leveraging Automation

Optimise deployment of technology to simplify SATS food production processes and increase efficiency.

Operations Review

Food Solutions

SATS FOOD SOLUTIONS REVENUE GREW

35.6%

or \$228.3 million, to \$869.3 million in FY23. This was driven by aviation recovery which saw aviation meals reaching its peak in the fourth quarter.

Positive growth trajectory

SATS Food Solutions revenue grew 35.6%, or \$228.3 million, to \$869.3 million in FY23. This was driven by aviation recovery which saw aviation meals reaching its peak in the fourth quarter which was over 1.9 times higher than the start of the fiscal year. Overall, we were encouraged to see sequential revenue growth quarter-on-quarter.

Adding momentum to the overall growth of SATS Food Solutions, our non-aviation institutional business also grew in tandem with increased activities with key customers and a higher share of new channels such as education. Our SATS Food associates overseas delivered a strong performance consistent with aviation recovery witnessed around the world.

Ready for aviation recovery

At the end of March FY23, the volume of aviation meals served returned to 74% of pre-pandemic levels. Gearing up to handle the upsurge in demand for meals as the aviation industry recovers was a big challenge which required careful planning. Staying focused on maintaining the passenger experience unique to the airlines we serve, we ramped up early to ensure we had the capability and capacity to handle the higher meal volumes.

Staffing was one of the biggest challenges that affected our speed to scale up. Many employees trained in the critical areas of our operations had left SATS during the pandemic, and we had to hire and train new ones. We lost two thirds of the manpower we had during COVID. Stabilising the labour pool was a priority, and we worked with different stakeholders to ensure we could scale up efficiently. Safety being of paramount importance to us, we ensured all new employees underwent food safety training before being assigned to be further trained by their supervisors on the job. We also put up posters showing the Standard Operating Procedures in our kitchens to remind new staff of the procedures for handling different food preparations.

To meet the increased demand, we restarted operations at SATS Inflight Catering Centre 1 (SICC1) for the first time after mothballing it for two years, and resumed serving our customers from both kitchens, ensuring a smooth transition for our customers.

Improving productivity

To create greater resilience for our operations in the face of a labour crunch and rising inflation, we continue to leverage scale and automation to achieve productivity gains. In Singapore, as part of SICC 1 refresh, we have upgraded our warewash machines to the eco-friendly version and have modernised them to enhance productivity. Implemented as part of our catering centres' refresh strategy, we are in the process of implementing conveyor belts that feed freshly prepared food into a spiral blast chiller to maintain freshness and hygiene after cooking. This deployment of technology is expected to increase productivity, and we are committed to continue investing in automation and process improvements to enhance our efficiency. Our newly opened central kitchen in Tianjin, China, harnesses the Internet of Things to monitor cooking timings and temperatures through preprogrammed settings. An automated hot-fill conveyor line is used for large batch production of sauces.



Automated hot-fill conveyor line in Tianjin kitchen



The internet of things (IoT) enables cooking processes to be monitored via live dashboards

We are creating new distribution channels for local hawkers and home-grown brands under our Foodflix programme. We support their growth and expansion by leveraging SATS' culinary expertise, knowledge of food technology, scale advantage, and distribution channels. Since September 2021, we have listed ten local favourites on Singapore Airlines First and Business Class menus to support their Hawker Culture promotion.

We continue to support our customers with insights-driven innovations and expertise in sustainable packaging through our centre of excellence in innovation, the SATS Global Innovation Hub.

In the year, we also strengthened strategic partnerships:

- In December 2022, SATS entered into a consultancy agreement with Hilton Foods, a leading specialist in meat processing, to redesign Country Foods' protein processing capability in Singapore.
- In April 2023, SATS signed a Memorandum of Understanding with Mitsui & Co Ltd to collaborate on expanding SATS' procurement sources leveraging the core competencies of the two companies.

Evolving our food solutions strategy

SATS has a comprehensive suite of capabilities across the food value chain, from procurement to value-added processing, production, distribution, and customer insights. This uniquely positions us to act on our purpose to feed and connect communities not only by providing food, but also food solutions.

In the past year, in addition to ramping up our operations, we continue to build and strengthen our expertise across these capabilities to support our growth.

We are building our strategic sourcing through the establishment of a global procurement framework, utilising data to leverage scale and establish diversified and sustainable sourcing.

Operationalising SATS' 3-tier production network strategy with the opening of the new central kitchen in Tianjin and the Thailand food factory moving into stage 2 of production which more than doubles its initial capacity, allowing us to accelerate fresh frozen meal capability to be exported for our airline customers.

“SATS has a comprehensive suite of capabilities across the food value chain, from procurement to value-added processing, production, distribution, and customer insights. This uniquely positions us to act on our purpose to feed and connect communities not only by providing food but also food solutions.”

Awards and accolades

We are proud to be voted Asia's "Airline Caterer of the Year" for the fifth year at the PAX International Readership Awards. Monty's Bakehouse's Char Siew Sou pastry was also recognised as "One to Watch" at the Onboard Hospitality Awards. These awards reinforce the confidence that our customers have in our ability to deliver and we look forward to bringing more culinary delights and value-add solutions to our customers.

Stanley Goh
CEO, SATS Food Solutions

Operations Review
Gateway Services

Creating Value-added Solutions

As a leading global provider of gateway services, we have visibility of performance data across a global network to provide our customers with greater speed and traceability.



Operations Review

Gateway Services



We scaled up our operations early to prepare for full aviation recovery

SATS GATEWAY SERVICES REVENUE GREW

66.9%

or \$356.1 million, to \$888.5 million in FY23 over the same period last year.

Growing revenue

Driven by travel recovery and higher cargo revenue from the consolidation of Asia Airfreight Terminal (AAT), SATS Gateway Services revenue grew 66.9%, or \$356.1 million, to \$888.5 million in FY23 over the same period last year. It was a busy year for SATS Gateway Services as we expanded our footprint to more than 200 locations in over 20 countries, integrating SATS' and WFS's cargo and ground handling operations in Asia, Europe and the US.

Ramping up

Gearing up post-pandemic was challenging due to labour crunch and escalating inflation. Flights handled in Changi recovered from 43% to 84% of pre-COVID volumes. SATS worked closely with the key stakeholders and scaled up our operations early to prepare for full aviation recovery, and we are proud to have supported Changi Airport and Singapore Airlines in winning Skytrax's world's best airport and airline 2023, respectively.

The cruise industry has also experienced a resurgence post-pandemic. Marina Bay Cruise Centre (MBCCS) received 254 ship calls and handled more than double the volume of passengers compared to the year before. MBCCS is also proud

to be awarded the President's Certificate of Commendation (COVID-19) from 2022 National Awards, Special Awards for Community Care from Singapore Tourism 2021, and Readers' Choice Awards for Best Cruise Port in Travel Weekly Asia from Year 2018 to 2022.

Modernising operations

SATS is focused on achieving operational excellence and investing in digital and technological capabilities to strengthen our operations.

In September 2022, SATS, AAT and PT Jas became the first ground handling companies in the world to achieve CEIV Lithium Battery certification. This is an important milestone and underscores our commitment to moving cargo that contain lithium batteries safely and securely. We invested in a dangerous goods auto check system known as DG Autocheck for accepting hazardous goods. It checks dangerous goods declarations against the applicable provisions in the IATA Dangerous Goods Regulations and automatically rejects non-compliant shipments.

We are also enhancing our systems in the SATS Integrated Operations Command to boost efficiency. Targeted at improving on-time performance, we are building the

“SATS is focused on achieving operational excellence and investing in digital and technological capabilities to strengthen our operations.”

next generation of our Digital Station Management system, leveraging handheld devices to reduce manual data entry. The data will be auto-populated into a single platform for visibility across all operational units and made accessible in real-time, enabling timely and appropriate interventions to ensure all flight activities are coordinated and performed according to airlines' on-time goals.

Strengthening partnerships

Performance of our gateway joint ventures and associates improved on the back of travel recovery, increasing their share of earnings to the group. The pandemic and recent geopolitical events have caused significant shifts in supply chains, giving rise to new opportunities in air cargo handling. SATS increased our shareholding in AAT in late FY22 and incorporated AAT as a subsidiary of the SATS Group in FY23. We set up the first on-airport cold chain facility in Hong Kong, AAT Coolport in July 2022, to handle perishables and temperature-sensitive products.

We are committed to working with our partners to leverage growth opportunities. For example, in North India, especially in the Uttar Pradesh region, there are multiple large clusters of textile, electronics, eCommerce, pharmaceutical and perishables companies. Our partner in India, the Tata Group, already has a significant presence in Uttar Pradesh

in various businesses. Through our partnership with AISATS, we will build a first-of-its-kind multi-modal cargo hub consisting of an integrated cargo terminal with warehousing and logistics zones to leverage the region's potential.

Integrating with WFS

SATS completed our acquisition of WFS on 3 April 2023 and has started integrating the operations of the two companies. We will be working on creating synergies for our combined business to drive value for our customers through our extensive network coverage. Since our integration, we have worked together at industry tradeshow in Istanbul, Munich and Miami. We also supported WFS in opening the air cargo handling terminal in Bengaluru. WFS's adoption of the SATS COSYS+ cargo operating system provided a smooth transition for our customers there.

Creating value-added solutions

With our expanded network coverage across Asia, Europe and the US, we are well-positioned to provide value-added, end-to-end solutions for our customers. As a leading global provider of gateway services, we will have visibility of performance data across a global network to provide our customers with greater speed and traceability to enhance their supply chain efficiency. As one company, SATS, including WFS will have over 800,000 square metres of cargo warehouse space across a global footprint in key strategic hubs to enable our customers to quickly and effectively optimise their air cargo related operations.

Bob Chi
CEO, SATS Gateway Services



AAT Coolport is the first on-airport cold chain facility in Hong Kong to handle perishables and temperature-sensitive products

Building the Foundation for Long-term Success

Involving leaders at all levels, our Operational Excellence operating system aims to foster a culture of efficiency, continuous improvement and waste reduction by leveraging data, technology through a growth mindset.

Operational Excellence

Delivering exceptional service

At SATS, we are committed to pursuing Operational Excellence (OE) through a comprehensive programme that prioritises process efficiency, waste reduction and continuous improvement. Our unwavering commitment to excellence enables us to deliver exceptional service and value to our customers.

Leveraging data-driven insights

In the year, we have made significant strides in embracing OE principles and integrating them into our operations. By harnessing the power of real-time data and cutting-edge analytics tools, we have gained valuable insights into key metrics such as operating performance, costs, and customer satisfaction. This data-driven approach has fostered a culture of ownership and accountability, empowering our employees to make informed decisions that drive results.

“At SATS, we are committed to pursuing Operational Excellence (OE) through a comprehensive programme that prioritises process efficiency, waste reduction and continuous improvement.”

Establishing the SATS OE operating system

We have established the SATS OE operating system to build a strong OE culture across all entities in the SATS group. This robust framework, developed based on LEAN/6Sigma/ DMAIC methodologies and incorporating best practices from

global industry leaders, serves as a common platform for fostering a harmonised OE culture.

The SATS OE operating system encompasses 12 essential elements consisting of span of control, roles and responsibilities, key performance indicators (KPIs), resource planning, work instructions, performance tracking, GEMBA (going to the source), time and data management, performance reviews, continuous improvement, recognition programmes, and school excellence. By establishing this operating system, we provide a structured platform for our operations teams to take ownership of their work, track performance, eliminate waste, and identify opportunities for continuous improvement. Moreover, this helps to drive a culture of excellence throughout the organisation through accountability.

Deep diving into roles and responsibilities as well as time and data management elements to eliminate duplication of manning



Improving process flows and removing barriers in baggage operations to decrease staff costs

Fostering collective commitment

Involving our leaders at every level fosters a collective commitment to continuous improvement, establishing a solid foundation for our OE culture to flourish. Hence, we are starting our OE programme with our business leaders across the SATS Group and key business units. This phased implementation approach ensures that our OE principles and tools are effectively cascaded throughout the organisation, promoting a standardised approach to operations.

Planting the seed for continuous improvement

Our long-term objective is to cultivate a mindset of continuous improvement across all aspects of SATS' operations. To achieve this, we will leverage data benchmarking, process engineering, and industrial engineering capabilities to identify best practices, eliminate waste, and enhance operational efficiency. The utilisation of data and



Leveraging mobile technology to capture event milestones to reduce dependency on manual tracking

technology remains pivotal in providing visibility into our operations, facilitating performance tracking, and enabling benchmarking across stations. We will prioritise knowledge sharing to facilitate exchange of best practices across the organisation, including collaboration with WFS, driving process simplification, standardisation, and improved productivity levels. By nurturing a culture of continuous improvement and embracing a growth mindset, we encourage our people to embrace change and continuously seek better ways to excel.

Committing to new levels of operational excellence

SATS' commitment to operational excellence, driven by data, technology, and continuous improvement, serves as the guiding light for our organisation. We remain steadfast in our focus on scaling best practices, fostering a culture of excellence, and embracing a growth mindset. By leveraging our collective strengths, we are confident that we will achieve new heights of operational efficiency and customer satisfaction in the years to come. Together, we will continue to exceed expectations, delivering exceptional service and value to our customers.

SATS food process simplification through automation



Accelerating Change Across Our Value Chain

We will continue to raise the bar on sustainability by mobilising and collaborating with our partners along the value chain. We aim to unlock the full potential of the ecosystem as a force for good.

Accelerating Change Across Our Value Chain



Sustainability and Carbon Accounting workshop for SATS' suppliers as part of our Supplier Engagement Programme

Recent events such as the pandemic, volatility in supply chains as a result of geopolitical factors and climate change have shifted priorities for internal and external stakeholders. To ensure the relevance of our material topics, SATS conducted an extensive materiality assessment between October 2022 to April 2023 (the last materiality assessment was conducted in 2017). Eight material topics were identified:

- Energy efficiency and renewable energy
- Sustainable procurement and responsible raw material sourcing
- Circular economy (waste management and sustainable packaging)
- Occupational health and safety
- Talent attraction, retention and development
- Diversity and inclusion
- Cybersecurity and data privacy
- Governance and business ethics

WFS conducted a materiality assessment in February 2022 and the prioritised topics they identified align well with the eight prioritised ESG topics above. We will refresh our sustainability framework to align with the eight material ESG topics, and to take into consideration the addition of WFS's businesses and locations.

Embedding sustainability deeper into our business, we formed an ESG Steering Committee comprising members from our senior leadership team to establish greater alignment on ESG-related matters and ensure we invest appropriately in critical initiatives to achieve our goals.

“Embedding sustainability deeper into our business, we formed an ESG Steering Committee comprising members from our senior leadership team to establish greater alignment on ESG-related matters.”

Our environmental goals, organised around the pillars of Develop Smart Infrastructure and Reduce Food and Packaging Waste, commit us to being environmentally conscious. We released a Group Environmental Policy that defines how we integrate the principles defined in our policy to manage the impacts of our business on the environment.

Progressing with our decarbonisation plan this year, we are working with international organisations such as IATA and UN Global Compact Network Singapore on a number of initiatives such as joining LowCarbonSG, a capability-building programme to enable local businesses in Singapore to start monitoring and reducing their carbon emissions, and becoming the first ground handler in Asia Pacific to join the IATA Environmental Assessment Programme (IEnvA).

Targeting to uplift the sustainability literacy of our suppliers and provide them with the resources and tools to improve their sustainability practices, SATS partnered with UN Global Compact Network Singapore and Enterprise Singapore to educate and support more than 20 of our strategic food suppliers and partners in their sustainability journeys over a period of two years. We also partnered with EcoVadis, a trusted ESG ratings and performance improvement platform, to conduct sustainability assessments on our supply chain partners.

Focused on circularity, we have formed a sustainable packaging task force and developed the golden rules of packaging which will be launched in FY24, to guide us in our choice of packaging materials to use. We also participated in the OCBC Sustainability Innovation Challenge aimed at

addressing the biggest challenge in waste management which is the segregation of waste. We are currently setting up trial projects with the two winners, Enexor Bioenergy and TRIA.

To encourage staff engagement with sustainability, we ran a number of green programmes such as packaging roadshows and climate change & sustainability talks, and installed electric vehicle charging points at the staff carpark.

On the social front, we started a feedback channel, SpeakUp@SATS and stepped up our Gemba Conversations programme to build a safety culture based on ownership and high leadership engagement, focusing on identifying and mitigating safety risks.

In addition to donating to Pathlight School Tampines, SATS Chefs also helped with providing advice on setting up the Asian and Western kitchens in the school. Each year, 150 of the students attending Pathlight School Tampines will be trained in the kitchens and go through work exposure training to help them develop skills that maximise their potential.



Please refer to SATS sustainability report FY23 for more information on our sustainability initiatives and progress [here](#).

Five-year Group Financial and Operational Summary

	FY2022-23	FY2021-22	FY2020-21	FY2019-20	FY2018-19
		(Restated)^	(Restated)^	(Restated)^*	(Restated)^*
Income Statement (\$ million)					
Total revenue	1,758.3	1,176.8	970.0	1,941.2	1,828.0
Operating (loss)/profit	(48.0)	(42.6)	(10.1)	226.2	247.0
Share of results of associates/joint ventures, net of tax	45.4	17.1	(48.0)	11.8	58.9
(Loss)/profit after tax	(38.6)	4.3	(109.3)	175.6	256.2
(Loss)/profit attributable to owners of the Company	(26.5)	20.4	(78.9)	168.4	248.4
Core/Underlying net (loss)/profit	(26.7)	(8.5)	(23.9)	180.3	241.4
Statement of Financial Position (\$ million)					
Equity holders' funds	2,333.5	1,602.6	1,546.3	1,617.5	1,649.2
Non-controlling interests	181.3	231.1	152.5	188.0	167.9
Total Equity	2,514.8	1,833.7	1,698.8	1,805.5	1,817.1
Property, plant and equipment	579.2	589.6	519.7	602.3	579.2
Investment properties	0.0	0.0	0.5	1.0	7.6
Other non-current assets	1,371.7	1,406.7	1,248.9	1,378.8	1,111.4
Current assets	2,722.9	1,296.0	1,322.7	1,028.4	710.2
Total assets	4,673.8	3,292.3	3,091.8	3,010.5	2,408.4
Non-current liabilities	1,552.5	828.0	827.7	643.7	202.0
Current liabilities	606.5	630.6	565.3	561.3	389.3
Total liabilities	2,159.0	1,458.6	1,393.0	1,205.0	591.3
Net Assets	2,514.8	1,833.7	1,698.8	1,805.5	1,817.1
Financial Ratios					
Return on equity (%)	(1.3)	1.3	(5.0)	10.3	15.1
Return on total assets (%)	(1.0)	0.1	(3.6)	6.5	10.8
Net margin (%)	(2.2)	0.4	(11.3)	9.0	14.0
Debt-equity ratio (times)	0.59	0.46	0.51	0.35	0.05
Economic Value Added (EVA) (\$ million)	252.1	(174.2)	(185.4)	72.7	111.1
Productivity and Employee Data					
Value added (\$ million)	898.8	584.4	350.9	1,113.1	1,163.3
Value added per employee (\$)	57,280	51,512	27,041	64,885	81,316
Value added per \$ employment cost (times)	1.24	1.25	0.99	1.47	1.55
Revenue per employee (\$)	112,057	103,725	74,749	113,157	127,780
Staff costs per employee (\$)	46,236	41,217	27,307	44,279	52,304
Average number of employees	15,691	11,345	12,977	17,155	14,306

* Certain items have been restated following the finalisation of PPA of the subsidiary acquired.

^ Earnings per share have been restated following the rights issue in March 2023.

	FY2022-23	FY2021-22	FY2020-21	FY2019-20	FY2018-19
		(Restated)^	(Restated)^	(Restated)^*	(Restated)^*
Per Share Data (cents)					
Earnings after tax					
- Basic	(2.2)	1.8	(6.7)	14.3	21.1
- Diluted	(2.2)	1.7	(6.6)	14.2	21.0
Net asset value per share	156.9	142.8	138.1	144.7	148.0
Dividends					
Interim dividend per share (cents)	0.0	0.0	0.0	6.0	6.0
Final and special dividends per share (cents)	0.0	0.0	0.0	0.0	13.0
Dividend cover (times)	0.0	0.0	0.0	2.5	1.2
Dividend payout (%)	0.0	0.0	0.0	39.8	85.5
Cash Flows (\$ million)					
Cash flows from operations	101.8	96.3	159.4	304.6	344.2
Free cash flow	(39.8)	(15.6)	56.2	168.3	208.0
Capital expenditure	119.4	77.9	61.5	75.6	87.6
Operating Statistics					
Cargo/mail processed (million tonnes)	2.24	1.68	1.15	1.79	1.86
Passengers handled (million)	52.64	10.42	4.12	84.62	59.87
Gross meals produced (million)	68.95	52.40	43.65	82.46	76.05
Flights handled (thousand)	230.37	95.54	55.12	351.44	213.16
Ship calls handled	254	254	96	258	312

Notes:

- 1 SATS' financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars, unless otherwise stated.
- 2 Core/Underlying net profit refers to profit/(loss) attributable to owners of the Company excluding one-off items.
- 3 Return on equity is profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds.
- 4 Debt-equity ratio is total debt divided by total equity at 31 March.
- 5 Average number of employees refers to the number of full time equivalent employees over 12 months, including participants in the flexible-hour work scheme that was introduced since FY2014-15.
- 6 Basic earnings per share is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue.
- 7 Diluted earnings per share is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue after adjusting for dilution of shares under the various employee share plans.
- 8 Net asset value per share is computed by dividing equity attributable to owners of the Company by the ordinary shares (excluding treasury shares) in issue at 31 March.
- 9 Dividend cover is derived by dividing profit attributable to owners of the Company by total dividend (net of tax).
- 10 Dividend payout ratio is derived by dividing total dividend (net of tax) by profit attributable to owners of the Company.
- 11 Free cash flow comprises cash flows from operating activities less cash purchases of capital expenditure.
- 12 Operating statistics cover SATS and its subsidiaries, but does not include associates/joint ventures.
- 13 Passengers handled comprises full service and low cost carrier as well as cruise ship passengers.
- 14 Gross meals include both inflight and institutional catering meals.

Financial Review

Highlights

Group revenue for the year improved 49.4% or \$581.5 million to \$1,758.3 million, with growth in both Food Solutions and Gateway Services driven by travel recovery and consolidation of Asia Airfreight Terminal Co. Ltd. (“AAT”) as a subsidiary. Food Solutions registered an annual increase in revenue by \$228.3 million or 35.6% to \$869.3 million while Gateway Services revenue grew \$356.1 million or 66.9% to \$888.5 million.

Operating loss for the Group increased by \$5.4 million from last financial year’s loss of \$42.6 million to a loss of \$48.0 million in FY2022-23 mainly due to lower government grants and higher costs.

Profit contribution from associates/joint ventures grew by \$28.3 million to a profit of \$45.4 million, compared to a profit of \$17.1 million in the last financial year. The stronger performance of the associates and joint ventures was attributable to the improvement in the aviation sector as borders continue to reopen.

The non-operating loss of \$32.4 million recorded in FY2022-23 was mainly due to exceptional transactional expenses of \$44.9 million incurred during the year for the WFS acquisition. This loss was partly offset by the gain from disposal of property, plant and equipment in the financial year.

Group net profit attributable to owners of the Company (“PATMI”) decreased \$46.9 million to a net loss of \$26.5 million year-on-year. Excluding one-off items, core PATMI was a net loss of \$26.7 million, compared to a net loss of \$8.5 million in the last financial year. Without government reliefs, Group PATMI would have been a loss of \$77.6 million, a marked improvement from the loss of \$112.2 million in the last financial year.

Return on Equity was at negative 1.3%, 2.6 percentage points lower than last financial year as the Group reported a loss.

As at 31 March 2023, the Group’s total assets were \$4,673.8 million with cash and deposit with notary pending payment for the WFS acquisition amounting to \$2,148.4 million while free cash flow was at negative \$39.8 million. Debt-to-equity ratio increased to 0.59 times compared to 0.46 times a year ago.

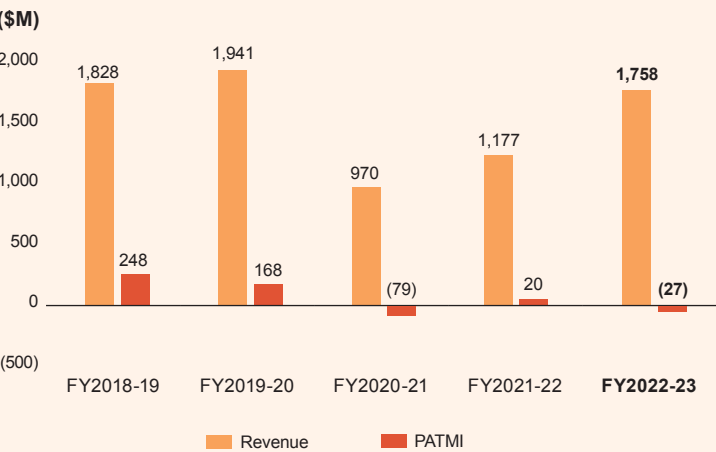
Earnings Per Share

The Group’s earnings per share was a negative 2.2 cents in FY2022-23, 4.0 cents lower than 1.8 cents in the last financial year.

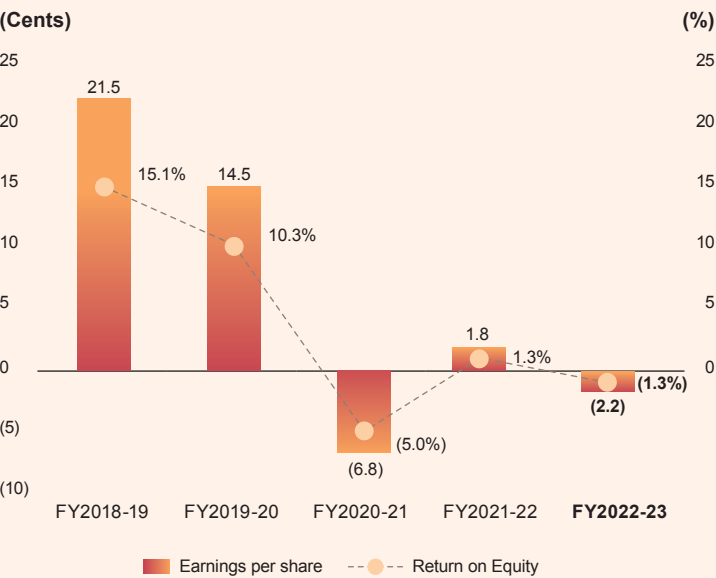
Dividends

The Board of Directors believe that it would be prudent not to pay a final dividend for FY2022-23 as the Company is still not profitable without government grant and relief. This will allow the Company to conserve cash to fund its operational and working capital requirements as well as to reduce leverage as soon as practicable.

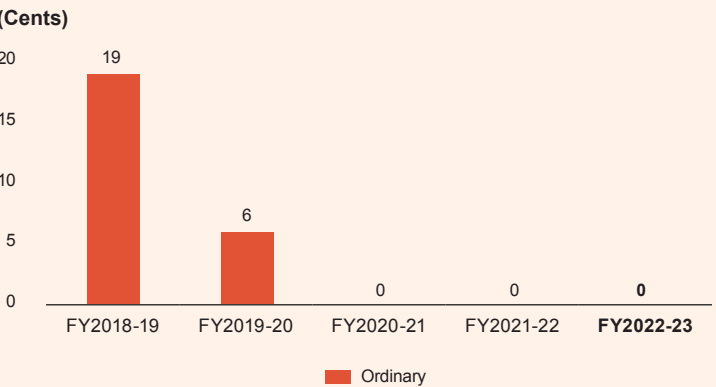
Revenue and Profitability



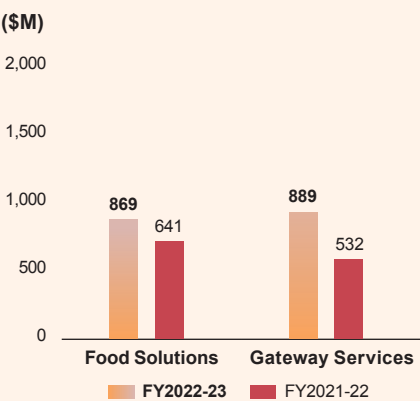
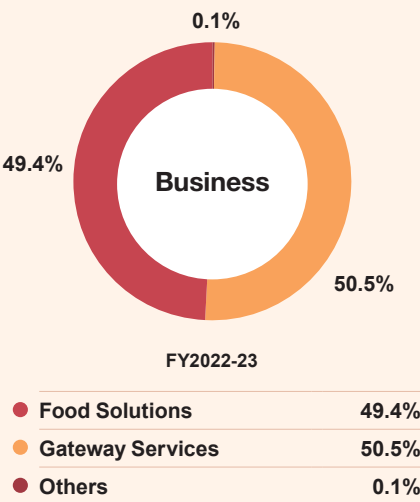
Earnings Per Share and Return on Equity



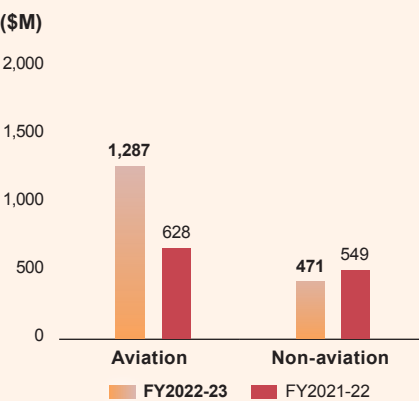
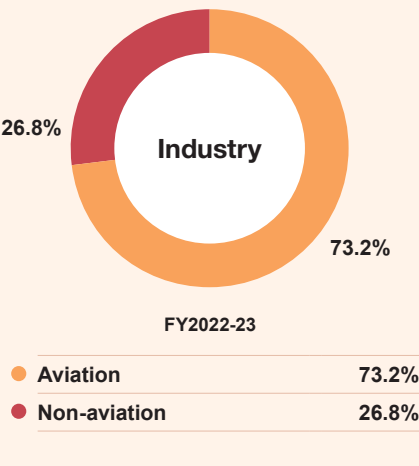
Dividends Per Share



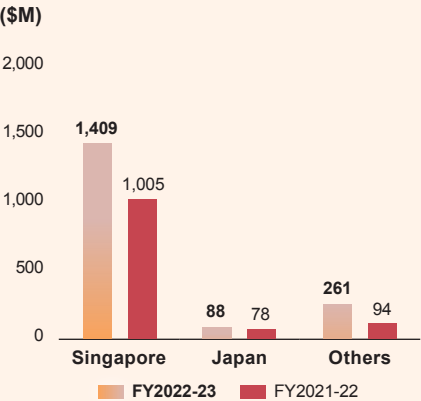
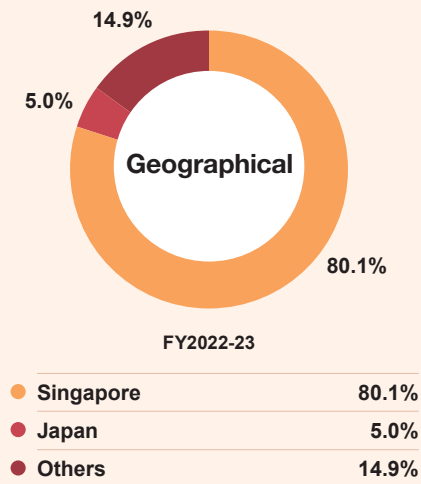
Consolidated Revenue – By Business, Industry and Geographical Location



- Notes:**
- Food Solutions: revenue from inflight and institutional catering, chilled, frozen and retort food manufacturing, food trading and distribution, hospitality services and airline linen and laundry services.
 - Gateway Services: revenue from airport and cruise terminal services, including ground and cargo handling, passenger and security services, baggage handling, apron services and cargo logistics services.
 - Others: revenue mainly from the corporate services.

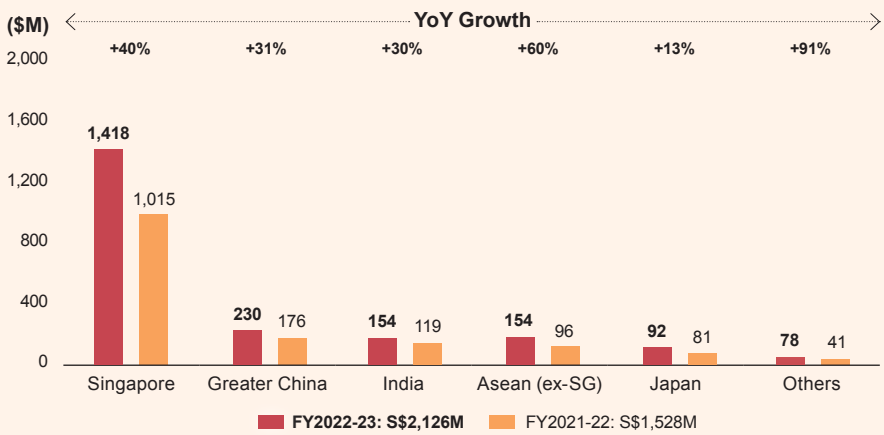


- Notes:**
- Aviation: revenue from aviation-related businesses in Food Solutions and Gateway Services.
 - Non-aviation: revenue from SATS Food Services Group, SATS-Creurs Cruise Services, SATS China Group and corporate services.

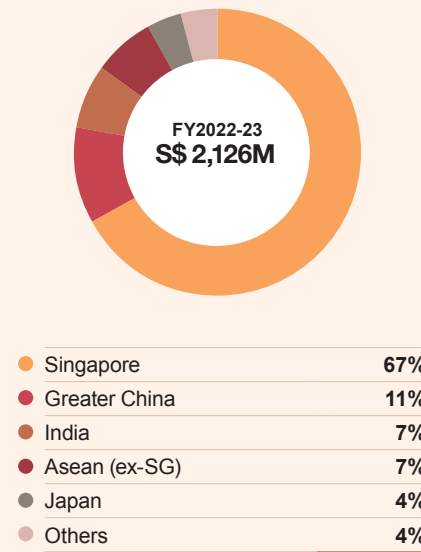


- Notes:**
- Singapore: revenue from Food Solutions and Gateway Services businesses in Singapore.
 - Japan: revenue from TFK.
 - Others: revenue from SATS Food Services Group (Australia), GTR entities, SATS China Group, MBUK, SATS Saudi and SATS Food Solutions (Thailand).

Combined Revenue by Geographical Locations*



* Combined revenue is the sum of the consolidated revenue of the Group and its proportionate share of revenue from its associates/joint ventures (Aggregated Revenue – Non-SFRS(I)).

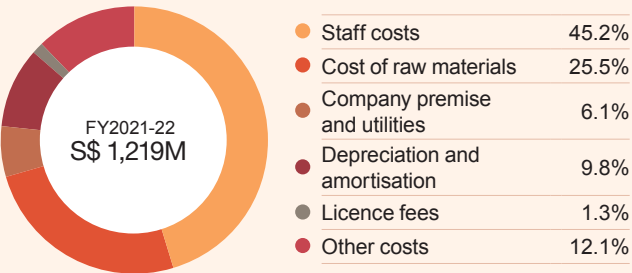
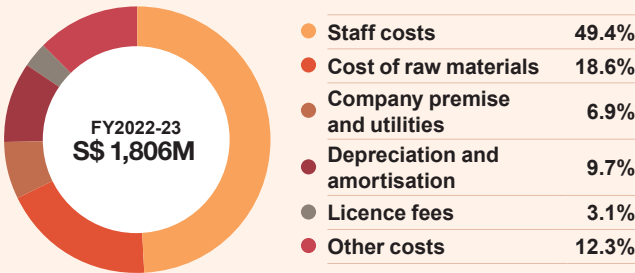


The Group’s combined revenue improved significantly by 39.2% year-on-year with growth in all regions. Overseas contribution to the Group’s combined revenue decreased slightly year-on-year from 34% to 33% in this financial year.

Financial Review

Expenditure

The Group's operating expenditure of \$1,806.3 million increased by \$586.9 million or 48.1% year-on-year with increase in staff costs, raw materials and other operating expenses as business volumes increased as well as consolidation of AAT. Staff costs increased by \$341.3 million mainly due to increase in headcounts and contract labour in support of passenger operations and meal production, and tapering of government reliefs. Raw materials, licence fees, company premises and utilities expenses grew in tandem with higher business volumes. Depreciation and amortisation increased \$56.1 million mainly due to the consolidation of AAT for the full financial year. Other costs rose \$74.0 million due to higher fuel costs and maintenance expenses as well as lower government grants.



Financial Position

Total equity attributable to the owners of the Company increased \$731.0 million or 45.6% to \$2,333.5 million as at 31 March 2023. Total equity of the Group increased \$681.1 million or 37.1% to \$2,514.8 million as at 31 March 2023. The higher equity was mainly due to the increase in share capital arising from Rights Issue during the year.

Total assets increased \$1,381.5 million to \$4,673.8 million. Non-current assets decreased \$45.4 million mainly due to lower property, plant and equipment from disposal and lower intangible assets due to amortisation and foreign currency translation difference. The lower investment in associates was mainly due to dividend received and foreign currency translation difference during the year.

Current assets of the Group increased \$1,426.9 million largely due to deposit with notary pending payment for the Worldwide Flight Services (“WFS”) acquisition as well as higher trade and other receivables.

Capital expenditure of \$124.2 million was \$45.0 million or 53.3% higher compared to last year. The Group's net asset value per share as at end of current financial year was \$156.9, 9.9% higher compared to last year.

The Group's cash and cash equivalents was \$374.5 million as at 31 March 2023, a decrease of \$411.6 million attributed to the deposits with notary pending payment for the WFS acquisition, partly offset by the proceeds from borrowings and proceeds from Rights Issuance.

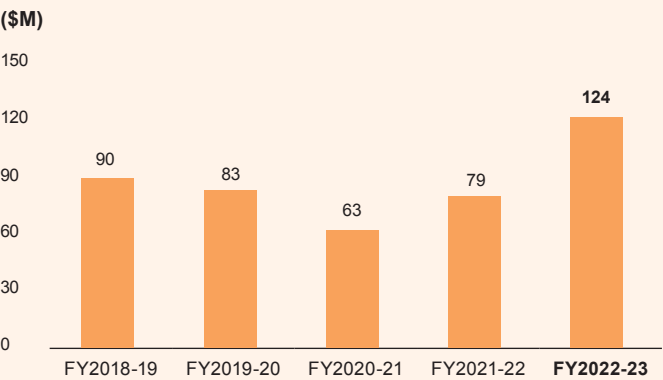
Net cash from operating activities was \$79.5 million, \$17.2 million higher than the last corresponding period due to improved working capital.

Net cash used in investing activities was \$1,831.8 million, \$1,862.9 million higher than the last corresponding period mainly due to the higher capital expenditure and deposit with notary pending payment for the WFS acquisition.

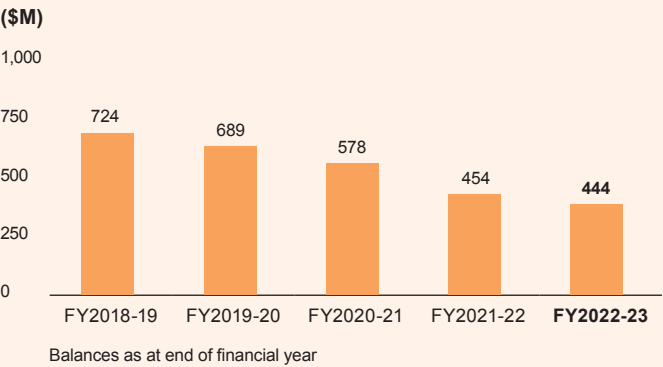
Net cash inflow for financing activities was \$1,340.0 million in this financial year, compared to an outflow of \$189.3 million last year, largely due to the Euro 500 million term loan and proceeds from Rights Issuance.

Free cash flow for the year was an outflow of \$39.8 million, an increase of \$24.2 million compared to the outflow of \$15.6 million generated last year.

Investment in Capital Expenditure



Carrying Value of Investment in Associates/ Joint Ventures



Value Added

The value added of the Group was \$898.8 million, an increase of \$314.4 million or 53.8% compared to the preceding financial year. The distribution for FY2022-23 is reflected in the chart below.

Value Added Statement (\$ million)	FY2022-23	FY2021-22	FY2020-21	FY2019-20	FY2018-19
Total Revenue	1,758.3	1,176.8	970.0	1,941.2	1,828.0
Less: Purchase of goods and services	905.1	632.1	495.3	837.7	747.8
	853.2	544.7	474.7	1,103.5	1,080.2
Add/(less):					
Interest income	9.9	3.3	4.8	3.9	4.1
Share of profits before tax of associates/joint ventures	68.1	24.3	(56.9)	26.1	80.5
Gain/(loss) on disposal of property, plant and equipment	12.3	0.2	0.0	(1.8)	(0.5)
Write-back of earn-out consideration	—	—	13.7	—	11.6
Impairment loss on investment in associates	(1.7)	—	(68.8)	(11.9)	(11.6)
Impairment loss and write-off property, plant and equipment (net of grants)	—	(17.0)	(16.6)	(6.8)	—
Acquisition cost of a subsidiary	(44.9)	—	—	—	—
Gain on deemed disposal of an associate	—	28.9	—	—	—
Gain on disposal of an associate	1.9	—	—	—	—
Other non-operating income/(loss)	—	—	—	0.1	(1.0)
Total value added available for distribution	898.8	584.4	350.9	1,113.1	1,163.3
Applied as follows:					
To employees					
- Salaries and other staff costs	725.5	467.6	354.4	759.6	748.3
To government					
- Corporate taxes *	17.5	(24.3)	(45.1)	52.7	73.1
To supplier of capital					
- Dividends	—	—	—	212.5	200.9
- Interest on borrowings	18.6	17.1	20.5	7.6	0.8
Retained for future capital requirements					
- Depreciation and amortisation	175.8	119.7	130.4	117.6	84.9
- Non-controlling interests	(12.1)	(16.1)	(30.4)	7.2	7.8
- Retained profits	(26.5)	20.4	(78.9)	(44.1)	47.5
Total value added	898.8	584.4	350.9	1,113.1	1,163.3
Value added per \$ revenue	0.51	0.50	0.36	0.57	0.64
Value added per \$ employment cost	1.24	1.25	0.99	1.47	1.55
Value added per \$ investment in fixed assets	0.37	0.24	0.18	0.59	0.70

Note:

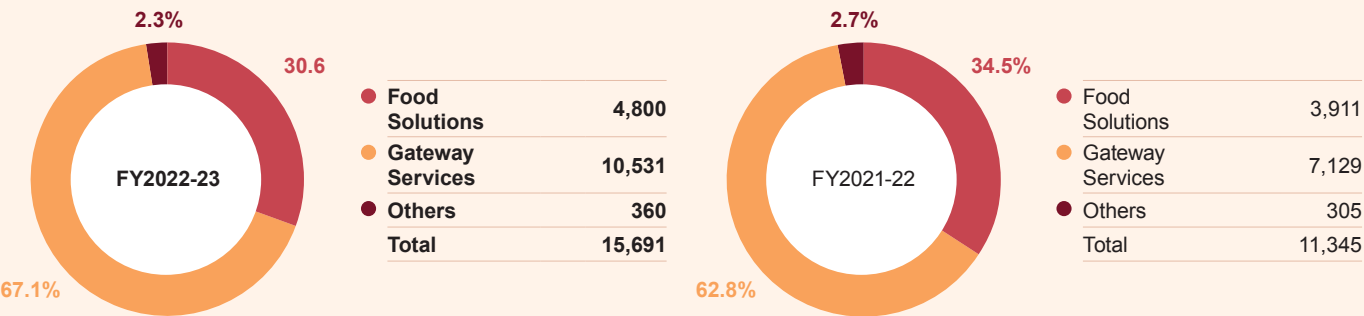
* Includes share of tax of associates/joint ventures.

Financial Review

Staff Strength and Productivity

The average number of full-time equivalent employees in the Group for current financial year was 15,691. The 38.3% increase was mainly due to increase resources in line with aviation recovery across our regional network and consolidation of AAT.

The breakdown of the average number of employees is set out as follows:



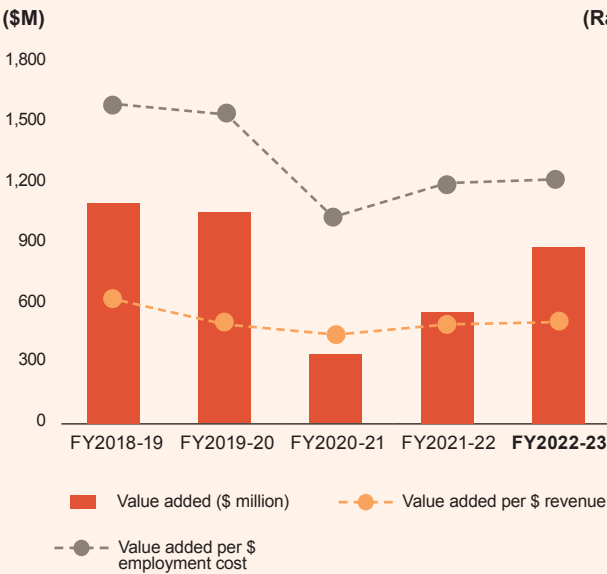
Staff productivity achieved during the year, measured by value added per employment cost was 1.24 times.

Productivity Analysis	FY2022-23	FY2021-22	FY2020-21	FY2019-20	FY2018-19
Value added (\$ million)	898.8	584.4	350.9	1,113.1	1,163.3
Value added per employee (\$)	57,280	51,512	27,041	64,885	81,316
Value added per \$ employment cost (times)	1.24	1.25	0.99	1.47	1.55
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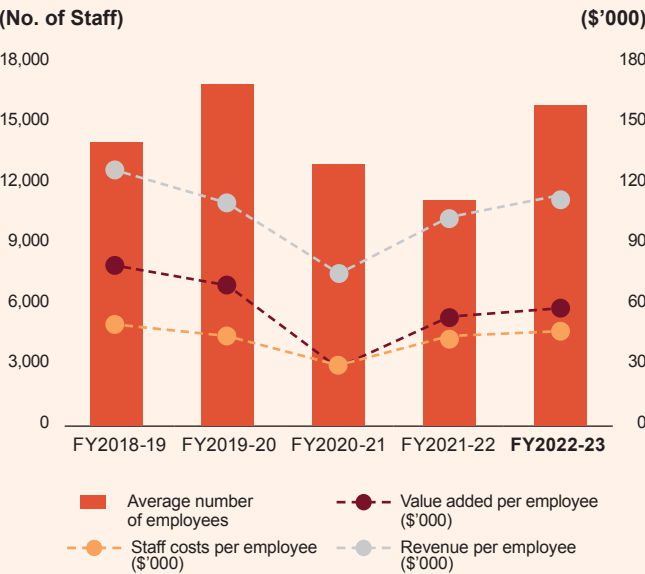
Note:

** Staff costs exclude cost of contract labour.

Group Value Added Productivity Ratios



Group Staff Strength and Productivity



Economic Value Added (EVA)

EVA for the Group was a negative \$252.1 million, \$77.9 million lower than the preceding financial year attributed to lower net operating profit after tax (NOPAT).

Financial Calendar

Financial year ended **31 March 2023**



Corporate Governance Report

We are dedicated to upholding the highest standards of corporate governance. Our corporate governance principles reflect our focus on strong leadership, effective internal controls and risk management, a robust corporate culture, accountability to shareholders and engagement with stakeholders.

We are pleased to report that for the financial year ended 31 March 2023 (FY2022-23), we have complied with the core principles of corporate governance laid down by the Code of Corporate Governance 2018 (2018 Code) and also, in all material respects, with the provisions that underpin the principles of the 2018 Code. Where there are any deviations from the provisions of the 2018 Code, we have provided appropriate explanations.

Recognition received in FY2022-23 for SATS’ commitment to best practices in corporate governance:

- Winner of Gold and Silver Awards for Best Investor Relations and Best Managed Board respectively, Singapore Corporate Awards 2022/2023
- Topped the Singapore Governance and Transparency Index (SGTI) Index for the third year under the general category
- Runner up for the Singapore Corporate Governance Award (Diversity Category), SIAS Investors’ Choice Awards 2022

Board of Directors

Key features of our Board:

- Separation of the role of Chairman, and President and Chief Executive Officer (PCEO)
- Eleven out of our twelve Directors are independent non-executive Directors
- Five out of our twelve Directors are female

Role of the Board

The Board provides entrepreneurial leadership, and is responsible for overseeing the business, financial performance and affairs of the Group. The Board’s key functions include:

- Setting the overall business strategies, directions and long-term goals of the Group (which include appropriate focus on growth, value creation, innovation and sustainability) to be implemented by Management, and ensuring that adequate resources including financial and human resources are available
- Setting the values and standards (including ethical standards) of the Group and appropriate tone-from-the-top and desired organisational culture, ensuring that the Group’s policies and practices are consistent with the culture, and that there is proper accountability within the Group
- Providing sound leadership and guidance to, and constructively challenging, the PCEO and Management
- Monitoring the performance of the PCEO and Management
- Engaging with and providing guidance to the PCEO and Management in the event of unforeseen and/or challenging macro-economic situations
- Evaluating and approving important matters such as major investments, funding needs and expenditure
- Having overall responsibility for the corporate governance, strategy, risk management and financial performance of the Group, including the processes of evaluating the adequacy of internal controls, risk management systems, financial reporting and compliance (including legal, tax and regulatory compliance)
- Ensuring policies, structures and mechanisms are in place to comply with legislative and regulatory requirements
- Ensuring effective communication with, and transparency and accountability to, key stakeholder groups
- Protecting and enhancing the reputation of the Group
- Considering sustainability issues as part of the Group’s strategy
- Setting the Board diversity policy (including qualitative and quantitative objectives, where appropriate)

The Board has adopted a set of guidelines on matters that require its approval, which include all matters of strategic importance, corporate governance practices, legal and regulatory compliance, risk management, maintenance of performance standards, corporate culture, reputation and ethical standards, corporate strategy, approval of business plans, review of results, approval and monitoring of major investments and strategic commitments, operating and capital expenditure budgets, and all matters which the Board is responsible for, or which the Board has delegated to committees, under relevant laws and regulations. These guidelines are communicated to Management in writing.

The Board also engages with and provides guidance to Management in the development and execution of strategies, stakeholder engagement, as well as a wide range of matters in the areas of business, strategy, operational issues, governance and risk management. A Board Sponsor pairing on areas of special focus for each Director based on their expertise and experience was established to enhance interaction with and provide in-depth guidance to Management in the execution of the Company’s strategy. There is a written Financial and Operating Approval Authority Matrix setting out the approval limits (based on established financial thresholds) of the Board, the Executive Committee and the Management for investments, purchases, disposals, selection of vendors, write-offs, etc.

Board Code of Conduct

All Directors aim to objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of SATS and ensure proper accountability within the Company. They understand SATS’ business as well as their directorship duties (including their roles as executive, non-executive and independent directors). The Board has adopted a Code of Conduct as a means to guide the Directors on the areas of ethical risk, and help nurture an environment where integrity and accountability are key.

Our Board Code of Conduct includes the following key principles:

- Directors must avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of SATS
- Directors must immediately declare conflicts of interest in relation to any matter and recuse themselves from participating in any discussion and/or decision on the matter, and are expected to take necessary mitigating steps (if appropriate) to avoid the conflict
- Directors should consult the Chairman of the Board and the Chairman of the Nominating Committee before accepting any appointments to the board of directors of another public or private company
- Directors are to exercise due care and maintain the confidentiality of information entrusted to them by SATS or other parties who have business dealings with SATS
- Directors must carry out their responsibilities in compliance with SATS guidelines and policies, and applicable laws, rules and regulations
- Directors must not trade in the securities of SATS if, at the relevant time, they are in possession of non-public materially price-sensitive or trade-sensitive information

The Board has also put in place a detailed Policy on Disclosure of Interests in Transactions by Directors which supplements the Board Code of Conduct. This policy sets out the legal obligations in respect of the disclosure requirements for conflicts under the Companies Act 1967 (Companies Act), and the procedure and best practice recommendations for making such disclosures. The Company also does not extend loans to its Directors.

Board Composition

We have twelve Directors on our Board, eleven of whom (including the Chairman) are independent non-executive Directors (IDs). The PCEO is the only non-independent Director.

Under the 2018 Code, non-executive Directors should make up a majority of the Board whereas independent Directors should make up at least one-third of the Board. Our Chairman is independent and as there is a majority of independent and non-executive Directors on our Board, the requirements of the 2018 Code are well met.

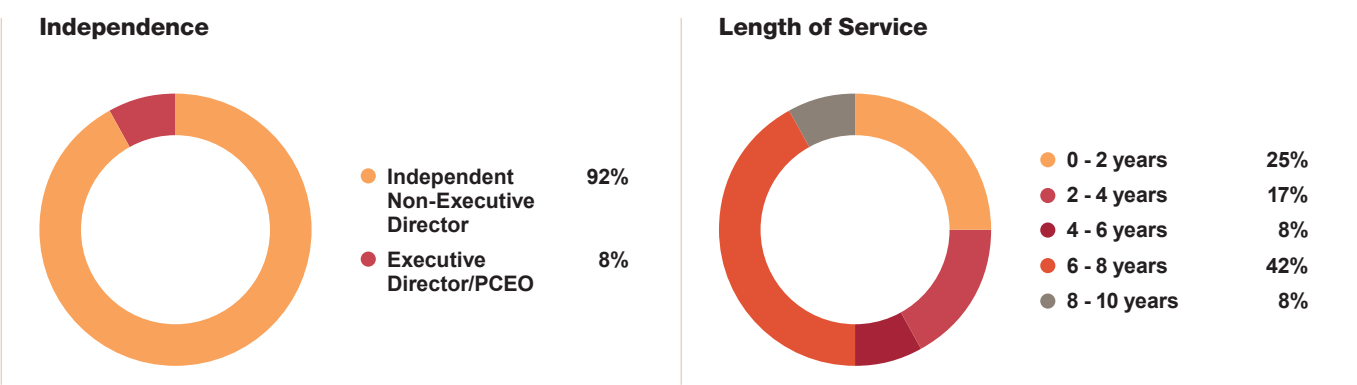
We have not appointed a lead independent Director as our Chairman is not conflicted and is independent. The Chairman and the PCEO are not related to each other.

Our Directors are business leaders and professionals with financial, banking, sales and marketing, branding, consumer business, logistics and supply chain, digital sector, human resource, risk management, operational, technology, legal, venture capital investing, mergers and acquisitions, compliance and accounting backgrounds. The Directors also have broad experience in jurisdictions outside Singapore. We believe that the size and composition of the Board are currently appropriate given the size and geographic spread of our operations.

* For clarity, references to “Management” in this Corporate Governance Report include both members of the SATS Group Management Board (GMB) as well as SATS Group Management Members

Corporate Governance Report

There is a process of refreshing the Board progressively over time which enables the Board to draw upon the experience of longer-serving Directors while at the same time tapping into fresh external perspectives and insights from more recent appointees.



Dr Detlef Trefzger and Mr Eng Aik Meng were appointed as independent non-executive Directors on 15 April 2023. Dr Trefzger has deep experience in the logistics and supply chain industry whereas Mr Eng has extensive local and international experience in the healthcare, shipping and maritime industries, and has been both a corporate executive as well as entrepreneur. Both of their capabilities will enhance the Board’s existing competencies and skills collectively.

Mr Tan Soo Nan, who has served for seven years as an independent non-executive Director and who will be retiring by rotation at the forthcoming Annual General Meeting (2023 AGM), has notified the Company that he will not be seeking re-election as a Director of the Company at the 2023 AGM. In addition, Mr Yap Kim Wah, who has served for close to seven years, will step down as an independent non-executive Director at the conclusion of the forthcoming 2023 AGM.

Board Diversity Policy, Targets, Timelines and Progress

We are committed to building an open, inclusive and collaborative culture and recognise the benefits of having a Board and Board Committees with diverse backgrounds and experience. We have adopted a Board Diversity Policy which focuses on the importance of an appropriate balance of skills, experience, gender, ethnicity, age, industry and geographical background and experience and professional qualifications in building an effective Board with the ability to guide and support us in achieving our strategic objectives and for sustainable growth and development. Such diversity will help to avoid groupthink, whilst at the same time allow the Board to better identify potential risks, foster constructive debate, raise challenging questions, and contribute to problem-solving.

Under our Board Diversity Policy, the Nominating Committee will, in reviewing the Board’s composition, rotation and retirement of Directors and succession planning, consider aspects such as professional qualifications, industry and geographic knowledge, experience, skills, length of service and the needs of the Company. In particular, we consider gender to be an important aspect of diversity and strive to ensure that there is adequate gender mix on the Board; our Board Diversity Policy has been updated to introduce measurable targets to achieve diversity on the Board – our progress made on achieving these targets is further elaborated on below. All Board appointments will be based on merit, and will be considered against objective criteria and having due regard for the benefits of diversity on the Board, our needs and our core values.

The current make-up of our Board reflects our commitment to Board diversity in terms of gender, ethnicity, skills and experience and geographical background and experience. The Nominating Committee will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval.

New Appointments

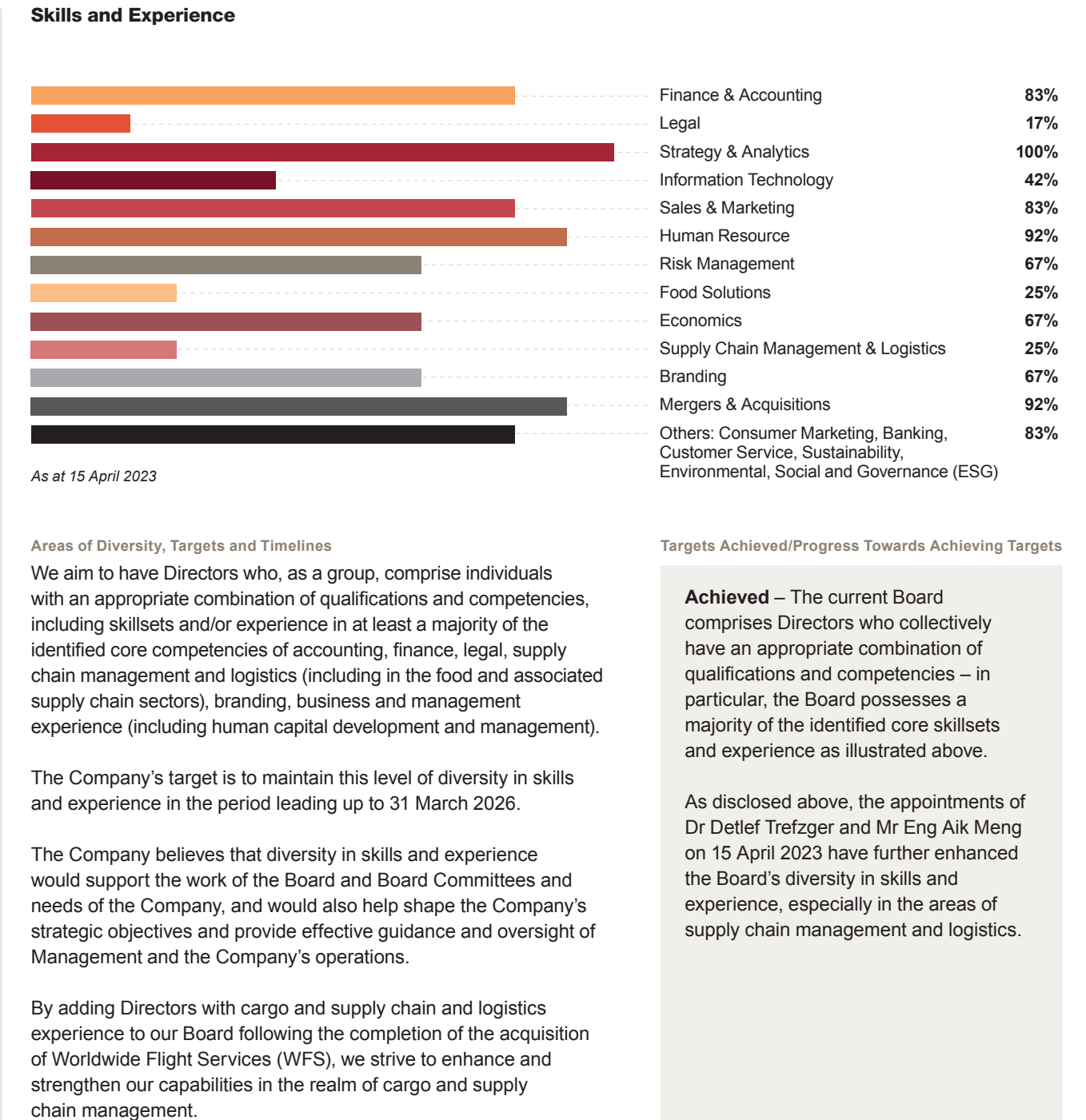
In 2023, the Board made progress in achieving various aspects of diversity with the appointment of the following two new Directors:

- Dr Detlef Trefzger was appointed as an independent non-executive Director on 15 April 2023. He is currently a member of the board of directors of Accelleron Industries AG, Switzerland and easyJet plc, United Kingdom. He held different executive roles in the global transport and logistics industry in the past three decades. Dr Trefzger is based in Switzerland and contributes to Board diversity in terms of geographical background and experience, nationality, skills and knowledge in logistics and in the supply chain industry. He will be attending the Singapore Institute of Directors’ Listed Entity Director Programme in 2023.

- Mr Eng Aik Meng was appointed as an independent non-executive Director on 15 April 2023. He is the co-founder of TE Asia Healthcare Partners and Group Chief Executive Officer of TE Healthcare Advisory Pte Ltd. He spent 20 years in the maritime and shipping industry in various leadership roles and also has extensive local and international experience in the healthcare, shipping and maritime industries, and has been both a corporate executive as well as an entrepreneur. Mr Eng contributes to Board diversity in terms of age, geographical background and experience and skills in different industries. Mr Eng is also an independent director and a member of the investment committee of 65 Equity Partners Pte Ltd (65EP), which is a subsidiary of the Company’s substantial shareholder, Temasek Holdings (Private) Limited (Temasek). Mr Eng has confirmed that he is not accustomed or under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Temasek in relation to SATS’ corporate affairs. His roles in SATS is exercised on the basis of his independent business judgment and in the best interests of the respective organisations. He will be attending the Singapore Institute of Directors’ Listed Entity Director Programme in 2023.

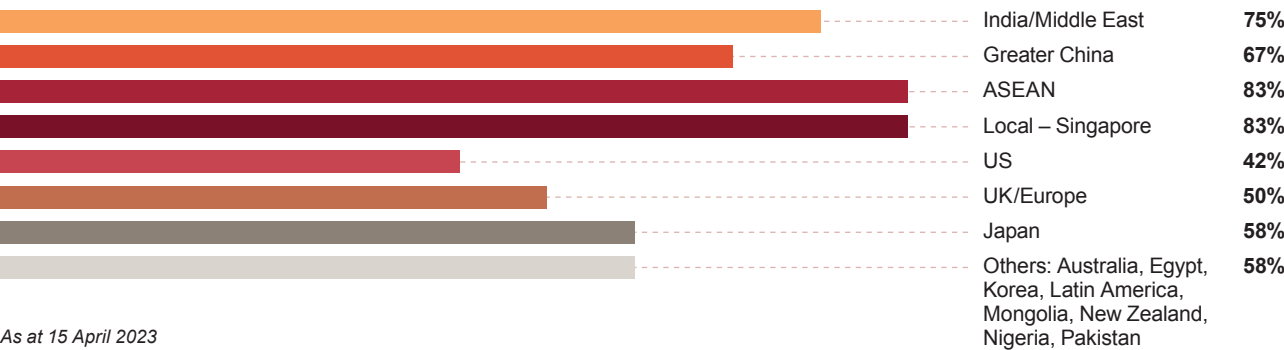
Board Diversity Targets, Timelines and Progress

The Company’s diversity targets for the Board (which are broadly categorised into “Skills and Experience”, “Geographical Background and Experience”, “Gender” and “Ethnicity”), its plans and timelines for achieving the targets, and its progress towards achieving the targets, are described below.



Corporate Governance Report

Geographical Background and Experience



As at 15 April 2023

Areas of Diversity, Targets and Timelines

We aim to ensure that our Directors, as a group, represent geographically diverse backgrounds and experiences, which can effectively navigate challenges and opportunities, especially in the European and United States of America (US) markets in light of the acquisition of WFS.

The Company's target is to maintain this level of diversity in geographical backgrounds and experience in the period leading up to 31 March 2026.

The Company believes that diversity in geographical backgrounds and experience would provide a broad spectrum of perspectives in Board and Board Committee deliberations, enabling the Company to effectively navigate the challenges and opportunities in the markets in which the Group operates.

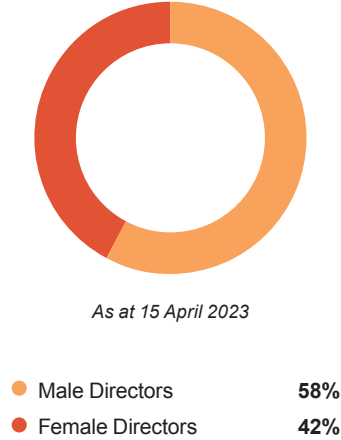
We continue to search for Directors with a deep understanding of the European and US markets.

Targets Achieved/Progress Towards Achieving Targets

Achieved – The current Board, as a group, consists of Directors with varied geographical backgrounds and experience globally including the Association of South East Asian Nations (ASEAN) region, the Middle East, Japan, US, the European Union, United Kingdom (UK), Greater China and India as illustrated above.

As disclosed above, the appointments of Dr Detlef Trefzger and Mr Eng Aik Meng on 15 April 2023 have further enhanced the Board's diversity in geographical background and experience – in particular, Dr Trefzger has background and experience in India, Middle East, Greater China, Japan, ASEAN region, Singapore, US, UK/Europe, and The Americas (North, Middle and South), and the Southern African Continent and Mr Eng has background and experience in Middle East, Japan, ASEAN, Singapore, US, and UK/Europe.

Gender



As at 15 April 2023

Areas of Diversity, Targets and Timelines

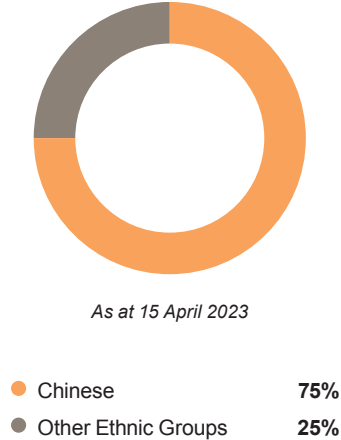
Our Board Diversity Policy has a formalised target of at least 35% female representation on the Board. The Company's target is to maintain this level of gender diversity in the period leading up to 31 March 2026.

The Company believes that ensuring an optimum balance of gender representation on the Board would benefit the Company by giving it access to a broader talent pool as well as to ensure that perspectives and experiences are broad, and diverse, so as to facilitate strategic thinking and problem solving.

Targets Achieved/Progress Towards Achieving Targets

Achieved – Currently, 5 out of 12 Directors (42% of the Board) are female as illustrated here.

Ethnicity



As at 15 April 2023

Areas of Diversity, Targets and Timelines

We aim to bring together Directors with varied backgrounds, cultural insights and experiences. In particular, we aim to ensure that the Board comprises Directors, who as a group, belong to different ethnic groups, and to maintain this level of ethnic diversity in the period leading up to 31 March 2026.

The Company believes that an ethnically diverse Board would benefit Board and Board Committee deliberations, and allow the Board to better understand SATS' businesses and customers in different markets.

Targets Achieved/Progress Towards Achieving Targets

Achieved – Currently, the Board comprises Directors who are from different ethnic groups – 9 out of 12 Directors (75% of the Board) are Chinese and the balance 3 Directors (25% of the Board) belong to other ethnic groups (i.e., Indian and European) as illustrated here.

Corporate Governance Report

We are committed to implementing the Board Diversity Policy, and any progress made towards the implementation of this policy will be disclosed in future Corporate Governance Reports, as appropriate.

The Board, taking into account the views of the Nominating Committee, considers that diversity of the Board in terms of, *inter alia*, skills and experience, geographical background and experience, gender, and ethnicity, will contribute to the quality of its decision-making process and serve the needs and plans of the Group. Further details on the Directors can be found in the “Board of Directors” section of this Annual Report.

Role of the Chairman and the PCEO

The roles of our Chairman (Ms Euleen Goh) and PCEO (Mr Kerry Mok) are clearly separated to ensure appropriate checks and balances, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the PCEO have a relationship of trust, and collaborate with each other on the development and communication of strategies and performance monitoring. The Chairman and the PCEO are not related to each other.

The responsibilities of the Chairman and the PCEO are clearly established and documented in writing in formal Role Statements, which have been adopted by the Board. The Chairman provides support and advice to the PCEO while at the same time respecting executive responsibility. The PCEO seeks support and advice from the Chairman while at the same time respecting the independence of the Chairman.

The Chairman heads the Board and acts independently of Management. Her primary role is to provide leadership to the Board and its committees and to monitor the translation of the Board’s decisions into executive action. In particular, the Chairman is responsible for the following:

Leadership, Strategy and Culture

- Leading the Board and upholding the highest standards of integrity and probity
- Ensuring that the Board plays a full and constructive part in the development and determination of our strategy, overall objectives and sustenance and growth of our business, and promoting a culture of openness and debate
- Enhancing our standing with the outside world
- Ensuring an appropriate balance between the interests of our shareholders and other stakeholders such as employees, regulators, creditors and customers
- Promoting high standards of corporate governance
- Engaging with and providing guidance to the PCEO and Management in the event of unforeseen and/or challenging macro-economic situations (e.g., the COVID-19 pandemic)

Board Matters

- Ensuring that the Board is properly organised, functions effectively and meets its obligations and responsibilities, including ensuring the Directors receive accurate, timely and clear information
- Setting the agenda for Board meetings and conducting effective Board meetings
- Ensuring effective liaison and communication and encouraging constructive relations within the Board and between Board and Management, in particular, between the Board and the PCEO
- Ensuring that the Directors have enough time and information to engage Management and to discuss various matters, and to facilitate the effective contribution of all the Directors
- Ensuring the responsibilities of the Board are well understood by both the Board and Management and the boundaries between the Board and Management are clearly understood and respected
- Ensuring that new Directors participate in a tailored orientation programme and that Directors are able to continually update their skills and knowledge
- Ensuring that the performance of the Board and each Director is evaluated at least once a year

Relationship with Shareholders, Regulators and Key Customers

- Ensuring effective communication with shareholders and other stakeholders
- Representing the Board at official functions and meetings with stakeholders
- Ensuring that the views of shareholders are communicated to the Board
- Promoting our interests when engaging with the regulators and key customers

The PCEO, assisted by the senior members of Management, makes strategic proposals to the Board and after robust and constructive Board discussions, executes the agreed strategy, manages and develops the Group’s businesses and implements the Board’s decisions. The PCEO also communicates on behalf of the Company to different stakeholder groups such as shareholders, employees, government authorities and regulators, and the public.

Board Meetings and Activities

The Board meets regularly and our Directors attend and actively participate in Board and Board Committee meetings. To facilitate meaningful participation, our Board and Board Committee meetings are planned and scheduled in advance. In addition, *ad hoc* Board meetings are convened if and when there are pressing matters requiring the Board’s deliberation and decision in between the scheduled meetings. Board approvals for more routine matters may sometimes be obtained by the circulation of written resolutions, outside of Board meetings.

Board Meetings

- The agenda for Board meetings is decided by the Chairman in consultation with the PCEO, and is planned to allow for sufficient time to address all items
- Matters requiring decision and approval and matters which are for the Board’s information is clearly set out in the detailed agenda
- As part of good corporate governance, key matters requiring Board approval are largely reserved for resolution at Board meetings rather than by circulation to facilitate discussion amongst Board members and Management
- As far as possible, all relevant information, papers and materials are made available to the Directors at least a week prior to the meeting; this would enable any Director who is unable to attend a meeting to provide input and raise queries on the agenda items
- Board papers are detailed and give the background, explanatory information, justification, risks and mitigation measures for each agenda item and mandate sought by Management, including, where applicable, relevant budgets, business plans, forecasts and projections and, in respect of budgets, any material variance between the projections and actual results are disclosed and explained
- Directors can ask for additional information as needed to make informed decisions
- All materials for Board and Board Committee meetings are uploaded onto a secure online portal which can be readily accessed on tablet devices provided to Directors
- A separate resource folder in the online portal contains the terms of reference of all Board Committees and all operating policies of the Group for the Directors’ reference
- The Chairman encourages openness and debate at Board meetings and Directors participate actively in Board discussions and share their insights on issues and matters tabled
- Under the Company’s Constitution, the quorum for Board meetings is two and Board resolutions are passed by simple majority
- The Company Secretary attends all Board meetings and minutes the proceedings
- The Company Secretary and members of the GMB are usually invited and are present at meetings of the Board and the Board Executive Committee
- Where necessary and/or expedient, the Board and Board Committees may invite any other member of Management or external advisors for specific projects to be present at their meetings
- External professionals may also be invited to present updates on corporate governance, legal, tax and/or accounting matters, listing rules and other relevant topics
- If a Director is unable to attend a meeting in person, he/she can participate by telephone or video conference as this is permitted under the Company’s Constitution
- Minutes of meetings are prepared and circulated to the Directors, as far as practicable, within one week of the relevant meeting, and are archived in a separate folder in the secure online portal for easy access by the Directors

Strategy and Other Meetings

- Since 2003, the Board has conducted annual Board Strategy meetings in order to have more focused discussions on key strategic issues
- Board members lend their experience and expertise by being part of and contributing to strategy discussions which may be country or business specific outside of formal Board and Board Committee meetings
- Board members (led by the Chairman or other independent Directors as appropriate) also meet regularly with and without the presence of Management and review and monitor the performance of Management in meeting the goals and objectives set for them, and the chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate
- Where appropriate, Board members are included in strategy discussions ahead of the Board Strategy Meeting to help formulate the strategies that will be presented at the meeting
- Board members provide guidance to Management in specific business areas or geographies where they have significant experience or expertise

Corporate Governance Report

Access to Information

- Board members receive information papers on material matters and issues being dealt with by Management, monthly financial reports covering operating statistics, Group operating expenses, geographical and industry performance, performance of each business segment, associate and joint-venture and an update on the Balance Sheet. The Board also receives monthly reports on the financial performance of the Group, strategy implementation updates, key operational matters, market updates, human resource developments, business development activities and updates on potential investment opportunities
- In addition, Board Committee members receive minutes and reports from Management relating to their specific areas of oversight, which may contain more detailed and specific information
- Queries by individual Directors on circulated papers are directed to Management who will respond accordingly and where relevant, Directors' queries and Management's responses are circulated to all Board members for their information

Access to Management, Company Secretary and Independent Advisers

- The Board has separate and independent access to the members of the GMB, the Company Secretary, and other key members of Management, as well as to the internal and external auditors
- The Board also has separate and independent access to the Company Secretary, who supervises, monitors and advises on all governance matters, and on compliance with the Company's Constitution, applicable laws and regulations, the 2018 Code, and the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST). The Company Secretary, who is trained in legal and company secretarial practices and keeps abreast on relevant developments in such practices, communicates with relevant regulatory authorities and shareholders, facilitates communication between the Board, its committees and Management, and helps with the orientation and the professional development of the Directors. The appointment and removal of the Company Secretary are subject to the approval of the Board
- There is also a Board-endorsed procedure for Directors, either individually or collectively, in furtherance of their duties, to take independent professional advice, if necessary, at SATS' expense
- In the case of mergers & acquisitions and other significant transactions requiring shareholder approval, the Board may appoint independent financial advisors to evaluate the relevant transaction terms

Non-Executive Directors

- We have put in place processes to ensure that our non-executive Directors are well supported by accurate, complete and timely information, have unrestricted access to Management, have sufficient time and resources to discharge their oversight function effectively, and constructively challenge Management and help develop proposals on strategy
- To facilitate open discussion and review of the performance and effectiveness of Management, our non-executive Directors meet at least four scheduled times a year for informal discussions either before or after the scheduled Board meetings, and from time to time where required, without Management being present.

Non-Executive Directors' Remuneration

Every Director receives a basic fee. In addition, he/she receives a Chairman's fee if he/she is the Chairman of the Board, as well as the relevant Board Committee fee (depending on whether he/she served in the capacity as the Chairman or as a member of the relevant Board Committee) for each position held on a Board Committee. Non-executive Directors who cease to be a Director during any part of the financial year are paid pro-rated fees for the term of their office. Each Director also receives an attendance fee for each Board meeting and Board Committee meeting attended by him/her during the financial year. The attendance fees for Board and Board Committee meetings vary according to whether the meeting is held in the state/country in which the Director is ordinarily resident and whether the Director is attending in person or via teleconference/video conference.

Whilst the Remuneration and Human Resource Committee is of the view that non-executive Directors should not be over-compensated, it is mindful that competitive and equitable remuneration will attract, motivate and retain Directors with the necessary experience and capabilities and desired attributes who can contribute to the Company's future development and growth.

The scale of Directors' fees for the financial year ending 31 March 2024 (FY2023-24) remains unchanged since the last revision in the financial year ended 31 March 2019, and is set out below:

	Scale of Directors' fees (FY2022-23) S\$
Types of Appointment	
Board of Directors	
Basic fee	55,000
Board Chairman's fee	85,000
Board Deputy Chairman's fee	40,000
Audit Committee	
Committee Chairman's fee	36,000
Member's fee	23,000
Board Executive Committee	
Committee Chairman's fee	36,000
Member's fee	23,000
Other Board Committees	
Committee Chairman's fee	25,000
Member's fee	13,000
Board Meeting Attendance Fee	
Attendance via teleconference/videoconference	1,000
Attendance in person in home city (up to 4 hours for travel within home city)	2,500
Attendance in person outside home city	5,000
Board Committee Meeting Attendance Fee	
Attendance via teleconference/videoconference	500
Attendance in person in home city (up to 4 hours for travel within home city)	1,200
Attendance in person outside home city	2,500

The significant expansion of the Group's business now calls for a Board with broader and deeper expertise in global markets. However, the Board is committed to support Management in the drive for cost management during this period of integration. Accordingly, the Board has agreed to maintain the existing fee structure for the non-executive Directors, recognising that there will be an increased demands for effort, time spent and responsibilities.

For FY2022-23, shareholders' approval was sought and obtained for the payment of an aggregate sum of up to S\$1,350,000 as Directors' fees for the non-executive Directors. The increase in the fees for FY2022-23 of S\$50,000 was to cater for additional Board and Board Committee meetings in view of the various initiatives undertaken by the Company during the year.

For FY2023-24, approval of the shareholders will be sought, at the 2023 AGM, for the payment of an aggregate sum of up to S\$1,500,000 as Directors' fees for the non-executive Directors. The proposed increase in the fees for FY2023-24 of S\$150,000 is to cater for the appointment of additional non-executive Directors and the ongoing re-shaping of the Board, following the expansion of the Group to include WFS.

The amount of Directors' fees has been computed on the basis of the anticipated number of Board and Board Committee meetings for FY2023-24, assuming attendance by all the Directors at such meetings, and also caters for additional fees (if any) which may be payable due to additional board representations on the Company's subsidiary(ies) and/or joint ventures, or to additional Board Committee members being appointed in the course of FY2023-24. If approved, the proposed fees for FY2023-24 will facilitate the payment of Directors' fees during or soon after the financial year in which such fees are incurred.

As stated above, the scale of fees payable to the non-executive Directors has been held flat since the financial year ended 31 March 2019.

Subject to the requisite shareholders' approvals being obtained, the non-executive Directors (including the Chairman) will each receive approximately 70 percent of his/her total Directors' fees for FY2023-24 in cash and approximately 30 percent in the form of SATS shares (FY2022-23: 70 percent in cash and 30 percent in shares).

Corporate Governance Report

The share component is intended to be paid out in the form of awards under the SATS Restricted Share Plan. The awards will consist of fully paid shares with no performance conditions attached and no vesting periods imposed. However, the non-executive Directors will be required to retain a base shareholding worth up to one year’s retainer fee for as long as he/she is on the Board, and for a period of one year after stepping down as a Director, in order to better align the interests of non-executive Directors with the interests of shareholders. A non-executive Director who steps down before the payment of the share component of his/her fees will receive all of his/her fees (calculated on a pro-rated basis, where applicable) in cash.

The cash component of the Directors’ fees is intended to be paid half-yearly in arrears. The current intention is for the share component of the Directors’ fees for FY2023-24 to be paid after the AGM in respect of FY2023-24 (2024 AGM) has been held. The actual number of shares to be awarded will be determined by reference to the volume-weighted average price of a share on the SGX-ST over the 10 trading days after the 2024 AGM, rounded down to the nearest hundred shares, and any residual balance will be settled in cash.

The aggregate amount of Directors’ fees paid and/or to be paid to the non-executive Directors for FY2022-23 is S\$1,277,800.00 (breakdown given below). The non-executive Directors did not receive any salary, performance-related income/bonuses, benefits in kind, stock options, share-based awards (other than as disclosed above) or other long-term incentives for FY2022-23.

Details on the Directors’ fees for FY2022-23, date of first appointment to the Board, date of last re-election, membership on Board Committees (during FY2022-23) and attendance at Board and Board Committee meetings, the Annual General Meeting held on 22 July 2022 (2022 AGM) and the Extraordinary General Meeting held on 18 January 2023 in relation to the Company’s proposed acquisition of WFS (2023 EGM), in respect of the Directors who held office during FY2022-23, are set out below.

In addition, there were six WFS advisory committee meetings held during FY2022-23 to guide and advise on the acquisition of WFS. The meetings were chaired by Ms Euleen Goh, attended by Mr Michael Kok, Mr Achal Agarwal, Mr Kerry Mok and Ms Jenny Lee. There was no attendance fee paid to them.

Name of Director	Date of first appointment to the Board	Date of last re-election to the Board	Board Meeting	Board Committee Meetings					2022 AGM	2023 EGM	Total Directors' fees for FY2022-23 (SGD)	
				Attendance rate (1 April 2022 to 31 March 2023)								
				BOD ⁽¹⁾	NC ⁽²⁾	EXCO ⁽³⁾	AC ⁽⁴⁾	BRSC ⁽⁵⁾				RHRC ⁽⁶⁾
				No. of meetings held (1 April 2022 to 31 March 2023)								
				11	4	3	5	5				4
a) Executive Director												
Mr Mok Tee Heong Kerry	1 Jan 2022	22 Jul 2022	11	–	3	–	–	–	1	1	No Fee*	
b) Independent Non-Executive Directors												
Ms Euleen Goh	1 Aug 2013 (Director) 19 Jul 2016 (Chairman)	22 Jul 2022	11	4	3	–	–	4	1	1	\$262,200.00	
Mr Achal Agarwal	1 Sep 2016	22 Jul 2022	11	–	3	–	–	4	1	1	\$117,200.00	
Ms Vinita Bali	10 May 2021	22 Jul 2021	11	–	–	–	5	–	1	1	\$91,500.00	
Mr Chia Kim Huat	15 Mar 2017	24 Sep 2020	11	4	–	–	5	–	1	1	\$112,700.00	
Mr Michael Kok ⁽⁷⁾	6 Mar 2015	22 Jul 2021	11	–	3	–	–	4	1	1	\$115,700.00	
Ms Jenny Lee	25 Jan 2019	22 Jul 2022	11	–	–	–	–	–	1	1	\$70,000.00	
Mrs Deborah Ong	16 Nov 2020	22 Jul 2021	11	–	–	5	5	–	1	1	\$134,100.00	
Ms Jessica Tan	17 Apr 2017	24 Sep 2020	10 ⁽⁸⁾	4	–	5	–	–	1	1	\$118,700.00	
Mr Tan Soo Nan ⁽⁹⁾	25 Apr 2016	22 Jul 2021	11	–	–	5	5	–	1	1	\$121,100.00	
Mr Yap Kim Wah ⁽¹⁰⁾	20 Jul 2016	22 Jul 2022	11	–	–	5	5	–	1	1	\$134,600.00	

Notes:

- ⁽¹⁾ Board of Directors (BOD) meetings included 4 verification meetings in relation to the circular to shareholders on the WFS acquisition and Offer Information Statement on the Company’s renounceable underwritten rights issue (Rights Issue) to partially fund the WFS acquisition.
- ⁽²⁾ Nominating Committee (NC)
- ⁽³⁾ Board Executive Committee (EXCO)
- ⁽⁴⁾ Audit Committee (AC)
- ⁽⁵⁾ Board Risk and Safety Committee (BRSC)
- ⁽⁶⁾ Remuneration and Human Resource Committee (RHRC)
- ⁽⁷⁾ Mr Michael Kok resigned from the Board with effect from 15 April 2023 and his Directors’ fees for FY2022-23 was paid fully in cash.
- ⁽⁸⁾ Ms Jessica Tan was absent at one of the verification meetings as she had to attend a Parliament session on 24 February 2023.
- ⁽⁹⁾ Mr Tan Soo Nan will retire from the Board at the conclusion of the 2023 AGM and his Directors’ fees for FY2022-23 will be paid fully in cash.
- ⁽¹⁰⁾ Mr Yap Kim Wah will step down from the Board at the conclusion of the 2023 AGM and his Directors’ fees for FY2022-23 will be paid fully in cash.
- * No Directors’ fees were paid to PCEO, Mr Kerry Mok

Board Committees

The Board is supported in its functions by, and has delegated authority to, the following Board Committees which have been established to assist in the discharge of the Board’s oversight function, based on written and clearly defined terms of reference:

- Board Executive Committee
- Audit Committee
- Nominating Committee
- Remuneration and Human Resource Committee
- Board Risk and Safety Committee

Board Composition

The current composition of our Board Committees is as follows:

Board Committee	Composition	Members
Board Executive Committee	• Four members • Three out of four (including Chairman) are IDs	• Ms Euleen Goh (Chairman) • Mr Kerry Mok • Mr Achal Agarwal • Ms Vinita Bali
Audit Committee	• Four members • All IDs	• Mrs Deborah Ong (Chairman) • Ms Jessica Tan • Mr Tan Soo Nan • Mr Yap Kim Wah
Nominating Committee	• Three members • All IDs	• Ms Euleen Goh (Chairman) • Mr Chia Kim Huat • Ms Jessica Tan
Remuneration and Human Resource Committee	• Three members • All IDs	• Ms Euleen Goh (Chairman) • Mr Achal Agarwal • Mr Eng Aik Meng
Board Risk and Safety Committee	• Five members • All IDs	• Mr Yap Kim Wah (Chairman) • Mr Chia Kim Huat • Mrs Deborah Ong • Mr Tan Soo Nan • Dr Detlef Trefzger

Corporate Governance Report

Board Executive Committee (EXCO)

The EXCO is chaired by Ms Euleen Goh and its members are Mr Kerry Mok, Mr Achal Agarwal and Ms Vinita Bali. Ms Bali was appointed as an EXCO member on 15 April 2023, in place of Mr Michael Kok who resigned on the same date.

Key Responsibilities of the EXCO

The key responsibilities of the EXCO include the following:

- Guide Management on business, strategic and operational issues
- Review and monitor key strategic and legal risks, financial policy and risk appetite limits
- Undertake initial review of the three to five year forecast/business plans and annual capital and operating expenditure budgets for the Group and guide the assessment of strategic opportunities and development of related business initiatives
- Grant initial or final approval (depending on the value) of transactions relating to the acquisition or disposal of businesses, assets or undertakings, joint ventures, mergers, amalgamations or similar corporate transactions
- Oversee the development and implementation of the Group's environmental, social and governance (ESG) strategy
- Establish bank accounts
- Grant powers of attorney
- Affix common seal
- Nominate Board members to SATS' subsidiaries and associated companies

EXCO Meetings

The EXCO is required under its terms of reference to meet at least once in each financial year. The EXCO met three times in FY2022-23. Regular reports are presented at each meeting of the EXCO and matters such as the financial performance of the Group, status of strategy implementation, post investment reviews of significant investments and potential investments are discussed prior to seeking the relevant Board approvals and guidance. The Company Secretary and specific members of the GMB (depending on the topics of discussion to be tabled for presentation or approval at each meeting) are usually invited and are present at the meetings of the EXCO. Minutes of the meetings of the EXCO are forwarded to all Directors for their information. All circular resolutions of the EXCO are brought to the Board for notation at each quarterly Board meeting.

In addition, EXCO together with Ms Jenny Lee, formed an ad-hoc special advisory committee to guide and advise on the acquisition of WFS. This committee met six times for the period from 14 April 2022 to 14 September 2022. None of the members received any additional fees during the year.

Audit Committee (AC)

The AC is chaired by Mrs Deborah Ong, and its members are Ms Jessica Tan, Mr Tan Soo Nan and Mr Yap Kim Wah. All the AC members (including the AC Chairman) are independent.

The AC members collectively have extensive experience in finance, accounting, human resource, information technology, business strategy, development and analytics, in the aviation industry, in consumer marketing, and in banking, finance and investments. The Board is of the view that the members of the AC have the necessary and appropriate expertise to effectively discharge their duties as AC members.

In particular, at least three members of the AC (including the AC Chairman), namely, Mrs Deborah Ong, Mr Tan Soo Nan and Ms Jessica Tan, have recent and relevant accounting or related financial management expertise or experience.

Mrs Deborah Ong, the AC Chairman, was a partner in the Assurance practice at PricewaterhouseCoopers LLP and has more than 30 years of public accounting experience, providing audit and advisory services to companies in various industries. Mrs Ong has a proven record of managing the audits of large listed companies with operations both in and outside of Singapore. She is currently a board member of the Monetary Authority of Singapore, a board member and the chairperson of the respective audit and risk committees of the Lee Kong Chian School of Medicine Governing Board at Nanyang Technological University, Workforce Singapore, and SkillsFuture Singapore.

With more than 40 years of professional experience in various sectors including banking, finance and investments, Mr Tan Soo Nan has the relevant financial management expertise and extensive experience to discharge his responsibilities as an AC member. He is currently an executive and non-independent director of Raffles Medical Group Ltd and Raffles Health Insurance Pte. Ltd., and the lead independent director and audit committee Chairman of Engro Corporation Ltd. He is an Associate of the IFS School of Finance and holds a Bachelor of Business Administration degree from the University of Singapore.

Ms Jessica Tan was Chairman of Singapore's Finance, Trade and Industry Government Parliamentary Committee (GPC) from 2010 to 2015. In 2016, she was appointed Chairman of Singapore's Public Accounts Committee (PAC) till June 2020. The PAC examines various accounts of the Government showing the appropriation of funds granted by Parliament to meet public expenditure, as well as other accounts laid before Parliament. In 2021, Ms Tan was appointed as a member of the Finance and Trade and Industry GPC; and the Communications and Information GPC.

None of the AC members were partners or directors of SATS' existing external auditors within the previous two years prior to their appointment to the AC and none of the AC members have any financial interest in SATS' existing external auditors.

With Mr Tan Soo Nan's retirement from the Board and Mr Yap Kim Wah's stepping down as a Director, both with effect from the conclusion of the 2023 AGM, the NC has recommended that Ms Vinita Bali be appointed as a member of the AC with effect from the conclusion of the 2023 AGM.

Key Responsibilities of the AC

The AC's primary role is to assist the Board with oversight of the integrity of financial statements and on the adequacy and effectiveness of internal controls and risk management systems in relation to financial reporting and other financial related risks and controls. It has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of Management, and full discretion to invite any Director or executive officer to attend its meetings. It also has reasonable resources to discharge its functions.

SATS' Group Internal Audit team, and the external auditors, report their findings and recommendations to the AC independently. In particular, should the external auditors, in their review of the Company's year-end financial statements, raise any significant issues which have a material impact on the interim financial statements or financial updates previously announced by the Company, the AC shall bring this to the Board's attention immediately and will also advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates. The external auditors also update and keep the AC informed about relevant changes to accounting standards and issues which have a material impact on the financial statements.

The AC's key responsibilities include the review of:

Financial Reporting

- Financial statements and financial results announcements/voluntary quarterly business updates for the relevant quarters, including the review of significant reporting issues and judgments
- Revisions/additions/updates to the accounting policies for write-offs, capital expenditure, disposal of assets and investments, and other financial policies
- The assurance from the PCEO and Chief Financial Officer (CFO) on the financial records and financial statements

Internal Controls

- Compliance and information technology (financial reporting) risks
- The adequacy and effectiveness of the risk management and internal controls systems regarding financial reporting, accounting and other financial related risks and controls (and other risk and controls as delegated by the Board), at least annually
- The Board's Risk Management and Internal Controls Statement in conjunction with the Board Risk and Safety Committee
- The policy and arrangements by which our employees and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters in order for such concerns to be independently investigated and appropriately followed up on
- Significant matters raised through the whistleblowing channel
- Any suspected fraud or irregularity or suspected infringement of any Singapore law, rule or regulation of which the AC is aware, which has or is likely to have a material impact on our operating results or financial position, and the findings of any internal investigations and Management's response thereto

External Audit

- The external audit plan, the external auditors' management letter, the scope and results of the external audit and Management's response
- The quality of the work carried out by the external auditors and the basis of such assessment, such as the use of ACRA's Audit Quality Indicators Disclosure Framework
- The assistance given by the executive officers of the Group and the Company Secretary to the external auditors
- The adequacy, effectiveness and independence of the external auditors
- The appointment, re-appointment or removal of the external auditors after evaluating their performance (taking into consideration ACRA's Audit Quality Indicators Disclosure Framework), the audit fee and terms of engagement, and making recommendation to the Board on the proposal to shareholders for the selection of external auditors

Corporate Governance Report

Internal Audit

- The adequacy of resources for the internal audit function and that it is staffed with persons with the relevant qualifications and experience and complies with the standards set by nationally or internationally recognised professional bodies, ensuring the appropriate standing of the internal audit function within SATS and its primary line of reporting to the AC
- The adequacy, effectiveness, independence, scope and results of the internal audit function, audit programme and the internal audit charter, including making recommendations to the Board on establishing an adequate, effective and independent internal audit function
- The hiring, removal, evaluation and compensation of the Head of Internal Audit
- Major findings on internal audit during the year and Management’s responses thereto, difficulties encountered during the course of the audit, significant changes to the audit programme and compliance with relevant professional internal audit standards

Interested Person Transactions

- Interested person transactions as required under the Listing Manual of the SGX-ST (Listing Manual) and our mandate for interested person transactions (Shareholders’ Mandate)

Whistleblowing Reporting

- Review the policy and arrangements by which, staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control, or other in-scope matters (as defined in the SATS Whistleblowing Policy)
- Review reports on all in-scope whistleblowing incidents and ensure that they will be appropriately dealt with
- Review the disclosure of the SATS Whistleblowing Policy in the Annual Report, and publicly disclose the procedures for raising such concerns as appropriate

The AC is also tasked to perform all other functions and responsibilities of an audit committee that may be imposed by the Companies Act, the Listing Manual, the 2018 Code and other relevant laws and regulations, and reports to the Board on how it has discharged its responsibilities and whether it was able to discharge its duties independently.

During the financial year under review, the AC reviewed the Group’s financial statements before the announcement of the Group’s half-year and full-year results as well as the voluntary business updates for the first and third quarters of the financial year. In the process, it reviewed the key areas of management judgment, critical accounting policies, and any significant changes that would have a material impact on the financial statements.

As part of its continuous monitoring and financial reporting process, SATS closely assesses the carrying value of its investments in subsidiaries, associates, joint ventures, property, plant and equipment as well as intangible assets for indication of impairment. Management has been proactively following up on the developments of its businesses across the Group and there are regular reviews of the financial performance and projections as well as cash flow status of its investments. For assets or investments with indication of impairment, Management will determine the assets’ recoverable amount based on value in use calculations using cashflow projections covering five to ten-year periods. The estimates on revenue forecasts, profit margins, growth rates and discount rates used in these cashflow projections will take into account assumptions on the current market condition, the industry’s recovery from the impact of the COVID-19 pandemic, the long-term viability of customers and cost initiatives. Sensitivity analyses were also performed to evaluate whether reasonable changes in the key assumptions would lead to possible impairment. The AC reviewed and challenged Management’s assumptions in relation to such asset impairment reviews and provided useful insights and guidance to Management.

The Key Audit Matter(s) are set out below:

Key Audit Matter(s) (KAM)	AC commentary on the KAM(s), how the matter(s) was/were reviewed and what decision(s) was/were taken
Impairment of non-financial assets, including goodwill	The AC reviewed Management’s approach and methodology applied in the impairment assessment, focusing on those cash generating units (CGUs) with goodwill and CGUs with indicators of impairment, and the key assumptions used in the determination of their value-in-use, including the macroeconomic outlook and other key drivers of cash flow projections. The value-in-use is highly dependent on the forecasted cashflows as well as recovery assumptions relating to the COVID-19 pandemic as international and regional flights resume. The AC also considered recent analyst market reports to obtain an understanding of the actual growth rates and outlook of the industries in which the CGUs operate. The AC considered the findings of the external auditors, including their assessment of the suitability of valuation methodologies and the underlying key assumptions applied in the determination of the value-in-use of the CGUs. The AC was satisfied with the impairment review process, the approach and methodology used, and the impairment recorded by Management during the financial year.

AC Meetings

The AC is required under its terms of reference to meet at least four times a year. The AC met five times in FY2022-23, including a joint AC and Board Risk and Safety Committee meeting.

The AC meets with the external auditors and with the internal auditors, in each case without the presence of Management, at least annually.

Review of Independence and Objectivity of External Auditors

The AC reviews the independence and objectivity of the external auditors annually, taking into consideration the requirements under the Accountants Act 2004. It has also reviewed the nature and volume of non-audit services provided by the external auditors to the Group during FY2022-23, KPMG LLP, and the fees, expenses and emoluments paid or made to them, and is satisfied that they have no significant impact on the independence and objectivity of the external auditors. The total fees payable to KPMG LLP for FY2022-23, and the breakdown of fees for audit and non-audit services, are as follows:

Fees for FY2022-23	S\$(m)
For audit services	1.15
For non-audit services	0.37
Total	1.52

At the recommendation of the AC and as approved by the Board, the re-appointment of KPMG LLP as the external auditors is subject to shareholders’ approval at the 2023 AGM.

The Company has complied with Rule 712, Rule 713 and Rule 715 of the Listing Manual in relation to its auditing firms and the rotation of the audit partner.

Accountability

The Company adopts half-yearly reporting of its financial results which are prepared in accordance with the Singapore Financial Reporting Standards (International). Shareholders were presented with the half-year and full-year financial results within 45 days of the end of the half year financial period and 60 days of the end of the financial year respectively. Through the release of its financial results, the Board aims to present the shareholders with a balanced and understandable assessment of SATS’ performance, position and prospects. However, in order to provide shareholders with a better understanding of the Company’s performance in the context of the current business environment, the Company also provides voluntary quarterly business updates containing meaningful and relevant financial and non-financial information on the Company’s performance for the first and third quarters of each financial year. These voluntary quarterly business updates will include a discussion of the significant factors that affected the Company’s interim performance and relevant market trends including the risks and opportunities that may have a material impact on the Company’s prospects.

Corporate Governance Report

SATS strives to communicate pertinent information to shareholders and the investment community in a clear and detailed manner, and on a regular and timely basis. We disseminate material price-sensitive and trade-sensitive information to the public on a timely and non-selective basis, to provide our stakeholders with the latest and most relevant information they require to make informed decisions about the value of SATS and our long-term prospects. During the course of the COVID-19 pandemic, we have kept shareholders informed on the industry outlook as well as the Group's financials through quarterly business updates. Through social media platforms as well as SATS' corporate website, we have also updated the public on the various initiatives that we have participated in as part of our community efforts to help those in need during the pandemic.

SATS also participates in virtual investor conferences to meet with investors who are interested in knowing more about our business. We also respond to email requests from key institutional investors to meet with the senior members of Management on specific matters and queries about our business. Communications with our stakeholders are conducted in an open and transparent manner and in compliance with the requirements of the Listing Manual.

Integrity of Financial Statements

The Company has in place a process to support Management's representations to the Board on the integrity of the Group's financial statements and internal control systems in relation to the requirement under the Listing Manual for the Board to issue a negative assurance statement that accompanies the Company's announcement of its financial statements.

Monthly management accounts of the Group (covering, *inter alia*, consolidated unaudited profit and loss accounts, consolidated balance sheet and explanatory notes explaining any variance) are circulated to the Board for their information.

Independent Internal Audit Function

The Group's Internal Audit Department's (GIA) objectives, scope of authority and responsibilities are defined in the Group's Internal Audit Charter, which is approved by the AC. The AC is satisfied that GIA is adequately resourced, effective and independent of the activities it audits. GIA does not undertake any operational responsibility or authority over any of the activities within its audit scope.

GIA serves to provide the AC with reasonable assurance that the Group maintains adequate and effective internal controls covering financial, operational, compliance and information technology controls, and risk management systems. GIA also undertakes whistleblowing investigations.

GIA adopts a risk-based approach in formulating the annual internal audit plan that aligns its activities to the key risk areas across the Group. The annual internal audit plan is developed based on a documented risk and control assessment framework, which considers inherent risk and control effectiveness of each auditable entity or process in the Group, and includes consideration of inputs and expectations from Management and the Board. Audit projects are planned based on the results of the assessment, with priority given to auditing higher risk areas. SATS' sustainability reporting process will be subject to an internal review and has been included in the Group's internal audit plan for FY2023-24, as approved by the AC.

The annual internal audit plan is reviewed and approved by the AC. The AC conducts an annual review of the adequacy, effectiveness, independence, scope and results of the internal audit function and ensures that GIA has appropriate standing within the Group to perform its function effectively. GIA also works closely with Management in its internal control advisory review role to promote effective risk management, robust internal control and good governance practices.

Audit reports containing identified issues and corrective action plans are reported to the AC and Senior Management¹. Progress of the corrective action plans is monitored and past due action plans are included in regular reports to Senior Management and the AC. GIA works closely with the external auditors to coordinate audit efforts and updates the external auditors of all relevant audit matters.

GIA is headed by Head, Group Internal Audit and staffed by suitably qualified and experienced executives. Internal auditors report to the Head, Group Internal Audit, who reports functionally to the AC. In the execution of its audit activities, GIA is authorised to obtain the assistance of specialist or specialised services (such as technology audits) from within or outside of the organisation or to outsource audit projects to reputable firms with project-appropriate resources and specialised skills. In situations where the audit work to be carried out by GIA may potentially give rise to conflicts of interest, it will be brought to the attention of the AC. The AC may authorise such audit work to be carried out by an independent third party as it deems appropriate.

The appointment and removal of the Head, Group Internal Audit are subject to the approval of the AC. Under the Group's Internal Audit Charter, GIA has full access to the AC and unrestricted access to all the Group's documents, records, properties and

personnel. Restrictions to these accesses imposed by any employee of the Group (including Management), which prevents GIA from performing its duties, will be reported immediately to PCEO or directly to the AC, based on circumstances as determined by the Head, Group Internal Audit.

GIA is a corporate member of the Singapore chapter of the Institute of Internal Auditors (IIA). It is guided by the Standards for the Professional Practice of Internal Auditing set by the IIA. In line with leading practices, GIA has a Quality Assurance and Improvement Programme that covers its audit activity and conforms to the International Standards for the Professional Practice of Internal Auditing. External Quality Assurance Reviews are carried out at least once every five years by qualified professionals from an external organisation. Training and development opportunities are provided for GIA staff to ensure their technical knowledge and skill sets remain current and relevant. Support is also given to GIA staff to achieve and maintain their certification and relevant professional accreditations (e.g., Certified Internal Auditor, Certified Fraud Examiner, Certified Information Systems Auditor and Chartered Accountants, etc.). A structured programme is in place for professional service providers engaged by the Group to regularly share their knowledge and expertise with GIA staff. GIA staff also attend external trainings and seminars conducted by reputable public accounting and auditing firms, and professional associations such as IIA, Association of Certified Fraud Examiners, Institute of Singapore Chartered Accountants (ISCA), Singapore Accountancy Commission and ISACA.

Review of Interested Person Transactions

The Group has established policies and procedures to comply with the reporting requirements under Chapter 9 of the Listing Manual relating to Interested Person Transactions (IPTs). GIA regularly reviews the IPTs entered into by the Group to verify the accuracy and completeness of the relevant IPT disclosures. The IPTs will be documented and submitted in a report to the AC for their review. During the financial year under review, the AC, assisted by the GIA, reviewed the IPTs (including those IPTs entered into pursuant to the Shareholders' Mandate approved by shareholders at the 2022 AGM), and is satisfied that the IPTs were made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The details of the Shareholders' Mandate (as proposed to be renewed at the 2023 AGM) are set out in the Appendix to the Letter to Shareholders dated 22 June 2023 (2023 Letter to Shareholders). The Appendix describes, *inter alia*, the review procedures for determining transaction prices of, and the relevant internal approval thresholds for, IPTs entered into pursuant to the Shareholders' Mandate.

As required by the Listing Manual, details of the IPTs entered into by the Group are disclosed in this Annual Report. Pursuant to the Listing Manual, where any IPT requires specific shareholders' approval, the interested person and any associate of the interested person must abstain from voting on the resolution and must not accept appointments as proxies unless specific instructions as to voting have been given. In relation to the annual renewal of the Shareholders' Mandate at the Company's AGMs, interested persons covered by the mandate, as well as their associates, must abstain from voting on the resolution to renew the Shareholders' Mandate and the Company will disregard any votes cast by such persons on such resolution.

Nominating Committee (NC)

The NC is chaired by Ms Euleen Goh, and its members are Ms Jessica Tan and Mr Chia Kim Huat. All of the NC members (including the NC Chairman) are independent.

Subject to her re-election as a Director at the 2023 AGM, Ms Jessica Tan will be appointed as the Chairman of the NC with effect from the conclusion of the 2023 AGM, in place of Ms Euleen Goh. For more details, please refer to the "Succession Planning and Board Renewal" section in this Annual Report.

Key Responsibilities of the NC

The key responsibilities of the NC include the following:

- Implement and monitor the Board Diversity Policy, and review and make recommendations to the Board on the composition of the Board, taking into consideration diversity of skills, experience, gender, age, knowledge, size, geography, nationality and ethnicity
- Make recommendations to the Board regarding the process for identification and selection of new Directors, including recommending Directors for appointment to the Board Committees
- Make recommendations to the Board on re-nominations and re-appointments of existing Directors
- Review and make recommendations to the Board on succession planning for Board and Board Committee members, including for the Chairman of the Board and the Chairmen of the respective Board Committees
- Evaluate the independence of Directors on an annual basis, and as and when circumstances require
- Determine if Directors are able to and have been adequately and effectively carrying out their duties as Directors of SATS, especially those who hold multiple directorships and principal commitments
- Implement the Board evaluation process for assessing the effectiveness of the Board as a whole and the effectiveness of the Board Chairman, Board Committees and Directors
- Review and make recommendations to the Board on the training and professional development programmes for the Directors, and ensuring that new Directors are aware of their duties and obligations and undergo the listed entity director training programme (where necessary)
- Save as otherwise disclosed below, such other authorities and duties as provided in the 2018 Code

¹ Senior Management are employees holding the rank of Senior Vice President and above.

Corporate Governance Report

Under Provision 4.1(a) of the 2018 Code, one of the responsibilities of the NC is to make recommendations to the Board on relevant matters relating to the review of succession plans for directors, in particular the Chairman, the CEO and key management personnel. Practice Guidance 4 accompanying the 2018 Code was amended with effect from 1 July 2021 to clarify that the Board, having regard to the particular circumstances of the company, has the prerogative to determine that any other board committee can be given the responsibility to review the succession plans for the PCEO and key management personnel.

The Board has considered the requirements of the Company and decided that the review of succession plans for the PCEO and key management personnel (within the meaning of the 2018 Code and the accompanying Practice Guidance) would be under the purview of our Remuneration and Human Resource Committee (RHRC) instead of our NC. The RHRC, together with the PCEO (as applicable), conducts an annual succession planning review of the Relevant Key Management Personnel² and other selected key positions, taking into account, the Group's current needs and future strategic capabilities. Any recommendations made by the RHRC on the review of succession plans for the PCEO and the Relevant Key Management Personnel will be presented to the Board for approval. Such an arrangement allows the RHRC to consider succession planning holistically with other human resource related issues such as remuneration, talent retention and recruitment. Further, the undertaking of the review of succession plans for the PCEO and Relevant Key Management Personnel by the RHRC instead of the NC does not detract from the underlying principle that there should be a formal and transparent process for the appointment of the PCEO and the Relevant Key Management Personnel. Both the NC and RHRC consist entirely of independent non-executive Directors.

NC Meetings

The NC met four times in FY2022-23. The NC terms of reference requires the NC to meet at least once a year.

Review of Board Composition and Size

The Board, through the NC, reviews the composition of the Board, taking into consideration diversity of skills, experience, gender, age, knowledge, size, geographical background and experience, nationality and ethnicity. The NC has developed a set of principles to guide it in carrying out its responsibilities of reviewing and determining an appropriate Board composition, and implements and monitors the Board Diversity Policy. The NC reviews the composition of the Board to ensure that the Board comprises Directors who as a group provide core competencies, in areas such as accounting, finance, legal, supply chain management and logistics, branding, business, management (including human capital development and management) experience, industry knowledge, technology, strategic planning experience, and customer-based experience/knowledge, required for the Board to be effective.

The Board, in concurrence with the NC, is of the view that, taking into account the nature and scope of our operations, the requirements of our businesses and to facilitate effective decision-making, the appropriate size of the Board should range from 8 to 12 members, with independent Directors making up the majority of the Board (in our case, 11 out of 12 Directors are independent) notwithstanding that Rule 210(5)(c) of the Listing Manual only requires that independent directors comprise at least one-third of an issuer's board at any time. No individual or small groups of individuals dominate the Board's decision-making.

No alternate Directors were appointed during FY2022-23. The Board will generally avoid approving the appointment of alternate Directors, which is in line with the principle that Directors must be able to commit time to SATS' affairs. The Board believes that alternate Directors should only be appointed in exceptional circumstances, and will generally not approve the appointment of alternate Directors.

Each Director brings to the Board a myriad of technical, professional, business and geographical experience and competencies to SATS, as can be seen from the "Skills and Experience" and "Geographical Background and Experience" charts set out in the "Board Diversity Policy, Targets, Timelines and Progress" section in this Annual Report. The NC, when sourcing and identifying suitable candidates for the Board, aims to ensure that the Board has an appropriate balance and diversity of skills, experience and knowledge in setting the overall business strategies and directions of the Company and its group of companies as well as providing guidance to the Management. Whilst the current Directors' Expertise and Experience matrix reflects that the Directors have the expertise in the requisite areas identified by the Board as described in the "Board Composition" section in this Annual Report above; the re-shaping of the Board in alignment with the expanded scope of business is continuing. The NC, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, has further given due regard for the benefit of diversity on the Board.

Selection and Appointment of New Directors

The NC regularly reviews the existing attributes and competencies of the Board in order to determine the desired experience or expertise required to strengthen or supplement the Board, taking into consideration the existing composition of the Board and the need for progressive renewal of, and diversity on, the Board. A Directors' Experience and Expertise matrix is prepared, which

² Relevant Key Management Personnel in this context are the PCEO and his direct reports.

provides an overview of the Directors' experience and expertise and serves as a guide for the NC when sourcing and identifying suitable candidates for the Board.

The NC is responsible for making recommendations to the Board regarding the identification and selection of new Directors. Taking into consideration the desired qualifications, skill sets, competencies and experience which are required to supplement the Board's existing attributes, if need be, the NC may seek assistance from external search consultants for the selection of potential candidates. No external search consultant was engaged during FY2022-23. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration. The NC, together with the Chairman of the Board, then meet with the short-listed candidates to assess their suitability, before submitting the appropriate recommendations as to the appointment of any candidate to the Board for its approval.

Succession Planning and Board Renewal

The NC has reviewed and considered the succession plans for the Board and Board Committee members.

As part of the Board renewal process:

- Mr Michael Kok, who has served more than eight years, has stepped down as a Director with effect from 15 April 2023;
- Mr Tan Soo Nan, who has served for seven years, will be retiring from office at the conclusion of the 2023 AGM and will not be seeking re-election at the 2023 AGM; and
- Mr Yap Kim Wah, who has served for six years, will be stepping down from the Board with effect from the conclusion of the 2023 AGM.

The Board and Management would like to express their gratitude to Mr Kok, Mr Tan and Mr Yap for their invaluable contributions to the Company over the years.

Dr Detlef Trefzger and Mr Eng Aik Meng were appointed as independent non-executive Directors on 15 April 2023. They will retire in accordance with Article 96 of the Company's Constitution and will offer themselves for re-election at the 2023 AGM.

Following the resignation of Mr Kok, the Board (upon the recommendation of NC) made the following changes to the compositions of EXCO, RHRC and BRSC, with effect from 15 April 2023:

- Ms Vinita Bali has been appointed as a member of the EXCO while relinquishing her role as a member of the BRSC;
- Mr Eng Aik Meng has been appointed as a member of the RHRC; and
- Dr Detlef Trefzger has been appointed as a member of the BRSC.

As Mr Tan and Mr Yap will cease to be Directors of the Company with effect from the conclusion of the 2023 AGM, the Board (upon the recommendation of NC) has approved the following changes to the compositions of AC and BRSC, which will take effect from the conclusion of the 2023 AGM:

- Ms Vinita Bali will be appointed as a member of the AC; and
- subject to his re-election as a Director at the 2023 AGM, Dr Detlef Trefzger will be appointed as the Chairman of the BRSC.

As part of succession planning, the NC has also recommended that, subject to her re-election as a Director at the 2023 AGM, Ms Jessica Tan take over as Chairman of the NC with effect from the conclusion of the 2023 AGM, in place of Ms Euleen Goh.

In identifying any potential candidates for the Board, the NC will also take into account whether the candidate has fully discharged his/her duties and obligations during his/her previous directorship of a company listed on the SGX-ST, whether the candidate has previously served on the board of a company with an adverse track record or with a history of irregularities or is/was under investigation by regulators and whether a candidate's resignation from the board of any such company would cast doubt on his/her ability to act as a Director of the Company.

Review of Directors' Independence

The NC is tasked to determine on an annual basis, and as and when circumstances require, whether or not a Director is independent, having regard to the definition of an "independent Director" and guidance as to the types of relationships which would deem a Director not to be independent, under the Listing Manual, the 2018 Code and its accompanying Practice Guidance.

Under the 2018 Code, an "independent Director" is one who is independent in conduct, character and judgement, and has no relationship with SATS, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of SATS. Under the Listing Manual, a Director will not be independent if he/she is employed or has been employed by SATS or any of its related corporations in the current or any of the past three financial years, or if he/she has an immediate family member who is employed or has been employed by SATS or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the RHRC.

Corporate Governance Report

The Directors complete an annual confirmation of independence, whereby they are required to critically assess their independence, which the NC takes into account for the purposes of this review. The Directors are mindful, however, that the relationships identified in the annual confirmation of independence are only indicators of possible situations where independent judgment may be impaired, but are not in themselves conclusive. Independence is often only meaningful in the context of each particular relationship considering the business environment, shareholding, organisational structure and operating constraints. Directors also disclose any relationship with SATS, its related corporations, its substantial shareholders or its officers which may affect their independence, as and when they arise.

The NC and the Board have determined that the independent Directors as at the end of FY2022-23 are Ms Euleen Goh, Mr Achal Agarwal, Ms Vinita Bali, Mr Chia Kim Huat, Mr Michael Kok, Ms Jenny Lee, Mrs Deborah Ong, Ms Jessica Tan, Mr Tan Soo Nan and Mr Yap Kim Wah. Both Dr Detlef Trefzger and Mr Eng Aik Meng who were appointed on 15 April 2023 (after the FY2022-23) have been determined by the NC and the Board as independent Directors.

Ms Euleen Goh first joined the Board as an independent Director on 1 August 2013 (and as Board Chairman with effect from 19 July 2016) and reached nine years of service on 1 August 2022. The Company obtained the requisite approvals from shareholders at the Company's 2022 AGM for the continued appointment of Ms Goh as an independent Director beyond 1 August 2022 via the two-tier voting process under the then applicable Rule 210(5)(d)(iii)(A) and Rule 210(5)(d)(iii)(B) of the Listing Manual. But for the recent amendment to the Listing Manual implemented by the SGX-ST to cap the tenure of independent directors of issuers to nine years (as discussed in the next paragraph), the requisite approvals obtained under Rule 210(5)(d)(iii) in relation to the independence status of Ms Goh would have remained in force until (i) her retirement or resignation as a Director, or (ii) the conclusion of the third Annual General Meeting (AGM) following the passing of the relevant resolutions for her continued appointment as an independent Director, whichever is the earlier.

On 11 January 2023, the SGX-ST removed with immediate effect the two-tier vote mechanism under Rule 210(5)(d)(iii) and introduced new Rule 210(5)(d)(iv) which limits the tenure of independent directors serving on the boards of listed issuers to nine years. As a transition, independent directors whose tenure exceeds the nine-year limit can continue to be deemed independent until the issuer's AGM held for the financial year ending on or after 31 December 2023 so long as they meet the requirements in Rule 210(5)(d)(i) and Rule 210(5)(d)(ii) of the Listing Manual. As Ms Goh satisfies these requirements, she can continue to be deemed independent until the conclusion of the AGM for the financial year ending 31 March 2024, which is expected to be held in July 2024.

In seeking the requisite approvals under Rule 210(5)(d)(iii) for Ms Goh to continue as an independent Director at the 2022 AGM, the Company had sought to strike an appropriate balance between the need for Board refreshment and the need to provide continuity in leadership and guidance to Management amidst the challenging operating environment. There had also been changes to the key members of Management over the recent years, including the appointment of Mr Kerry Mok as PCEO on 15 December 2021. As the Company had been gearing up for aviation recovery, there had also been significant transformation to focus on operational excellence and proficiency as well as to meet the increasing demands of our customers and eco-system partners. The NC (with Ms Goh abstaining and recusing herself) had considered the above factors and assessed then that it would be in the best interests of the Company for Ms Goh to continue serving as an independent Director and Board Chairman in order to oversee the Management transition and implementation of the various initiatives. The NC was of the view that the Company would benefit from an independent Director who had, over time, accumulated deep institutional knowledge, expertise and valuable insights into the Company's business and established strong relationships with key regulators and customers. In seeking the requisite approvals under Rule 210(5)(d)(iii) for Ms Goh to continue as an independent Director at the 2022 AGM, the NC and the Board (in both cases, with Ms Goh abstaining and recusing herself from the deliberations as to her independence) determined that Ms Goh's independence from Management had not been compromised despite her long tenure as she remained objective and independent-minded in Board and Board Committee deliberations. In light of her robust discussions with PCEO and the Management team during Board and Board Committee meetings and her constructive challenges to them on matters raised for deliberations and taking into account that during her tenure as an independent Director, there had been various changes to the key members of Management (including the PCEO), the NC and the Board determined that Ms Goh's independence was not compromised due to her long tenure of working with the same management team. For the same reasons, the NC and the Board (in both cases with Ms Goh abstaining and recusing herself from the deliberations as to her independence) are of the view that Ms Goh can continue to be regarded as an independent Director until the conclusion of the AGM for the financial year ending 31 March 2024, which is expected to be held in July 2024.

Ms Jenny Lee was appointed to the Board on 25 January 2019. She was subsequently appointed as a Non-Executive Independent Director of Temasek with effect from 1 January 2022. Temasek is a substantial shareholder of SATS. Ms Lee has confirmed that she is not accustomed or under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Temasek in relation to SATS' corporate affairs. She further confirmed that her appointment as a Director of Temasek

does not interfere, and would not be reasonably perceived to interfere, with the exercise of her independent business judgement in the best interests of SATS and she does not have any other relationship (whether familial, business, financial, employment or otherwise) with Temasek that could interfere, or be reasonably perceived to interfere, with the exercise of her independent business judgement in the best interests of SATS. She has agreed to recuse herself from participating in any and all discussions and decisions concerning transactions/matters and/or proposed transactions/matters between SATS and Temasek. The NC and the Board, having reviewed Ms Jenny Lee's declaration of independence and her above-mentioned confirmations, have determined that Ms Lee is an independent Director.

Mr Eng Aik Meng was appointed to the Board on 15 April 2023. He was appointed as a Non-Executive Independent Director of 65EP, a wholly owned subsidiary of Temasek with effect from 15 March 2021. Temasek is a substantial shareholder of SATS. Mr Eng has confirmed to the Company that he is not accustomed or under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Temasek in relation to SATS' corporate affairs. He further confirmed that his appointment as a Director of 65EP does not interfere, and would not be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of SATS and he does not have any other relationship (whether familial, business, financial, employment or otherwise) with 65EP or Temasek that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of SATS. The NC and the Board, having reviewed Mr Eng's declaration of independence and his above-mentioned confirmations, have determined that Mr Eng is an independent Director.

Some of our Directors are board members or executive officers of organisations that provide or receive services to or from the SATS Group in the ordinary course of business and on normal commercial terms. These transactions were entered into based on merit and competitive terms negotiated by Management, and the relevant Directors were not involved in the process for, or approval of, the transactions. These Directors have also confirmed that they were not involved in the decision by their respective organisations to enter into the transactions with the SATS Group. The NC and the Board considered the conduct of each such Director in the discharge of their duties and responsibilities as Directors of SATS, and are of the view that the foregoing relationships did not impair their ability to act with independent judgment in the discharge of their duties and responsibilities as SATS Directors. On this basis, the Board, taking into account the views of the NC, arrived at the determination that each such Director is independent. The relevant Directors recused themselves from the Board's and (where applicable) the NC's deliberations on their own independence.

Mr Kerry Mok is the PCEO, and is the only executive Director on the Board. He is thus a non-independent Director. The nature of our business and operations merit the continuity of an executive Director on the Board to provide independent Directors with the requisite background and knowledge to facilitate their independent judgment and decision-making.

Review of Directors' Time Commitments

The NC determines annually whether a Director has been adequately carrying out his/her duties as a Director of SATS, taking into consideration the number of that Director's other listed company board representations and other principal commitments. The NC is of the view that the number of each Director's other directorships was in line with our internal guideline that the maximum number of listed company board representations which any non-executive Director may hold should not be more than six. Having regard to each Director's attendance record for Board and, where applicable, Board Committee meetings, and his/her ability to contribute effectively thereat, the NC is of the view that each Director has been able to effectively discharge his/her duties as a Director of SATS, and is satisfied that Directors who hold multiple board representations nevertheless devote sufficient time and attention to SATS's affairs. In particular, the NC reviewed the Directors' time commitments in FY2022-23, and the NC and the Board noted that notwithstanding the number of other non-listed directorships that Ms Jenny Lee holds, she has been able to attend all the Board meetings and has contributed substantially to the discussions at such meetings and whenever called upon for ad-hoc meetings.

The role of the Chairman, in particular, requires significant time commitment. As Board Chairman, Ms Euleen Goh plays a crucial role as she is required to provide leadership to the Board and to ensure that the Board plays a full and constructive part in the development and determination of the Group's strategies, objectives and growth. Although Ms Goh also served on the board of another listed company during FY2022-23 (she subsequently retired as a director of this other listed company on 23 May 2023), the NC and the Board (each, without Ms Goh's participation) were of the view that she has managed her other time commitments appropriately and has enough capacity to discharge her obligations as our Chairman. This was reflected in her full attendance of all relevant meetings and the time spent in the conduct of her various duties as outlined in this Corporate Governance Report.

During FY2022-23, except for Ms Jessica Tan who attended 10 out of 11 Board meetings (she did not attend 1 Board meeting due to her attendance at a Parliament session on 24 February 2023 – please refer to Note 8 of the table in the “Non-Executive Directors' Remuneration” section in this Annual Report), the rest of the Directors achieved full attendance for Board and Board Committee meetings held during their respective tenures as Directors and (where applicable) Board Committee members. The meeting attendance records of all Directors, their list of directorships and other principal commitments are fully disclosed in our Annual Report.

Corporate Governance Report

Assessment of Board Performance

The Board, with the assistance of the NC, has approved the objective performance criteria and implemented a process for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contributions by the Chairman and each individual Director of the Board.

The NC assesses each individual Director's contribution to the effectiveness of the Board annually and as and when required.

Assessment of Board and Board Committees and individual Directors' performance is carried out annually through evaluation questionnaires. In FY2022-23, Egon Zehnder (an independent global management consulting firm with no other connection with SATS or any of the Directors) was engaged to assist in the collation and analysis of the evaluation questionnaires sent to Directors and GMB members, and to conduct interviews with such Directors and GMB members to obtain open and frank feedback regarding the Board's performance. The NC has determined that an external consultant will be engaged once every three years.

The questionnaire sent to Directors has evaluations on the Board and Board Committees, on peer performance, and on self-assessment on independence. Issues such as Board composition, Board independence, Board dynamics and culture (including support and recognition of Management), Board processes, information management and flow, ESG, ethics and investor relations (including effectiveness of the Board in fulfilling its role of creating and delivering sustainable value to shareholders (while also keeping other stakeholders' interests in balance)), leadership and oversight of the Company's strategy and performance, benchmarking with industry peers, effectiveness of Board Committees, PCEO performance and succession planning, Directors' development and management, and risk management are covered. Directors are also encouraged to provide feedback on areas where they have seen improvement or decline in the Board's effectiveness in the past twelve months, areas which the Directors feel the Board benchmarks highly (relative to the other companies which they are a director of), and practices that the Board could benefit from adopting. For the peer evaluation contained in the questionnaire, the Directors are encouraged to provide comments about the contribution of their peers, the objective of which is to show whether each Director has demonstrated his/her willingness and ability to constructively challenge and contribute effectively to the Board, and his/her commitment to his/her roles on the Board.

Feedback from the GMB members regarding the Board's performance was obtained in FY2022-23. This exercise is usually conducted once every three years when NC appoints an external consultant to facilitate the Board evaluation process. The questionnaire sent to the GMB members has evaluations on Board composition and independence, Board and Management team dynamics and culture (including whether the Board is supportive of and gives appropriate appreciation of and recognition to Management; whether the Board has a shared understanding of, and respects, the division of responsibilities between itself and Management, and between the Chairman and the PCEO; whether there is sufficient mutual respect, trust and candor among Directors, and whether Directors have effective working relationships with each other, allowing for frank, constructive, meaningful and open discussion and debate by all Directors, which leads to effective decision making), ESG, ethics and investors relations, Board leadership and oversight of the Company's strategy and performance (including whether the Directors have a comprehensive understanding of the Company's business and challenges; and how the Board brings value to the Management team), and effectiveness of Board Committees (including whether they perceive the relevant Board Committees as having fulfilled their responsibilities as set out in their respective terms of reference). Additionally, the evaluation also explored the question of whether, in light of the acquisition of WFS, the Board has the necessary expertise and experience to navigate an enlarged group and how the Board can assist Management to achieve the Company's strategy, goals and objectives as an enlarged group.

The results from the questionnaires and the feedback obtained from the Directors and the GMB members were collated by the Company Secretary and shared with the Board Chairman and the NC members, and subsequently with the entire Board. Based on the feedback received from the Directors, the following aspects of the Board stood out:

- The Board played a critical role in the WFS acquisition, which is a significant achievement
- The Directors have a wealth of experience and are able to share broad, insightful perspectives
- The Board's experience and competence in governance and risk management is strong
- The Board is committed and energetic, and the Chairman is respected for her dedication, competence and commitment
- There is active and open engagement between the Board and Management
- There is trust and a productive relationship between the PCEO and the Chairman

The Board Chairman held discussions with each individual Director on any concerns which the Director might have, provided him/her with feedback on his/her performance, and also sought his/her feedback on the Chairman's own performance. The Board discussed the findings of the evaluation and agreed to follow-up on proposed action items.

Orientation and Training for Directors

The NC exercises oversight on the orientation, training and professional development of Directors.

We have a formal and structured orientation framework. Newly-appointed Directors undergo a two-day familiarisation exercise whereby they undergo a comprehensive and tailored programme, including visits to major businesses and joint ventures, site visits to the kitchens, SATS Integrated Control Centre and Cargo Security Control Centre etc., as well as presentations by members of Management, to facilitate the Directors' understanding of the Group's objectives, strategic plans, businesses, operations and processes. Each of the newly-appointed Directors is also sent a formal appointment letter setting out their roles, duties, obligations and responsibilities, and requesting the Director to sign the prescribed undertaking to use his/her best endeavours to comply with the requirements of the Listing Manual. External legal counsel may also be engaged to conduct briefing sessions for newly-appointed Directors on the roles and responsibilities of a Singapore listed company director. For the newly appointed directors, Mr Eng had (i) been briefed by members of the Management on the Groups' objectives, strategic plans, businesses operations and processes and, (ii), in May 2023, visited the Company's facilities in Singapore to familiarise himself with its various business operations. Dr Detlef Trefzger's two-day familiarisation exercise has been scheduled for July 2023.

Copies of the minutes of immediate past Board and Board Committee meetings are made available on the secure online portal. Directors are also provided with other materials relating to the Board and Board Committees, including the terms of reference of the various Board Committees on which they are appointed as well as relevant guidelines and policies.

A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his/her roles and responsibilities as prescribed by the SGX-ST, unless the NC is of the view that training is not required because he/she has other relevant experience, in which case the basis of its assessment will be disclosed.

Both Dr Detlef Trefzger and Mr Eng Aik Meng will be attending their training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST and will complete such training within one year from their appointment.

The Directors are provided with continuing education, particularly on relevant new laws, regulations and changing commercial risks. They are briefed by the Company Secretary in areas such as directors' duties and responsibilities under the Companies Act, Listing Manual and Securities and Futures Act 2001 (SFA) to enable them to carry out their statutory and fiduciary duties as well as to update and refresh them on matters that may affect and/or enhance their performance as Board members.

As part of the Directors' ongoing training, Directors are encouraged to attend training, conferences, courses and seminars conducted by external organisations such as the Singapore Institute of Directors and Temasek Management Services Pte. Ltd. on corporate governance, leadership and industry-related subjects. The registration process is facilitated by SATS and the course fees are borne by SATS. Workshops, conferences and seminars attended by some of the Directors during FY2022-23 included the Environmental, Social and Governance Essentials course organised by the Singapore Institute of Directors and the Sustainability E-Training jointly organised by ISCA and SAC Capital Private Limited.

Pursuant to Rule 720(7) of the Listing Manual, all of the Directors in office as at the end of FY2022-23 have completed the required training on sustainability matters as prescribed by the SGX-ST during the course of FY2022-23.

Dr Detlef Trefzger and Mr Eng Aik Meng, who were appointed after the end of FY2022-23, will undergo the required training on sustainability matters as prescribed by the SGX-ST during the course of FY2022-23.

Review of Board Tenure

The NC reviews the tenure of the non-executive Directors. With effect from FY2010-11, newly appointed non-executive Directors are appointed to serve an initial term of three years and such initial term of office may be renewed for subsequent terms upon the recommendation of NC and as approved by the Board.

Rotation and Re-Election of Directors

The NC reviews and recommends to the Board the rotation and re-election of Directors at the AGM, taking into consideration the composition and the need for progressive renewal of the Board.

One-third (or the number nearest one-third rounded upwards to the next whole number) of the Directors are required to retire from office at each AGM. All Directors (including the PCEO) are required to retire from office at least once every three years. Retiring Directors are eligible for re-election. All new Directors appointed by the Board during the financial year hold office only until the next AGM, but will be eligible for re-appointment at that AGM.

The Directors who are retiring by rotation under Article 90 of the Company's Constitution and standing for re-election at the forthcoming AGM are Mr Chia Kim Huat, Ms Jessica Tan and Mrs Deborah Ong. Dr Detlef Trefzger and Mr Eng Aik Meng, who were appointed after the last AGM, will be retiring under Article 96 of the Company's Constitution and will be standing for re-election at the forthcoming AGM. The NC (after having taken into consideration the principles for the determination of the Board size and composition adopted by it and where applicable, the duration of their appointments to the Board) recommends the re-election of each of the Directors standing for re-election at the forthcoming AGM. The NC's recommendation, which has been endorsed by the Board, follows the NC's assessment of the Directors' competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour at Board and Board Committee meetings) including, where applicable, his/her performance as an independent Director.

Corporate Governance Report

Remuneration and Human Resource Committee (RHRC)

The RHRC is chaired by Ms Euleen Goh, and its members are Mr Achal Agarwal and Mr Eng Aik Meng. All of the RHRC members (including the RHRC Chairman) are independent Directors.

Mr Eng Aik Meng was appointed as a member of the RHRC on 15 April 2023, in place of Mr Michael Kok who resigned as a Director of the Company with effect from the same date.

The RHRC has access to expert advice from external consultants on remuneration. In FY2022-23, the RHRC sought views on market practices and trends from an external consultant, Aon Hewitt, on top management compensation. The RHRC undertook a review of the independence and objectivity of the external consultant through discussions with them and was satisfied that the external consultant has no relationships with the Company that would affect their independence and objectivity.

Key Responsibilities of the RHRC

The RHRC plays an important role in helping to ensure that we are able to attract, recruit, motivate and retain the best talents through competitive remuneration and progressive policies such as pay-for-performance so as to achieve the Group's goals, provide good stewardship and deliver sustainable shareholder value. Its key responsibilities include:

- Reviewing and recommending the remuneration framework of the Company (including compensation structure, bonus and employee share plans) to the Board for endorsement
- Reviewing and recommending the specific remuneration packages for each Director, the PCEO and each Relevant Key Management Personnel, to the Board for endorsement
- Overseeing the terms of appointment and scope of duties of the PCEO and other Relevant Key Management Personnel, including succession planning for their roles
- Evaluating on an annual basis, the achievement of performance targets for each Relevant Key Management Personnel as agreed at the beginning of the financial year with the Board and/or the PCEO, as the case may be, and recommending to the Board their respective total compensation
- Reviewing and approving compensation payable to the PCEO and the Relevant Key Management Personnel in the event of early termination of their contracts of services, if such payment is considered appropriate in the circumstances by the RHRC
- Advising on the organisation structure to drive the Company's strategic growth
- Reviewing succession planning for Relevant Key Management Personnel including the PCEO position and other selected key positions, with the PCEO, taking into account current needs and future strategic capabilities
- Reviewing talent development framework and processes to build deep bench strength and a strong talent pipeline
- Carrying out such other authorities and duties as provided in the 2018 Code

In discharging its responsibilities, the RHRC considers all aspects of remuneration and performs benchmarking against comparable organisations, to ensure that all aspects of remuneration (including termination terms) are fair and competitive.

The RHRC's recommendations regarding remuneration of the PCEO, Relevant Key Management Personnel and the non-executive Directors have been submitted to and endorsed by the Board, which is ultimately accountable for all remuneration decisions.

RHRC Meetings

The RHRC is required by its terms of reference to meet at least twice each financial year, with additional meetings to be convened as and when required. The RHRC met four times in FY2022-23.

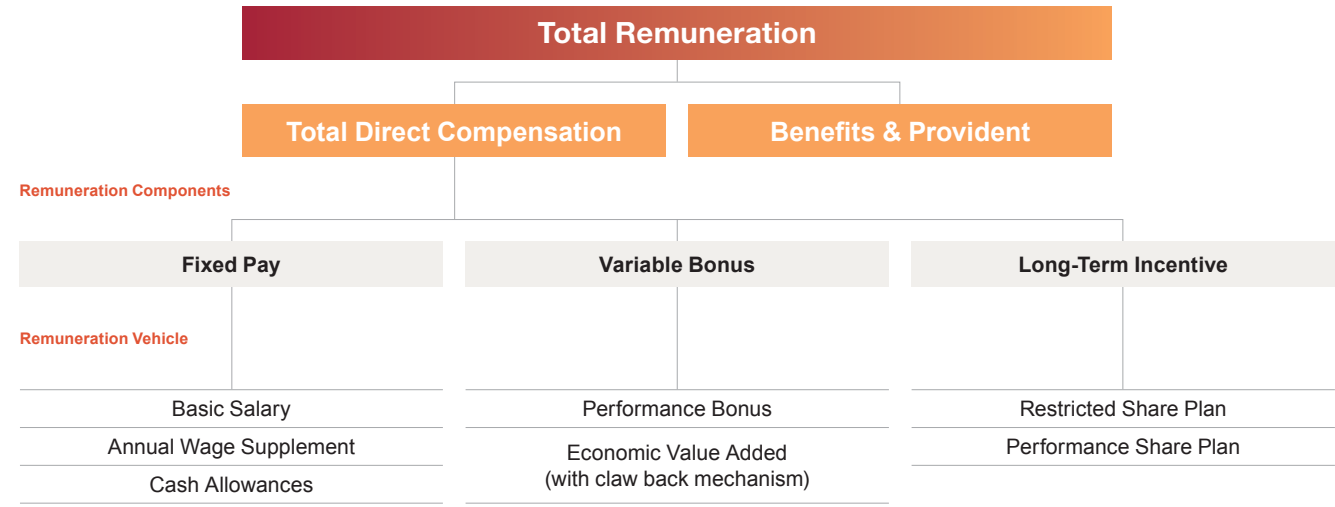
Key Executives' Remuneration

The Company's key executives' remuneration framework is designed to link a significant and appropriate proportion of rewards to the Company and individual performance, and takes into consideration the risk policies of the Company so as to be symmetric with risk outcomes and sensitive to the time horizon of risks. The framework aligns key executives' compensation with the interests of shareholders, balancing between short-term and long-term business interests and sustainability, as defined within the Company's strategy and risk policies.

Remuneration Mix for Key Executives

The principle of remuneration starts with the compensation mix – fixed pay, variable bonus and long-term incentive. Such direct compensation in cash or SATS shares, together with benefits and provident for social security where applicable, make up total remuneration.

Total direct compensation and its respective remuneration components' pay-out are symmetric with Company and individual performance over time. These remuneration components, in turn, consist of remuneration vehicles separately targeting and moderating pay-outs contingent on short and long term shareholder interest and business sustainability. The eligibility, granting and payout conditions for each vehicle differ. Overall remuneration components and types are summarised below:



Benchmarking and Target Pay Positioning

A target fixed pay for each key executive position is benchmarked to the market, ensuring market responsiveness to position job worth. Individuals are paid relative to their target pay position determined by their performance and competencies against expectations of the position. At the total direct compensation level, individuals' annualised pay-out is benchmarked to the market to reflect individual and Company performance. Benefit policies are benchmarked and assessed separately based on competitiveness and prevalence of provision in the market.

Fixed Pay

This consists of basic salary, annual wage supplement (AWS) and cash allowances.

Variable Bonus

This comprises Performance Bonus (PB) and Economic Value Added (EVA).

(a) Performance Bonus

PB rewards annual financial and operating achievements at the Group, Company and individual level. Target levels across each of the following Key Performance Indicators (KPI) are determined at the beginning of each financial year and are cascaded down. The following KPIs are allocated with equal weightage for non-managerial level employees:

- SATS Group PATMI
- SATS Company's Operating Profit
- SATS Company's Operational Performance Scorecard

The Group Balanced Scorecard is used for the measurement of achievement for managerial level employees. The targets comprised in the Group Balanced Scorecard include Financial, Operational Excellence, Customer, People and Strategic Initiatives including Sustainability. The weightage of each of the respective targets is approved by the RHRC.

For key Senior Management, an individual Performance Scorecard comprising the following quantitative and qualitative targets are used: Financial and Business, Customer, People and Strategic Transformation Objectives. In determining the payout quantum for each Relevant Key Management Personnel, the RHRC considers the overall actual achievement against Group, business unit and individual performance scorecard.

After the close of the financial year, the RHRC reviews and approves a bonus pool that is commensurate with the achievements against targets, taking into consideration exogenous factors such as the changing business environment, regulatory landscape and industry trends.

For individuals in control functions, performance targets are principally based on the achievement of the objectives of their functions.

Corporate Governance Report

(b) Economic Value Added – based Incentive Plan (EBIP)

The EBIP rewards for sustainable shareholder value creation over the medium term achieved by growing profits, deploying capital efficiently and managing the risk profile and risk time horizon of the business. A portion of the annual performance-related bonus of key executives is tied to the EVA achieved by the Group in the year. Under the plan, one-third of the accumulated EBIP bonus, comprising the EBIP declared in the financial year and the balance of such bonus brought forward from preceding years (which comprises multiple years of incentive dollar retained in the EVA bank), is paid out in cash each year. The remaining two-thirds are carried forward in the individual executive's EBIP account and such amount is at risk as it is subject to performance-related clawback and could be reduced in the event of EVA underperformance in future years. This mechanism encourages key executives to work for sustainable EVA generation and to adopt strategies that are aligned with the long-term interests of the Group.

The rules of the EBIP are subject to review by the RHRC, which has the discretion, under the authority of the Board, to amend the rules where appropriate and relevant to the business conditions.

Long-Term Incentives

Long-term incentives reward for long-term shareholder value creation (contingent on Group and Company financial and operating achievements, individual performance level, Total Shareholder Returns (TSR) and Transformation KPIs. SATS provisionally grants share awards to employees of managerial grade and above, including key executives, via the SATS Restricted Share Plan and the SATS Performance Share Plan. When performance conditions are met, vested share awards lead to employees becoming shareholders.

(a) The SATS Restricted Share Plan (SATS RSP)

The SATS RSP is an incentive plan for management level employees. Under the plan, a specified number of shares to be granted at the end of the performance cycle will depend on individual position level, and the extent of the achievement of the financial and operating achievements at the Group, Company and individual performance level.

Performance period and performance conditions are required for the financial year preceding each tranche of payment. The first tranche of the award will vest immediately after the end of the performance period and the remaining balance will vest equally over the next two financial years to encourage the retention of such employees.

Grants of fully paid shares under the SATS RSP may also be made to the non-executive Directors in lieu of part of the cash amount of their Directors' remuneration. Such grants will have no performance conditions attached and no vesting periods imposed.

(b) The SATS Performance Share Plan (SATS PSP)

Under the SATS PSP, an initial award is made in the form of a right to receive shares, provided TSR and other performance targets are met in the future. Annual awards are made based on performance of key senior executives. The final award, which can vary between 0-150% of the initial award, depends on stretched value-aligned performance targets. They are based on absolute TSR (30%) and Transformation KPIs (70%) targets being met over the performance period of three financial years.

In FY2022-23, a total of 2,701,900 shares and 296,300 shares have been granted under the SATS RSP and SATS PSP respectively.

Details such as the plan description, performance conditions, vesting conditions and payouts under the SATS RSP and SATS PSP are set out in the Annexure below, and also in the Share-Based Payment section of the “Directors’ Statement” and in the “Notes to the Financial Statements” in the “Financials” section of this Annual Report.

No termination, retirement or post-employment benefits were granted to Directors or the PCEO during FY2022-23.

The aggregate compensation paid to or accrued to the PCEO, the Chief Financial Officer and the Business Heads for FY2022-23 is set out below:

	Salary ² (S\$)	Bonuses ³ (S\$)	Benefits (S\$)	Total (S\$)
President and Chief Executive Officer (PCEO)				
Mok Tee Heong Kerry*	873,495	948,678	74,028	1,896,201

* SATS RSP shares of 288,000 awarded and to be vested equally over a three-year period (such period commencing FY2023-24) provided the terms and conditions of the plan are met. SATS PSP shares of 86,300 were awarded on 24 June 2022 for FY2022-23 and were reported in the Annual Report for FY2021-22. The final number of SATS PSP shares to be vested will range from 0% to 150% of the initial grant and is contingent on the achievement of pre-determined targets over a three-year performance period.

Relevant Key Management Personnel	Remuneration Band ¹	Salary ² (%)	Bonuses ³ (%)	Benefits (%)	Total (%)	Awards under SATS RSP ⁴
Seah Kok Khong, Manfred ⁵	\$1,000,001 to \$1,250,000	52%	43%	5%	100%	131,700
Chi Cheng Bock ⁵	\$750,001 to \$1,000,000	60%	32%	8%	100%	131,700
Cheah Chi Choy Donny ⁵	\$750,001 to \$1,000,000	57%	6%	37%	100%	54,000
Goh Yuen Por Stanley ⁶	\$250,001 to \$500,000	76%	16%	8%	100%	0

- Notes:
- ¹ Remuneration bands as indicated do not include the value of any awards granted under the SATS RSP and / or the SATS PSP.
 - ² Salary includes Annual Wage Supplement and employer's CPF for the year ended 31 March 2023.
 - ³ Variable bonus comprises of both actual performance bonus and economic value added (EVA) bonus in respect of Company and individual performance of FY2022-23.
 - ⁴ SATS RSP shares will vest equally over a three-year period provided the terms and conditions of the plan are met.
 - ⁵ SATS PSP shares that were awarded to Seah Kok Khong, Manfred (60,000) and Cheah Chi Choy Donny (15,000) on 24 June 2022 for FY2022-23 were reported in the Annual Report for FY2021-22. Chi Cheng Bock was awarded 50,000 shares for the same period. The final number of SATS PSP shares to be vested will range from 0% to 150% of the initial grant and is contingent on the achievement of pre-determined targets over a three-year performance period.
 - ⁶ Mr Goh Yuen Por Stanley's remuneration band for FY2022-23 is reflective of his joining date, being 12 September 2022.
 - ⁷ The above tables reflect the remuneration of the employees who hold the rank of PCEO, Chief Financial Officer and Business Heads.

The aggregate total compensation paid to the Chief Financial Officer and the Business Heads (who are not also Directors or the PCEO) for FY2022-23 was S\$3,128,690.

No immediate family members of any Director or of the PCEO were employed by the Company or any of its related companies during FY2022-23.

Learning and Development Programmes for Employees

Learning and development is part of our DNA at SATS. We have anchored training and development to build a performance-driven culture centred around SATS' five core values: Passion to Delight, Safety, Innovation, Trust and Teamwork. We put great emphasis on people development because we believe that a workforce that is well-trained with the necessary competencies and has the adaptability to change is the critical success factor to the growth of the business. The objectives are to harness the potential of its people and to bring out the best in them. To do this, we seek to enhance employee experience and engagement by strengthening their sense of belonging to the organisation, and maximising employee productivity to help SATS' businesses grow and thrive. We want to create a purpose-driven environment for our people.

At SATS, the success formula we adopt is “BE – DO – HAVE”. We believe that it is only when we develop the “BEING” of each individual to DO their jobs in a committed and purposeful manner, we then can HAVE the desired business outcome. Our leaders work together to define the four leadership principles that aim to build an open organisational culture, where every employee embraces the leadership principles in their daily work.

The four leadership principles are:

- (1) be outcome-oriented;
- (2) be open-minded;
- (3) be courageous; and
- (4) be a servant leader.

As SATS grows its businesses locally and globally, we recognise that corporate governance remains a fundamental and core aspect to focus on to ensure that SATS continues to operate in a responsible and ethical manner. In line with this, SATS will continue to craft and update mandatory learning programmes on topics pertaining to corporate governance, such as legal regulations, cybersecurity, people management etc. SATS employees undergo relevant training and subsequent refresher trainings to ensure that understanding and adherence to regulations is embedded in all job grades and at all times. In addition, to equip our employees with skills for the future economy we have designed learning paths which align with the SkillsFuture Critical Core Skills (CCS) in the areas of critical thinking, interacting with others, and staying relevant.

Corporate Governance Report

Learning and development is essential in ensuring that employees have the necessary knowledge, skills, and abilities to perform their jobs effectively and adapt to changing business needs. We believe that when the organisation is focused on people development, we can then truly achieve our vision of becoming the market leader in delighting customers with innovative food and seamless connections, as well as fulfil our purpose to feed and connect communities. More information on the Company's purpose, vision and core values, can be found on our corporate website at the URL <https://www.sats.com.sg/about-sats/who-we-are>.

Succession Planning and Organisation Structure

SATS firmly believes in grooming our internal talents to take on key management roles, and we have put in place a structured process in talent and succession management. The talent development framework and processes to build deep bench strength and a strong talent pipeline are discussed between the RHRC and Management, together with reviews of the organisation structure to meet changes in organisational needs.

At SATS, there are two tiers of talents identified for the organisation – the Business Unit (BU) Talent Pool and the Group Talent Pool. With the diverse nature of SATS' business, the BU Talent Pool allows for the identification and development of talents for specialised functions and expertise at the Gateway, Food Solutions and Corporate level. These three pools intersect at the Group Talent Pool where broad-based experience of the different businesses and strong leadership potential allows for the identification and grooming of Group Talents for key leadership positions. Conversations with the PCEO and business leaders are held regularly to identify individuals for the BU Talent Pool and Group Talent Pool.

As we review the organisation's succession planning, potential successors and high performing employees are put through a structured talent development programme based on the development assessment centre methodology. Our talent development programme is tailored for different employee grades and helps to assess the employees' areas for development in order to prepare them for higher roles. Deliberate steps are also taken to ensure that talents have sufficient exposure to different job functions in the organisation. These rotation plans form part of the talents' individual development plans and ensure that they will have the exposure needed to better lead the organisation in the future.

Board Risk and Safety Committee (BRSC)

The BRSC is chaired by Mr Yap Kim Wah, and its members are Mr Chia Kim Huat, Mrs Deborah Ong, Mr Tan Soo Nan and Dr Detlef Trefzger. All of the BRSC members (including the BRSC Chairman) are independent Directors.

Dr Detlef Trefzger was appointed as a member of the BRSC on 15 April 2023, in place of Ms Vinita Bali. Ms Bali stepped down as a member of the BRSC when she was appointed as a member of the EXCO on 15 April 2023.

Mr Yap Kim Wah will step down from the Board with effect from the conclusion of the 2023 AGM and will thereafter cease to be the Chairman of the BRSC. Subject to his re-election as a Director at the 2023 AGM, Dr Detlef Trefzger will be appointed as the Chairman of the BRSC with effect from the conclusion of the 2023 AGM, in place of Mr Yap Kim Wah. For more details, please refer to the "Succession Planning and Board Renewal" section in this Annual Report.

Key Responsibilities of the BRSC

The BRSC oversees and monitors the adequacy and effectiveness of the Group's³ risk and safety management systems and programmes. Its key responsibilities include providing guidance on:

- The activities of the SATS Group Risk and Safety Committee (SGRSC) chaired by the PCEO, which is responsible for putting in place risk management processes and methodologies, identifying risks, implementing mitigation plans, and updating risk registers and profiles
- The Group's risk areas related to strategic, financial, operational, technology (including cybersecurity), and legal and regulatory compliance considerations
- The adequacy of resources for the risk management functions and whether they have an appropriate standing within the Group
- The risk management policies and practices as well as the types and level of risks faced by the Group
- The adequacy of proposed actions in response to any material breaches of risk limits
- In conjunction with the AC, the Board's Risk Management and Internal Controls Statement

³ Although WFS became a member of the SATS Group on 3 April 2023, being the Group's largest subsidiary, it is being directly overseen by an Advisory Board (please refer to the "WFS Advisory Board" sub-section of this Corporate Governance Report for further details). The WFS Advisory Board then reports to the Board on all WFS matters, including risk and safety management.

- The Group's risk and safety management system and programmes for effectiveness and compliance with regulatory requirements and industry best practices for food safety, workplace safety and health
- Adequacy of the reporting on safety, initiation of remedial actions and assessment of the level of compliance with the safety management plan
- Food safety and accident investigation findings and implementation of recommendations by Management

BRSC Meetings

The BRSC is required by its terms of reference to meet at least four times a year. The BRSC met five times in FY2022-23, including a joint AC and BRSC meeting.

Risk Management and Internal Controls Statement

The Board is responsible for risk governance, and for determining the Company's level of risk tolerance and risk appetite. The Board oversees, monitors and provides guidance at least annually on the adequacy and effectiveness of the Group's internal controls and risk management system implemented by Management to address risks. This system aims to provide reasonable assurance to investors regarding:

- Safeguarding of the Group's assets against unauthorised or improper use or disposal
- Protection against material misstatements or losses
- Maintenance of proper accounting records
- Reliability of financial information used within the business and for publication
- Compliance with appropriate legislations, regulations (including requirements under the listing rules of the SGX-ST) and adoption of applicable corporate governance best practices
- Identification and management of business risks

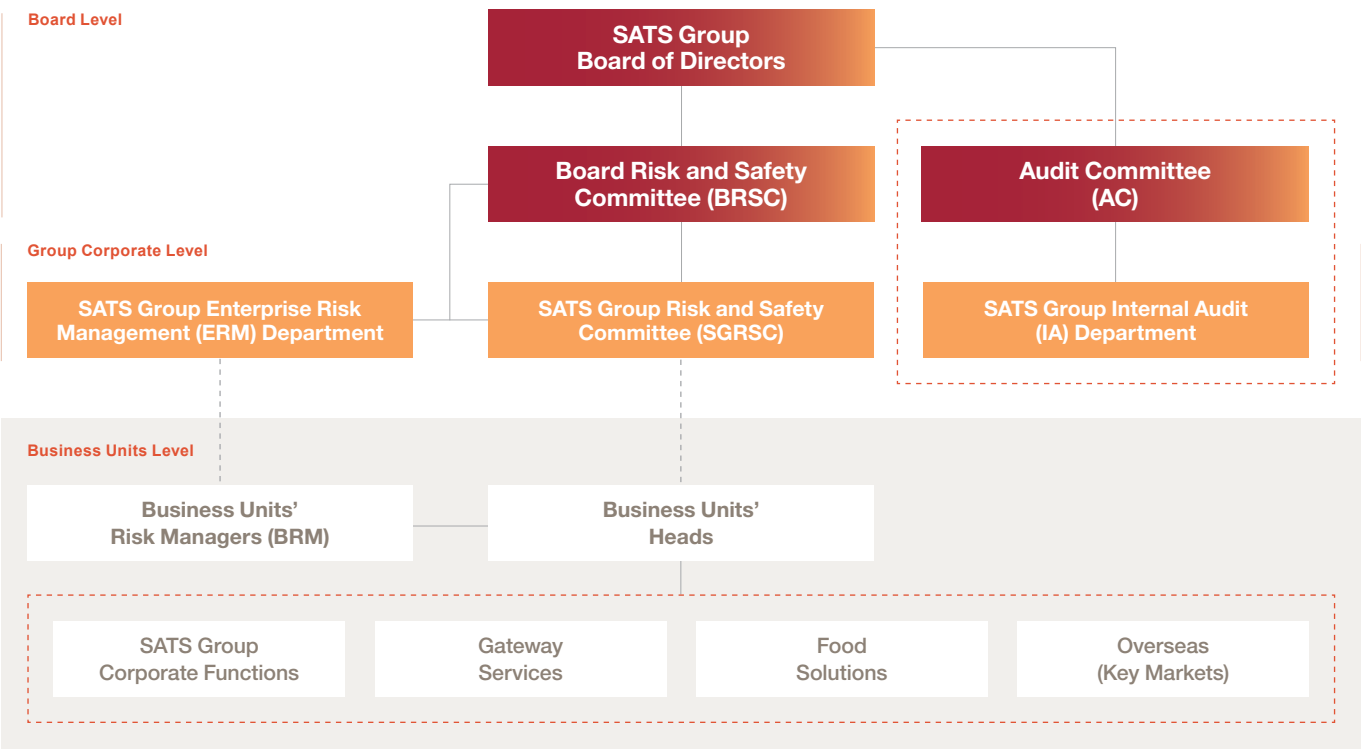
Risk Management Organisational Structure

The BRSC assists the Board in overseeing the adequacy and effectiveness of the safety and risk management systems. Under its oversight, the safety and risk management programme is executed with an integrated view of the organisation and its needs in mind.

The BRSC is supported by the SGRSC. The BRSC monitors the activities of the SGRSC, including regular risk management reports, initiatives, processes and exercises. The SGRSC meets on a quarterly basis to review the risk management system and mitigation measures.

The Group Enterprise Risk Management (ERM) Department coordinates and facilitates the risk management processes within the Group. It provides support to the SGRSC in carrying out its functions.

The Group risk management reporting structure is as depicted in the diagram below.



Corporate Governance Report

Risk Management Overview

SATS’ risk management process begins with the Board’s assessment and approval of the Group’s risk appetite statements. This determines the nature and extent of material risks that the Group is willing to take to achieve its strategic and business objectives. Taking the interests of key stakeholders (including creditors) into consideration, SATS’ risk appetite clearly denotes the Group’s desired risk profile and ensures it is aligned with the Group’s strategy and business plans. The Board generally makes its considerations during the first quarter of the financial year and is kept updated on evolving risk trends, issues and Management’s corresponding mitigating actions and plans in the course of the year.

Recognising the importance of connecting strategic decision-making and entity performance with risk management to accelerate the Group’s growth and value creation, the Group has integrated the ERM framework with Strategy and Performance to manage the risks involved with investments.

Management has identified five main risk areas – financial, strategic, operational, technology (including cybersecurity) and legal and regulatory compliance risks. The Board, including its various committees, oversees the executive actions taken by Management in the following risk areas.

Financial	
Risk Areas	What are the risks?
Credit	Risk of not being able to raise funds due to poor credit ratings; unhealthy debt/equity ratio.
Credit – Counterparty	Risk of potential financial loss resulting from customer/counterparty/business partners’ failure to meet their financial obligations, i.e., payment defaults.
Interest Rate	Risk of fluctuations in interest rates which exposes the Company to volatility in its financing cost.
Liquidity	Risk of not being able to finance operations, meet short-term obligations, or service finance obligations due to insufficient levels of cash, difficulty in raising funds and/or cash flow fluctuations.
Foreign Exchange	Risk of unfavourable exchange rate movements of foreign currencies.
Strategic	
Risk Areas	What are the risks?
Talent Attraction	Risk of not being able to attract and develop adequate key personnel and talent with the skills, knowledge and expertise to allow proper deployment.
Talent Retention	Risk of not being able to maintain a working environment which encourages current staff to remain with the Company. - Inability to retain key personnel and talent to operate the business and/or for succession planning, or - Insufficient/excess manpower due to increase/decrease in demand or inappropriate allocation of resources within SATS.
Knowledge Retention	Risk of inadequate skilled manpower, critical skills, capabilities, experience and knowledge capture and retention to support SATS’ operations, resulting in negative impact on SATS’ effectiveness, efficiency and operating results. Failure to retain and avoid loss of critical knowledge: - During resignations/transfers/retirement/employee downsizing; and/or - Due to gaps in existing knowledge management processes and systems.

Strategic (cont’d)	
Risk Areas	What are the risks?
Growth and Competition	Risk of various forces eroding the Company’s market share and/or negatively impacting the business, e.g., suppressed profits/reduced revenues due to competitive pricing, increased operating costs, declining margins, lack of innovative products, failure to manage uncertainties arising from entering/operating in new markets, loss of key customers or employees. These include market competition, innovation, investment management and customer demand risks, which are: - Failure of innovation initiatives to continuously improve and differentiate the Company’s products, processes, people and systems; - Failure to manage uncertainties arising from entering/operating in new markets that may lead to loss of shareholder value, revenue, and reputation; - Failure to identify and respond to trends/changing landscape in a timely manner; and/or - Increased insurance premiums for business liabilities.
Customer Demand	Failure to keep up with shifts in B2B customer expectations and demands and/or end-consumer preferences/consumption trends. Includes delivery delays, poor product or service quality from outsourced services, etc.
Innovation	Failure to continuously improve and differentiate the Company’s products, processes, people and systems.
Country Concentration	Risks associated with heavy reliance on a specific country or group of countries for SATS’ business, investment, operations or supply chains, leading to potential business disruptions, losses, and negative operations and financial impacts resulting from the possibility of adverse events or changes in that specific country or group of countries.
Investment Management	Failure to manage uncertainties arising from entering/operating in new markets that may lead to loss of shareholder value, revenue and reputation. Includes failure to manage concentration of investments in new/unfamiliar markets, as well as failure to: - Adapt to the regulatory environment; - Establish control over joint venture (JV) partners; - Align strategic interests and business practices with those of our JVs; and/or - Set, communicate and execute strategic directions in investment decisions.
Customer Concentration	Risk where there is a concentration of customers where risk diversification is not maintained at an acceptable level.
Sustainability	Risk exposure to practices that negatively impact the environment and stakeholders in terms of climate change, natural resources, pollution and waste. These include degradation of land, air and water ecosystems, poor labour conditions and human rights, e.g., effluents, emissions, resource depletion arising from company’s activities, etc. This risk area also includes the “environmental” and “social” aspects of ESG.
Operational	
Risk Areas	What are the risks?
Food Safety Incident	Risk that food is prepared under conditions that are unhygienic or otherwise not compliant with acceptable practices, intentional or otherwise, leading to food poisoning and/or loss of licences/customers/reputation (including reputational impact to stakeholders such as customers and authorities).
Major Incident	Risk of loss of operating licences/damage to customers’ assets/loss of customers/financial penalties/sanctions/prosecution/reputation damage (including reputational impact to stakeholders such as customers and authorities) due to aircraft-related or major operational incidents.
Workplace Health and Safety (WHS)	Risk associated with WHS, which includes any potential harm, injury, or illness that can occur in SATS’ work environment. - The risks arise from various factors, such as physical hazards, chemical exposures, ergonomic issues, psychological stressors and organisational factors. - Risk of not being able to protect the physical and mental well-being of employees resulting in injury/fatality/loss of operating licences/loss of customers/financial penalties/sanctions/prosecution/reputational damage.

Corporate Governance Report

Operational (cont'd)	
Risk Areas	What are the risks?
Terrorist Attack	Occurrence of adverse events due to terrorist attacks at an airport, on premises or in the surroundings, that causes significant business disruptions, threatens business continuity and/or results in material loss or physical/reputational damage (including impact on stakeholders such as employees, customers and authorities).
External Shock	Occurrence of adverse external events such as disease outbreaks, fire, earthquakes, physical climate-related hazards (e.g., typhoons, tropical cyclones, river floods, sea level rise, drought, heat & precipitation stress), etc. that causes significant business disruptions, threatens business continuity and/or results in material loss or physical/reputational damage.
Adverse Internal Event	Occurrence of adverse internal events due to failure of internal process management (whether related to employees, counterparties or vendors), resulting in business disruption, threats to business continuity and/or material loss or physical/reputational damage.
Supply Chain	Risk arising from end-to-end supply chain activities, including: - Poor contract/project/supply chain management; - Supplier concentration or over-reliance on a single supplier; - Underperforming vendors; and/or - Poor 3rd party management.
Project Management	Risk of failure to manage key projects, including information technology (IT) and mergers and acquisitions projects, which leads to significant business disruptions, threatens business continuity and/or in material loss or physical/reputational damage (including reputational impact on stakeholders such as employees, customers and authorities).
Operational Compliance	Risk arising from failure to comply with Company policies and standard operating procedures, which leads to business disruptions, equipment/system failure or security breaches.
Technology	
Risk Areas	What are the risks?
Technology Obsolescence	Risk of service, system or equipment becoming inadequate or obsolete in comparison with those of industry competitors, for the purpose of the service being provided in the course of business.
Cybersecurity	IT security violation resulting in business disruptions, systems breakdown, loss of business/life/assets, reputational damage (including reputational impact to stakeholders such as employees, customers and authorities), due to: - Lack of or inadequate maintenance/setup of equipment/IT systems; and/or - Malicious acts by employees or external parties to penetrate the Company's IT network or to tamper with equipment.
Legal and Regulatory Compliance	
Risk Areas	What are the risks?
Non-Compliance, Fraud and Corruption	Risks arising from changes to political regimes, the non-enforceability of contracts, exposure to lawsuits, adverse legal judgments, non-compliance with or violation of rules, regulations, laws (including those relating to sanctions), internal codes of conduct and business practices.

SATS recognises the need for a comprehensive financial risk management system, given the globalised and diversified nature of the Group's businesses. SATS' overall philosophy to financial risk management is to manage the effects of economic uncertainty on the Group's financial performance, with its policies subject to regular Board reviews. Currently, foreign currency, interest rate, credit and liquidity risk form the main areas of concern for SATS' financial risk management. More information on these risk areas can be found in the "Notes to the Financial Statements" in the "Financials" section of this Annual Report.

In terms of strategic risk, the Group concerns itself with having the right mix of talent and capital for future success. SATS believes that employee empowerment leads to higher productivity and improved services for customers. Thus, many initiatives have been launched to provide employees with more opportunities for growth, allowing them to reach their fullest potential with SATS. More information can be found in the "Nurturing Skills for the Future" section of the Group's sustainability report.

Current and future portfolio considerations form another key aspect of SATS' strategic risk. SATS regularly monitors overseas developments, sensing growth in new markets and seizing investment opportunities when they arise. Over the course of such current and future investments, factors such as customer and country concentration or exposure to higher-risk countries have to be accounted for.

Contributing to environmental responsibility and improved sustainability, the Group adopted a technology-driven, people-led approach to create greater value for our stakeholders. This includes enhancing SATS' operational efficiencies and reducing carbon footprint and waste while shifting to renewable and sustainable sources of energy, water and raw materials to lessen the impact that the business has on the environment. More information can be found in the Group's sustainability report.

Given the critical nature of SATS' operations in the aviation sector, the Group's operational risks include the potential for adverse exogenous events, terrorism and workplace and food safety incidents. SATS aims to reduce these risks through inculcating a culture of vigilance and resilience, cybersecurity, food hygiene and mindfulness for workplace safety at all organisational levels. Risk managers within all business units have also been appointed to efficiently consolidate and streamline the risk management processes across the various business units.

SATS is actively monitoring and mitigating the first and second order risks created by the on-going conflict between Russia and Ukraine, including global supply chain disruptions, increased food and energy prices, and resultant inflationary pressures. Management has determined that the direct impact of the conflict in terms of lost business, bad debt provisions, etc. has not been material. Nonetheless, the Board actively monitors the Group's exposure or link to sanctions-related risks which are relevant and material to SATS' operations as an enlarged group following the acquisition of WFS.

SATS recognises that cybersecurity risks have become a key concern for the Group as we continue to embrace digital transformation and leverage advanced technology solutions to drive business growth and optimise efficiencies. SATS is committed to implementing a robust cybersecurity risk management strategy to protect against constantly advancing and evolving cyber threats.

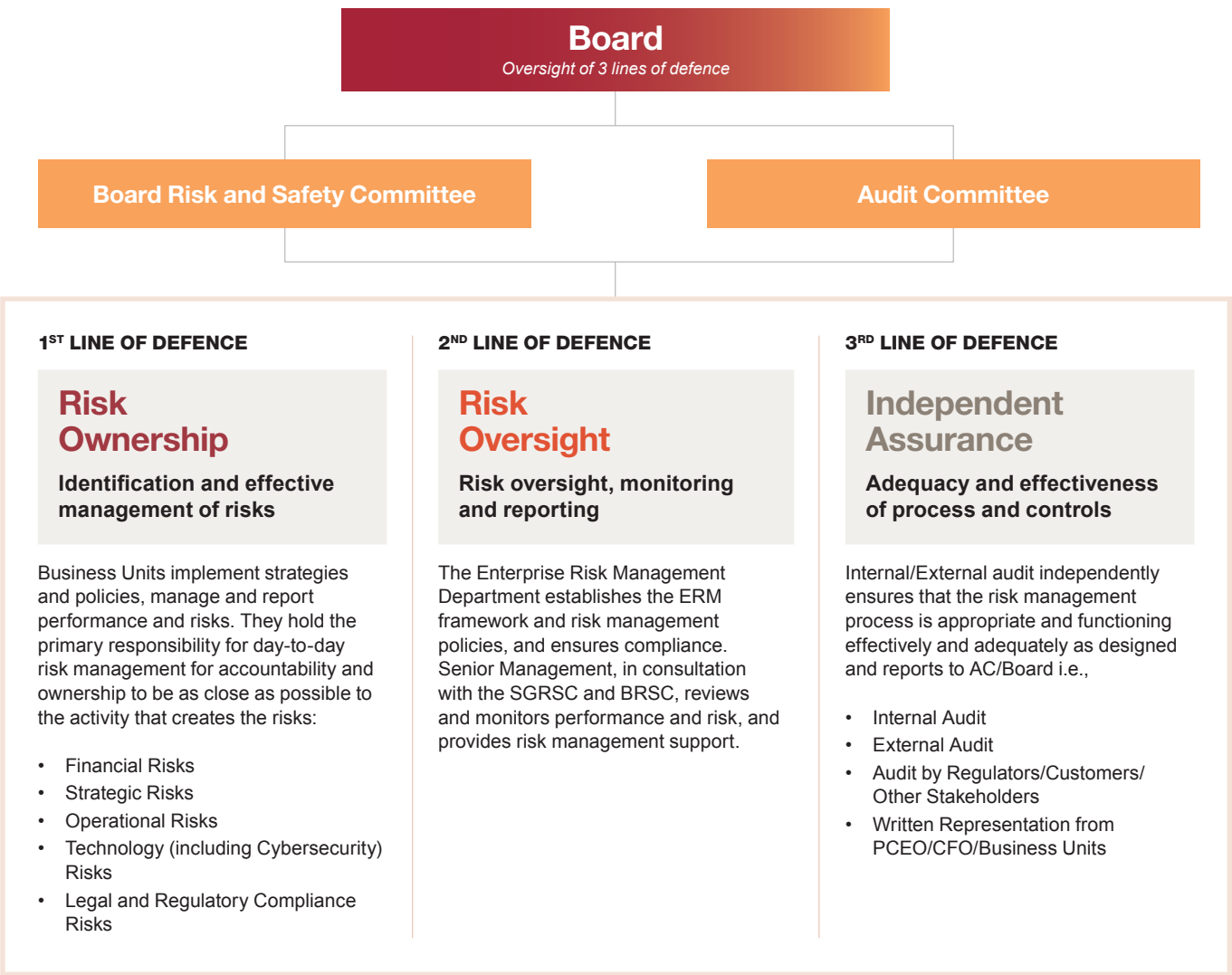
SATS also conducts regular audits across all its operational domains to ensure that stringent safety and quality standards are met. These include internationally recognised certifications such as ISO 45001, ISO 9001 and HACCP. More information on such accreditation can be found in the "Safety" section of the Group's sustainability report. SATS has also actively participated in the SGSecure@Workplaces programme, having been registered under the Singapore Police Force and Singapore Civil Defence Force's Safety and Security Watch Group scheme.

Furthermore, owing to the strength of the SATS brand as a major institution in ground handling and catering, much importance is placed on developing sustainable work practices and managing reputational and compliance risks, including fraud, involved in the Group's daily operations. SATS has implemented a comprehensive set of procedures to ensure that legal and industry regulations are complied with, thus mitigating as far as practicable the occurrence and impact of these risks as they arise.

Corporate Governance Report

Management Controls and Assurance Framework

The Group's Management Controls and Assurance Framework (Framework) comprises three levels of defence to ensure the adequacy and effectiveness of the Group's system of risk management and internal controls.



1st Line of Defence – Risk Ownership

Management ensures good corporate governance through the implementation and management of policies and procedures relevant to the Group's business environment. These policies and procedures govern financial, operational, information technology and compliance matters.

The Group's key policies and procedures include:

- Written terms of reference for Management and Board Committees
- Defined roles and responsibilities, and authorisation levels for all aspects of the businesses that are set out in the Financial and Operating Approval Authority Matrix, including guidelines on matters requiring the Board's approval
- Appropriate management organisational structures
- A planned and coordinated budgeting process where operating units prepare budgets for the coming year that are approved by both Management and the Board
- Policies that set out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. They cover areas such as workplace health and safety, conduct in the workplace, safeguarding of the Company's assets (including proprietary information and intellectual property), confidentiality, conflict of interest, and non-solicitation of customers and employees

The Group has its own approval limits and procedures for every banking and finance transaction, having regard to the nature of the transaction concerned. All banking and finance transactions undertaken by the Group must be properly authorised, including the opening of new bank accounts and the taking up of any proposed credit facilities and the Group's key insurance coverage, the adequacy of which is reviewed on a yearly basis. These approval limits and procedures are updated from time to time and are available on request to the bankers and lenders to the Group.

Tax Strategy and Governance Framework

In line with SATS' Corporate Governance principles and core values, SATS adheres to the highest standard of integrity in managing its tax affairs and in complying with applicable local tax laws. SATS exercises due care and activates prescribed protocols in tax risk management and also embraces a transparent posture in meeting its tax reporting obligations.

Compliance with Tax Law

As SATS continues to expand its global footprint, it is fully committed to complying with the tax law and regulations where SATS has established a taxable presence or where a tax reporting obligation arises according to the local law.

SATS exercises good faith effort in meeting all tax filings and payment obligations on a timely basis. Operating in the current global business landscape has become increasingly dynamic and challenging where there are stricter regulatory requirements in tax reporting and tax transparency. SATS commits to being a responsible taxpayer and remains vigilant in meeting these requirements. More importantly, SATS does not condone the behaviour of profit shifting with a tax avoidance intent to minimise its tax obligation and maintains the principle of paying its fair share of taxes in all relevant countries where it has a tax filing obligation.

Where relevant, business or legal entity reorganisation plans are led by valid commercial reasons that support SATS' business strategy. In the event that these business reorganisation plans may give rise to tax consequences, appropriate external tax advice will be sought to address the relevant risk and potential financial impact that may arise from these business reorganisation plans.

Governance for Managing Tax Risk

SATS' tax risk and governance framework conforms to the principles under its Corporate Governance framework. SATS' Board has fully embraced the Corporate Governance principles since their adoption. Appropriate delegation of authority has been put in place to set up an adequate tax governance and control framework. The tax governance and control framework is fully endorsed by the Board and is designed to safeguard the Group from material financial or reputational risks.

Tax laws and regulations are constantly evolving and becoming more complex. The heightening demands in tax reporting obligations significantly increases the risk of unintentional non-compliance. SATS is committed to act responsibly and with integrity in relation to the management of its tax affairs.

SATS supports competitive business growth without compromising the integrity of its tax risk and governance principles. Differences in interpretation and/or enforcement of tax laws, rules and regulations may create tax risks, which SATS will proactively seek to identify, evaluate, manage and monitor through compliance, disclosure and an adequate control framework. Any significant tax issues will be channelled to the Senior Management and/or the Board according to the established risk management protocols and the delegation of authority framework.

The level of tax risk that SATS accepts is aligned with its business strategy, core values, corporate social responsibility and reputation. SATS seeks the counsel of external advisors, when relevant, to assess the tax risks associated with the interpretation of tax laws, rules or regulations. Care is duly exercised in the assessment of tax risks based on the available facts.

Relationship with Tax Authorities

SATS is committed to nurture a collaborative relationship with the tax authorities and to exercise due care and professionalism in responding to questions or queries raised by the respective tax authorities. We seek appropriate opportunities to develop mutually respectful relationships with tax authorities based on transparency and trust. Where relevant, SATS intends to work with relevant authorities and legislators to engage in discussions, obtain advance rulings on certain transactions or seek clarity around any points of uncertainty arising from the interpretation or application of tax laws, rules and regulations.

Corporate Governance Report

Cybersecurity Governance and Management

SATS continues to prioritise and maintain a strong focus on cybersecurity management. SATS’ Information Security policy and its supporting standards and guidelines are aligned with ISO 27001. The SATS Cyber Security Management Framework is designed to protect, detect and respond to cybersecurity threats, and strengthen SATS’ cyber resilience. This framework’s focus has been updated during FY2022-23 and an additional area was added to reflect the ever-changing cybersecurity landscape.

Cyber Security Management Framework

Defence-in-Depth	Attacker’s Perspective	Cybersecure Culture	Collective Defence
Deploying multiple layers of security measures to protect against different types of attacks, reduce the likelihood of successful attacks and minimise the impact of any breaches.	Looking at SATS’ systems and networks from the point of view of attackers to understand how they might try to exploit SATS’ systems and take proactive steps to prevent or mitigate those attacks.	Promoting safe and responsible behaviour when using SATS’ IT assets and empowering employees to spot and report cyberattacks promptly.	Working together within a trusted community by collaborating and sharing insights, best practices, and resources to improve our overall security posture and better defend against cyber threats.
Standardised System Criticality baselines: 1. Critical 2. Essential 3. Standard	Continuous attack surface monitoring	Security awareness programme	
	External penetration tests programme	Phishing simulations	Threat insight sharing within trusted community (Temasek Dome)
Cyber Maturity assessment based on National Institute of Standards and Technology at the U.S. Department of Commerce	System and infrastructure vulnerability assessments	Cyber tabletop exercises	Knowledge sharing and collaboration with the Singapore aviation ecosystem
	Red-team exercises	Incident reporting reward programme	
Multi-layer security controls: • Firewalls • Intrusion Prevention System • Secure Internet Access • Email Protection • Network Segmentation • Mobile Security • Endpoint Protection • Cloud Security • Infrastructure Security • Application Security • Data Encryption • Multi-Factor Authentication • Zero Trust	Technical Incident Response rehearsals	Acceptable Use Policy	Active community involvement and partnership
	Cyber Threat Intelligence	Data Privacy Policy	

In line with our commitment to transparency and accountability, cybersecurity reports are presented to the SGRSC and BRSC on a quarterly basis.

2nd Line of Defence – Risk Oversight

The ERM framework has been integrated with Strategy and Performance as the Group recognises the importance of connecting strategic decision-making and entity performance with risk management to accelerate the Group’s growth and enhance performance.

The risk management system concentrates on those key risks which may have a significant influence on the Group’s assets, finances and profits, and those that may potentially endanger the continued existence of the Group’s companies. The procedures adopted facilitate the early detection and control of risks.

The operational business units meet regularly to review risk and control matters, including ascertaining that there are effective follow-up procedures. The outcome and status of such matters are reported to the BRSC and the AC for review and information.

The Group carried out reviews of its key risk profiles, with preventive and mitigating control actions further refined and developed for adequacy and effectiveness.

The ongoing process to identify, assess, monitor and manage business risks that can impede the achievement of the Group’s objectives is continuously reviewed for improvements. The key risks are assessed by their probability, consequence and velocity on a predetermined scale, and then ranked accordingly. The risk management process, which is in place throughout the year and up to the date of this statement, is firmly embedded within the Group’s business operations and is every employee’s responsibility.

The following are the key risk management activities carried out within the Group during the year:

- Enterprise risk review and identification exercises conducted at the business unit and department levels, to review the existing risks in the risk register and to identify new risks that may have emerged. It allows the business units to review the adequacy and effectiveness of their key risk controls and to develop risk treatment plans to address risk exposures so that business objectives are pursued in a risk-controlled manner;
- Fraud risk review exercise conducted at the business units and department levels, to identify the potentially fraudulent activities that could occur in key processes, and implement a combination of preventive and detective anti-fraud control measures;
- Business continuity/contingency plans were tested during the financial year under review. The procedures were fine-tuned and enhanced for improvements further to the post-mortem briefings held; and
- Risk and control self-assessment (RCSA) compliance test exercises carried out by the business units. This is a process to provide an overview of control compliance, including whether controls are executed effectively as intended by the business units. This exercise serves as a basis to acquire assurance on the operating effectiveness of the controls, identify any control deficiency and weakness and develop remediation actions to ensure controls are operating effectively.

Fraud risk management processes include conflict of interest and bankruptcy declarations, mandatory block leave for sensitive positions, as well as implementation of policies such as the SATS Whistleblowing Policy and Code of Conduct to establish a clear tone from the top regarding employees’ business and ethical conduct. It also considers all potential fraud risks, schemes, scenarios and employees’ positions/designations in the Company identified through the Fraud Risk Assessment, for monitoring and implementation of additional controls based on positions and risk levels.

In addition, as part of our initiatives to enhance the senior members of Management’s leadership commitment, legal compliance awareness, and risk management skills, enabling them to promote a positive safety culture and make informed decisions to create a safe and healthy work environment, all senior members of Management have undergone the bizSAFE⁴ Level 1 training (or its equivalent in their respective countries). Moving forward, all Board members will also undergo this training. The bizSAFE training equips senior members of Management and the Board with foundational knowledge to prioritise the safety of SATS employees and ensure legal compliance.

3rd Line of Defence – Independent Assurance

Management monitors internal controls through RCSAs that have been developed based on the principle of minimum acceptable controls. During the course of the year, RCSA controls were reviewed for relevancy and adequacy to business processes. The controls are assessed by the business unit testers, control owners, risk owners and independently by the various internal audit teams, including the Group’s Internal Auditors. Action plans are developed to remedy identified control weaknesses.

Written assurances and representations, together with an attached checklist of key elements of internal controls approved by the Board, have been obtained from all the executive heads of all the Company’s operating subsidiaries as well as from the executive heads or other appropriate officers of all of the Company’s active associated companies, that their respective companies’ internal controls were adequate during the financial year under review. The written assurances and representations also included the assurances provided by respective business heads on the Group’s compliance with the Interested Person Transaction Manual and Gifts & Entertainment Guidance Paper.

The external auditors will highlight any material internal control weaknesses that have come to their attention in the course of their statutory audit. Any significant non-compliance or failures in internal controls and recommendations for improvement are reported to the AC.

The details of the Group’s independent Internal Audit function are set out in the “Audit Committee” sub-section of this Corporate Governance Report.

⁴ bizSAFE is the nationally recognised capability building programme in Singapore, designed with the support of the Ministry of Manpower to help companies build workplace safety and health capabilities.

Corporate Governance Report

Board's Oversight

The Board of Directors, supported by the AC and BRSC, oversees the Group's systems of internal controls and risk management. The Board required and has received assurance from the PCEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and financial position.

Additionally, the PCEO and relevant business heads who are responsible have provided the Board assurances on the adequacy and effectiveness of the Group's risk management and internal control systems, addressing financial, operational, compliance and technology (including cybersecurity) risks.

While the aviation industry has started to recover from the impact of COVID-19, the severity of the pandemic's impact can still be felt. The Board, AC and BRSC have been rigorous in identifying and reviewing key risk areas, and ensuring adequate measures have been put in place to contain and/or manage the risks. The AC vigilantly reviews the Group's financials, projections, and its finance watchlist, which provides visibility on higher risk areas such as accounts receivables, carrying value of investments, asset obsolescence and funding requirements. Key financial ratios and financial covenants are also tracked and presented to alert the Board, AC and BRSC on the financial condition of the Group. In view of the challenging environment during COVID-19 which led to changes in the mode of operations, adequate attention has also been given to ensure operational and financial controls remain robust across the Group.

Material updates and risks were highlighted to the BRSC at its quarterly meetings as well as through the monthly risk reports. The BRSC was kept abreast of the financial impact of significant risks (if any) and quarterly reports on the financial forecast were provided to the BRSC. The Key Risk Indicators were enhanced to include tracking of cashflow forecasts as well as compliance with covenants.

Conclusion

Taking into account the views of the AC and BRSC in the exercise of their responsibilities under their respective terms of reference, the framework of management controls, the internal control policies and procedures established and maintained by the Management, the reviews conducted by the internal and external auditors and the documented governance assurance, the Board is of the opinion that the systems of internal controls and risk management (addressing financial, operational, compliance and technology controls) that the Group considers relevant and material to its current business scope and environment were adequate and effective as at the date of the 'Directors' Statement'. The AC concurs with the Board's opinion.

However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud, cyberattacks or other irregularities.

Advisory Panel

Indonesia Advisory Panel

The Indonesia Advisory Panel (IAP) was constituted on 15 January 2021 with a non-executive advisory function to provide expertise and advice in relation to SATS' investments, strategic imperatives and growth aspirations in Indonesia. The knowledge and expertise of the distinguished panel members help SATS keep abreast of market developments and policy initiatives in this important market.

The specific objectives of the IAP are to:

- (i) share perspectives on major economic, social and industry trends that may affect the Company in Indonesia;
- (ii) lend their expertise, insights and advice on specific projects undertaken by the Company in Indonesia;
- (iii) provide guidance and advice on managing partnerships, regulators and other key stakeholders in Indonesia including advising the Company on navigating the business and regulatory environment and, political and cultural sensitivities; and
- (iv) advise SATS in establishing communication with contacts in Indonesia such as industry players, potential business partners and advisers to help the Company achieve its growth aspirations in Indonesia.

IAP members are not Board directors and the IAP is not a decision-making forum. However, the IAP is directly accountable to the Board. The IAP is chaired by Mr Nihal Kaviratne CBE, and its members are Dr. Kuntoro Mangkusubroto and Dr R.M. Marty M. Natalegawa. The PCEO, Board Chairman and Mr Chia Kim Huat (who is assigned to provide added counsel to the management of the Company's Indonesian business) attend these meetings.

WFS Advisory Board

The board of SATS Investments (III) Pte. Ltd. (SIPL3), a wholly-owned subsidiary of SATS, is institutionalised within SATS as the WFS Advisory Board (WAB). The WAB which formed on 3 April 2023, operates as an advisory board that specifically provides expertise, advice and guidance in relation to the business affairs, strategic and operational matters of the WFS group (WFS Group) following the acquisition of WFS.

The members of the WAB include (i) Ms Euleen Goh, who serves as the Chairman of the WAB; (ii) Mr Nils Andersen, who serves as Deputy Chairman of the WAB, (iii) Mr Kerry Mok; (iv) Dr Detlef Trefzger; and (v) Mr Onno Boots. Mr Andersen has extensive experience in fast-moving consumer goods, oil and gas, transport and logistics whereas Mr Boots' experience is in the aviation, logistics and supply chain industry. Their expertise and experience will be an asset to the collective capabilities of the WAB. Pursuant to its terms of reference, the WAB is delegated with full authority by the Board to oversee and provide guidance on the business affairs of the WFS Group. There is a delegation of authority matrix under which the WAB's approval is required for certain key WFS Group matters.

Corporate Culture

SATS Code of Conduct

The SATS Code of Conduct sets out the standards of behaviour by which we deal with our customers, business partners, colleagues, suppliers and each other. All employees are required to read and acknowledge the Code of Conduct upon joining the Company. Employees are regularly reminded of the need to comply with the Code of Conduct.

The principles covered in the Code of Conduct are:

Passion to Delight

Standing behind our promise of quality are the people with the passion to delight. We believe in fostering a collaborative environment where every employee of the organisation is obliged to observe our code of conduct in interactions between employees, customers and business partners.

High Integrity

We build trust with business partners through integrity. We forbid employees to seek work outside of SATS so that they can give full devotion to the work they do for us. Integrity is further protected through non-competition and non-solicitation requirements for a period of one year after the employee has ceased employment with us.

We are careful to avoid situations where personal connections or financial interests may influence impartiality. Employees are required to inform us of situations where they have family members who have business dealings with us. Further, employees and members of their family are not allowed to accept gifts or preferential treatment arising from their employment with us.

Information is valuable to our business. Employees are expected to keep confidentiality, not make false claims and refrain from insider trading.

Safety in the Workplace

Workplace safety is of paramount importance to our business. We ensure that all employees and contractors are adequately trained to perform their tasks competently and we insist on strict adherence to safety rules.

Safeguarding Assets

Employees are expected to exercise responsibility and good judgement in the use of Company assets. Use of these properties must be authorised and the individual is required to comply with the rules governing usage.

Ethics and Compliance

We strongly believe in conducting business with the highest standards of ethics and integrity, and being in strict compliance with all applicable laws and regulatory requirements. As we grow globally, we are also inevitably exposed to more complex legal and regulatory risks. In the face of such opportunities and uncertainties, our Company firmly adopts a zero-tolerance approach towards bribery, corruption, fraud and unethical behaviour, and aims to limit its risk exposure through adoption of best practices and in attaining the ISO 37001 standard certification as an assurance of the robustness of our established anti-bribery management system. These endeavours aim to protect the reputation of our Company and also serve to safeguard the interests of our shareholders and stakeholders.

In FY2021-22, we successfully obtained the ISO 37001 Certification for SATS Ltd, SATS Airport Services Pte Ltd, SATS Catering Pte Ltd, SATS Aero Laundry Pte Ltd, SATS Food Services Pte Ltd, SATS Institutional Catering Pte Ltd, SFI Manufacturing Pte Ltd and SATS Seletar Aviation Service Pte Ltd. In FY2022-23, we extended the certification to another six Singapore-based subsidiaries, namely SATS Security Services Pte Ltd, SATS Asia-Pacific Star Pte Ltd, Primary Industries Pte Ltd, Hog Auction Market Pte Ltd, SATS-Creuers Cruise Services Pte Ltd, and Country Foods Pte Ltd. To mitigate risks faced in other jurisdictions, we plan to also obtain ISO 37001 certification for our overseas subsidiaries in the near future.

Corporate Governance Report

In FY2022-23, SATS also issued its Code of Ethics & Business Conduct, which provides guidance to our staff on their expected ethical behaviour in carrying out their roles and responsibilities and when they deal with our various stakeholders. This public document was also published on the SATS corporate website as a testament to SATS' commitment to upholding the highest standards of integrity and business conduct and in complying with all local laws and regulations, Company policies and operating procedures wherever we operate.

To ensure effective implementation of compliance policies, an Ethics & Compliance champion was appointed by each subsidiary and business unit. These champions were trained by the Ethics & Compliance team to be equipped with skills and knowledge to help discharge their roles.

For awareness and training, the completion rate of the Anti-bribery & Anti-Corruption e-learning module by employees exceeded 92% in 2022. Posters were also strategically used to raise employees' awareness of whistleblowing channels, gift & entertainment declarations and issues regarding anti-bribery and anti-corruption.

In addition, the Ethics & Compliance team also facilitated many deep-dive sessions with selected business units to better understand the bribery and corruption risks faced by such business units, so that relevant and effective control measures could be identified and employed to mitigate risk exposure. Every year, each business unit is required to conduct a bribery risk review exercise to ensure that changes to its business context are regularly updated in the risk registers and to assess the effectiveness of control measures employed to mitigate identified risks. In addition, ISO 37001 internal audits are also conducted on business units on an annual basis. Selected business units will also be subjected to annual Surveillance Audits by external ISO 37001 certification auditors. These serve to assure stakeholders of the robustness of SATS' Anti-Bribery Management System.

As building an ethical and compliant culture is an ongoing journey, the Ethics & Compliance team will continue to review its existing systems and processes for better effectiveness and efficiency. SATS will also continue to communicate its unwavering position against any form of bribery, corruption and unethical behavior to all its stakeholders, including business partners.

Whistleblowing Policy

The Group has put in place the SATS Whistleblowing Policy which sets out the procedure to make a report on possible or suspected misconduct or wrongdoing relating to the Group and its officers by a whistleblower. A whistleblower could be an employee, officer, Director, customer, supplier, contractor, agent or any member of the public. Under the SATS Whistleblowing Policy, all employees and officers of the Group have the responsibility to promptly report any misconduct or wrongdoing involving suspected fraud, corruption, other illegal or unethical practices or other similar matters which may cause financial loss to the Group or damage the Group's reputation.

Whistleblowers may identify themselves or make anonymous reports in the form of emails, letters or written/verbal reports directly to the GIA, or via dedicated whistleblowing channels through email at tipoffs@sats.com.sg, via hotline number at +65 6399 0013, and through the online whistleblowing platform at <https://sats.whispli.com> (whistleblowing channels). On the online whistleblowing platform, whistleblowers can continue to communicate anonymously via the secured messaging channels to provide additional information or receive updates. The SATS Whistleblowing Policy further provides that reports and investigations, as well as the identity of the whistleblower, are kept confidential to the extent practicable or permitted by law or the applicable regulatory authority.

The SATS Whistleblowing Policy and SATS Code of Conduct expressly provide that there shall be no reprisal (whether in the form of termination, retribution, harassment or any unfair treatment) against a whistleblower who has made a report in good faith, even if the concerns raised may be mistaken.

Our GIA is the independent function which is responsible for reviewing and investigating all whistleblowing reports received to consider the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources and if such reports are made in good faith. After considering these factors, an assessment is made as to whether further investigations are required and if investigations should be undertaken by the GIA or another appropriately skilled and knowledgeable independent investigation team as appropriate. Depending on the complexity and the nature of the reports, external service providers may be engaged to assist in investigations. If a report concerns the Head, Group Internal Audit or the PCEO, the report is escalated to the AC Chairman who may delegate investigation of such report to any person deemed fit by the AC Chairman.

The AC is responsible for the oversight and monitoring of whistleblowing and reviews the adequacy of the whistleblowing arrangements. On a quarterly basis, the GIA reports to the AC on all reports received and the outcome of investigations on reports involving fraud, corruption, theft, conflict of interest and financial statement fraud. The above internal processes ensure that reported incidents are subject to independent thorough investigations and appropriate follow-up actions, including referral to the appropriate disciplinary process where there is misconduct.

As part of the Group's efforts to promote strong ethical values as well as fraud and control awareness, references to the SATS Whistleblowing Policy are made in the SATS Employee Handbook and SATS' Anti-Bribery Policy and are covered during employee trainings and periodic communications to all employees. The SATS Whistleblowing Policy is made available to all employees on the Group's intranet and the whistleblowing channels on the Group's intranet and corporate website.

Banking Transaction Procedures

Our lenders are notified that all bank transactions undertaken by any member of the Group must be properly authorised, including the opening of new bank accounts and any proposed credit facilities. Each member of the Group has its own approval limits and procedures for every banking transaction, having regard to the nature of the transaction concerned. These approval limits and procedures are updated from time to time and are available on request. The bankers of each member of the Group have been advised to verify, in accordance with the verification process set out in the applicable procedures, that the transaction is properly authorised.

Accountability to Shareholders

Shareholder Rights

SATS practices fair and equal dissemination of information. All media releases, announcements and investor presentations are issued via SGXNET and uploaded on our website, providing timely information to shareholders.

Shareholders are informed of general meetings through notices published in the newspapers, electronic releases and/or reports or circulars sent to all shareholders. We generally provide our shareholders with longer than the minimum notice period required for general meetings. We also give our shareholders the necessary information on each resolution so as to enable them to exercise their votes on an informed basis. In particular, for resolutions on the election or re-election of Directors, sufficient information is provided on their background, their contributions to SATS and their Board and Board Committee positions so that shareholders may properly assess the candidacy of such Directors.

Shareholders are given the opportunity to participate effectively in and vote at general meetings. They are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Shareholders also have the right to call for general meetings by requisition, in accordance with the provisions of the Companies Act.

Provision 11.4 of the 2018 Code provides for a company's constitution to allow for *absentia* voting at general meetings of shareholders. Our Constitution currently does not, however, permit shareholders to vote at general meetings *in absentia* (such as via mail, email or fax). We will consider implementing the relevant amendments to the Company's Constitution if the Board is of the view that there is a demand for such alternative methods of voting, and after we have evaluated and put in place the necessary security processes to facilitate *in absentia* voting, and prevention measures against errors, fraud and other irregularities. Shareholders nevertheless already have the opportunity to communicate their views on matters affecting the Company even when they are not in attendance at general meetings as each shareholder is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. Institutional shareholders are allowed to appoint multiple proxies, so indirect investors who hold shares through nominee companies, custodian banks, CPF agent banks or SRS operators may be appointed as proxies to attend, speak and vote at the AGM.

The voting rights of shareholders are described in the Annual Report, and shareholders are briefed by independent scrutineers on the rules and voting procedures at the beginning of general meetings. We encourage shareholders to actively participate in general meetings, which are held at convenient locations.

Corporate Governance Report

Communication with Shareholders

Investor Relations

SATS’ purpose is to feed and connect communities, and our ambition to create value across our businesses for our customers, industry partners, shareholders and employees is reflected in our Mission and Values. As such, SATS strives to communicate pertinent information to shareholders and the investment community in a clear and detailed manner on a regular and timely basis. We commit to disclosing material price- and trade-sensitive information to the public on a prompt and inclusive basis, providing our stakeholders with the latest, most relevant information they require to make informed decisions about the value of SATS and our long-term prospects. Material information relating to our financial performance, business and strategic developments is published on SGXNET first, followed by our website at www.sats.com.sg.

As required by the Listing Manual, the Company discloses the names of its substantial shareholders⁵ and a breakdown of their direct and deemed interests (including how such interests are held or derived) in its annual report every year. The Company also disseminates, via SGXNET, the notifications it receives from its substantial shareholders, in accordance with the provisions of the SFA.

A dedicated investor relations section on our website enables access for our shareholders and the investment community to pertinent information about SATS such as annual reports, financial results/voluntary quarterly business updates, webcasts of earnings briefings, and the latest corporate presentations. Shareholders are also able to access a copy of the Company’s Constitution on its website.

In addition, we have many channels that offer engagement and dialogue opportunities with the Management team for our stakeholders to better understand our business strategy. In FY2022-23, we organised post-results conference calls at the end of every quarter of the financial year, with live audio webcasts to brief shareholders, the investment community and the media on our financial performance and key business and corporate developments. We also make available an on-demand audio recording of such sessions on our website within three business days.

Furthermore, we regularly participate in investor conferences held both locally and overseas to meet with investors who are interested in knowing more about our business and we make it a point to respond to requests from key institutional investors to meet with the senior members of Management on specific matters and queries about our business. In FY2022-23, we extended our reach to investors through our participation in 13 conferences.

Our Corporate Communications department acts as our corporate liaison to facilitate the flow of information between SATS and our stakeholders, including investors, analysts, government agencies, the media and the general public. The department disseminates corporate information that promotes a transparent and positive relationship with all our stakeholders and manages enquiries about our business performance and requests for meetings with Management. Shareholders who wish to contact SATS may get in touch with the Corporate Communications department. The department’s contact details are listed on our website.

A dedicated investor relations team in the Finance Department works closely with the Corporate Communications team to implement a defined investor relations programme. Upon receiving queries and feedback, our Corporate Communications team will consult the relevant subject matter experts before responding appropriately. Communications with our stakeholders are conducted in an open, transparent manner and in compliance with SGX requirements.

Purpose and Brand

During and after the COVID-19 pandemic, SATS has pursued its strategic approach to branding beyond its corporate identity. This has supported acceleration in products and solutions design led by our now well-established Global Innovation Hub, allowing customers and consumers to choose their preferred meal options based on our strong reputation of quality and safety in travel-related businesses and beyond.

Our Company’s purpose “to feed and connect communities” appropriately reflects the ecosystems that SATS serves through our various activities and initiatives. It is SATS’ vision to be the market leader by delighting customers and consumers with innovative food solutions and seamless connections. The SATS brand continues to support both Food and Gateway businesses in aviation and non-travel related businesses, and with the WFS acquisition, a renewed brand architecture will enable the Company to grow brand equity and penetrate new market segments.

⁵ A substantial shareholder is a person who has an interest in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company.

Sustainability

Combating climate change is a matter of great urgency and priority, and the status quo is no longer an option. Action against climate change is a task that requires a global joint effort shared across all countries, sectors and supply chains. For SATS, firm and decisive actions to decarbonise our operations will contribute to this collective effort. As aviation volumes ramp up, SATS continues to take the opportunity to improve our ESG performance, with our Singapore hub taking the lead. The Board provides guidance on the development of the Company’s business strategy and reviews the effectiveness of all programmes to ensure they are fit for purpose and are sustainable. SATS became the first ground handler in the Asia Pacific to join the International Air Transport Association Environmental Assessment programme, aligning ourselves with international best practices in environmental management in order to support our partners with world-class standards. In FY2022-23, SATS also renewed our membership as a signatory of the United Nations Global Compact demonstrating the Company’s commitment to the 10 universal principles in the areas of human rights, labour, environment, and anti-corruption.

SATS has also formalised and published our inaugural Group Environmental Policy, signalling our commitment to minimise our carbon footprint, optimise our resources and mitigate any environmental risks in our business.

Our Board also makes certain that we integrate sustainability goals into business goals, making sustainability a vital facet of our business strategy. In FY2022-23, SATS formed the ESG Steering Committee, comprising senior members of the GMB, to ensure alignment among top decision-makers on ESG ambition and initiatives. This is also in order to evaluate the business case and trade-offs for the implementation of ESG projects, including resourcing, capital allocation and potential financial impact.

Our sustainability goals contribute significantly to fulfilling our purpose to feed and connect communities. Building upon our core competencies to enable our business, stakeholders and the community to grow with purpose, our sustainability framework drives our three focus areas – namely to build smart infrastructure to reduce our environmental impact, reduce and process food and packaging waste sustainably, and nurture skills for the future. In FY2022-23, we conducted a second Materiality Assessment review since the first in 2017, to help the Company recalibrate and focus its sustainability efforts on the topics that matter most in terms of stakeholder relevance and business impact. More details on this assessment can be found in our Sustainability Report.

We report our sustainability performance in accordance with the SGX Sustainability Reporting Guide, taking reference from the Global Reporting Initiative Universal Standards. The increasing focus on climate change has resulted in calls for a transition to a lower-carbon economy. In FY2022-23, we enhanced our Task Force on Climate-related Financial Disclosures’ (TCFD) process to further assess the financial quantification of climate-related risks and opportunities, as these will help support investments in mitigation actions and strengthen our climate resilience as a business. We also map material topics to the United Nations Sustainable Development Goals, and continually review our sustainable business strategy to improve our stewardship and reporting format. Following SGX’s guidance and/or requirements on mandatory climate reporting, SATS will continue to provide and improve our climate-related disclosures, which are consistent with TCFD recommendations, in our future sustainability reports.

We engage our internal and external stakeholders regularly through multiple channels to seek alignment on material issues that guide our decision-making. As part of our Materiality Assessment review, we also conducted interviews and focus group discussions with key internal and external stakeholders to gather further insights, validate SATS’ assessment of the issues material to our business and align our sustainability goals with those of our stakeholders, which will guide us on the prioritisation of resources for various sustainability programmes. By working collaboratively with all stakeholders, we create a greater positive impact on the environment and the communities we serve.

As SATS continues to grow our food-related businesses, we are expanding our ESG policies and practices beyond our own operations to those of suppliers. Starting from 1 April 2023, all sourcing activities of food-related goods and services will incorporate sustainability as part of vendor selection criteria, encouraging our suppliers to incorporate ESG practices to support our collective goals.

We recognise that many of these suppliers are small and medium enterprises, and they may not have the resources or capacity to embark on their own sustainability journeys alone. Therefore, we are endeavouring to provide support and resources to help these suppliers adopt sustainable business practices and enhance their carbon management, through a series of supplier outreach initiatives and workshops. SATS believes that sustainability is a collective effort and we hope to create a shared commitment to sustainability across our supply chain. As we move forward, we will continue to evaluate and improve our supplier outreach and engagement initiatives to ensure that we are making a meaningful impact on our supply chain.

Corporate Governance Report

Dividend Policy

The Company targets to provide sustainable dividend payouts that take into account cash flow generation and balance sheet strength, along with projected capital requirements and investments. In the event of a material variation in declared dividends compared to the previous corresponding period, or any decision not to declare a dividend, the reasons for such will be disclosed in accordance with the Listing Manual.

The Board of Directors believes that it would be prudent not to pay dividends with respect to FY2022-23 as the Company reported a loss excluding government grants and reliefs.

The dividend payouts in the current and past four years are set out in the “Five-Year Group Financial and Operational Summary” section of this Annual Report.

Conduct of Shareholder Meetings

Generally, all Directors are required to attend general meetings and are present for the entire duration of general meetings. The Chairman of the Board, the Chairman of each of the EXCO, AC, NC, RHRC and BRSC and the external auditors are present to address shareholders’ queries. Our PCEO makes presentations at AGMs to update shareholders on our performance, position and prospects, and the presentation materials are uploaded onto SGXNET and our corporate website. The Chairman of the meeting is tasked with facilitating constructive dialogue between the shareholders and the Board, Management and the external auditors. Where appropriate, the Chairman allows specific Directors, such as the respective Board Committee chairmen, to answer queries on matters related to their roles. Shareholders are also given an opportunity to interact with the Directors before and/or after general meetings. We try our best not to schedule our AGMs during peak periods when these might coincide with the AGMs of other listed companies.

At general meetings, each distinct issue is proposed as a separate resolution and resolutions are generally not “bundled” or made inter-conditional on each other. Where resolutions are “bundled”, the reasons and material implications for doing so are set out in the notice calling for the general meeting.

All resolutions are put to the vote by electronic poll voting. Voting by poll allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. Independent scrutineers brief the shareholders on the e-polling voting process and verify and tabulate votes after each resolution. The results of the voting at the general meetings showing the number of votes cast for and against each resolution and the respective percentages are shown to the shareholders at the end of each resolution before the Chairman makes a declaration on the passing of the resolution. In addition, the voting results at the general meetings showing the number of votes cast for and against each resolution and the respective percentages and the name of the independent scrutineer will be announced via SGXNET immediately after each general meeting.

The Company Secretary prepares minutes of shareholders’ meetings, which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management. Beginning from our 2018 AGM, these minutes are published on our corporate website. Minutes are also released via SGXNET.

2022 AGM

To keep physical interactions and COVID-19 transmission risk to a minimum, the Company convened and held its 2022 AGM by way of electronic means on 22 July 2022 pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the Ministerial Order). The Company complied with all applicable regulatory requirements for the holding of the 2022 AGM. The notice of the 2022 AGM was sent to shareholders solely by electronic means through publication on SGXNET and the Company’s corporate website. In addition to being able to submit questions for the 2022 AGM in advance of the meeting (the responses for which were uploaded via SGXNET and on SATS’ corporate website more than 48 hours prior to the closing date and time for the lodgement of proxy forms, in order to facilitate shareholders’ votes), shareholders were also able to submit questions to the Chairman of the Meeting “live” at the AGM via the audio-visual webcast platform. Shareholders were also able to vote at the 2022 AGM “live” via the audio-visual webcast platform.

2023 EGM

With the improving COVID-19 situation in Singapore, the Company held its 2023 EGM on 18 January 2023, in relation to the Company’s proposed acquisition of WFS (“**Proposed Acquisition**”), in a hybrid format pursuant to the Ministerial Order. The Company complied with all applicable regulatory requirements for the holding of the 2023 EGM. Hard copies of the notification letter to shareholders, notice of the 2023 EGM, Proxy Form, Gatefold and Frequently Asked Questions (“**EGM Documents**”)

were sent by post to shareholders. A circular in relation to the Proposed Acquisition was published on SGXNET and the Company’s corporate website along with the EGM Documents. Shareholders could choose to attend the EGM either in person or virtually. In addition to being able to submit questions for the 2023 EGM in advance of the meeting (the responses for which were uploaded via SGXNET and on SATS’ corporate website prior to the closing date and time for the lodgement of proxy forms), shareholders were given the opportunity to ask questions “live” during the EGM (either via the audio-visual webcast platform for those who attended virtually or in-person at the EGM for those who attended physically) before submitting their votes “live” electronically. The Board of Directors and senior members of Management were in attendance to address any queries and concerns raised by the shareholders.

2023 AGM

The Ministerial Order will cease on 1 July 2023. Pursuant to recent legislative amendments (with effect from 1 July 2023) to the Companies Act, as read with Rule 730A of the Listing Manual and recent practice guidance amendment by the SGX-ST on the conduct of general meetings by issuers on and after 1 July 2023, listed companies are required to hold all their general meetings either at a physical place in Singapore, or at a physical place in Singapore and using virtual meeting technology. With the further easing of COVID-19 measures globally, the 2023 AGM will be held in a wholly physical format. There will be no option for shareholders to participate virtually. Shareholders will also be given the opportunity to submit written questions prior to the 2023 AGM, and all substantial and relevant comments and queries will be responded to within a reasonable timeframe, prior to the 2023 AGM, through publication on SGXNET and the Company’s corporate website.

Dealings in Securities

In line with the rules of the Listing Manual, we have in place a policy and guidelines on dealings in our securities for the Company and for employees of the Group and Directors of the companies within the Group. The policy and guidelines restrict the Company and certain employees (including all administrative officers and employees of managerial grade and above, and employees in departments which are likely to be privy to confidential material price-sensitive or trade-sensitive information, such as the offices of the senior members of Management, the Legal and Finance departments, and departments or units of companies in the Group having charge of business development and/or marketing activities) from trading in our securities during the period of one month immediately preceding the announcement of our half year and full year financial statements and during the period of two weeks immediately preceding the announcement of our voluntary quarterly business updates containing meaningful and relevant financial and non-financial information on our performance for the first and third quarters of each financial year.

We have also adopted a procedure for a trading halt in our securities, which assists us to manage our continuous disclosure obligations in accordance with the spirit of Rule 703 of the Listing Manual in the event of a leak of material unpublished information, or a false rumour or report where a media comment about us is sufficiently specific and detailed to warrant a response or to adequately respond to a query by the SGX-ST arising from such leak of material unpublished information or a false rumour or report.

In addition, we and our Directors and employees are prohibited at all times from trading in the Company’s securities whilst in possession of non-public, price-sensitive or trade-sensitive information. The policy and guidelines also remind employees and Directors of the Group that they should not deal in our securities on short-term considerations, and to be mindful of the insider trading prohibitions under the SFA whenever trading in our or any other corporation’s securities. Directors are also reminded of their obligations under the SFA to give the requisite notice to the Company of any interests in securities of the Company or of any of its related corporations, and of any changes, within two business days after they acquire such interests or, as the case may be, after they become aware of the changes. In any event, the non-executive Directors who are currently our shareholders hold an insignificant number of shares in SATS.

Engagement with Stakeholders

SATS has appropriate channels in place to identify and engage with its material stakeholder groups. We recognise the importance of sharing detailed knowledge of our business and regular interactions with our stakeholders to determine material concerns for our business. These engagements enable SATS to review business processes, report on the progress of initiatives, as well as share ideas and knowledge for deeper collaborative partnerships. SATS periodically engages with key stakeholder groups while observing best practices such as tailoring relevant information for specific groups, taking into consideration constructive feedback on pertinent issues, and avoiding any engagement during blackout periods.

On the communications front, SATS provides timely and informative updates relating to Company announcements, financial results/voluntary quarterly business updates, news releases, and corporate presentations on its corporate website. In relation to the Company’s risk management measures, our ERM team periodically engages key internal and external stakeholders to assess, refine, and implement our ERM framework and business continuity plans.

Upholding safety is our utmost priority at SATS. It is embedded in our core values and we take our responsibility of raising safety awareness and preventing accidents at the workplace and operational sites seriously. All senior members of Management have completed bizSAFE Level 1 training, part of the programme supported by the Singapore Ministry of Manpower to help companies build workplace safety and health capabilities. The Board of Directors will take their bizSAFE Level 1 training in FY2023-24.

Corporate Governance Report

On 7 March 2022, SATS further reinforced our commitment to aviation safety by signing the inaugural safety charter launched by CAAS, together with 79 other aviation organisations at the annual Aviation Safety Forum. SATS will continue to work closely with all stakeholders in the aviation ecosystem to jointly uphold the highest safety standards and strengthen our safety culture.

Beyond aviation, SATS successfully conducted the groundbreaking for our new SATS Food Hub (SFH) in Singapore's Jurong Innovation District (JID) on 7 April 2022. Prior to the milestone event, the Company engaged various stakeholders such as grassroots leaders, JTC, the Singapore Economic Development Board, Enterprise Singapore, and the National Environment Agency to discuss and address the environmental and social impact that the SFH will have on the community in the JID.

The Company also established two purchasing authorities under the procurement function – Global Procurement and SATS Procurement Services – which manage the procurement of food-related goods and services, and non-food related categories, respectively, to drive procurement efficiency. SATS also launched a new Global Procurement Policy which is guided by five principles – best total value, honest, ethical and fair dealings, externally-linked supply solutions, competition and collaboration, supplier long-term partnership – as well as a global procurement operation manual. In line with the above, SATS is engaging our suppliers and vendors to embed the ESG criteria and practices set out in our Global Procurement Policy, supply chain management, and vendor selection and evaluation processes.

Emerging from the COVID-19 pandemic, we are cognisant of how the lingering impacts of COVID-19 and recent geopolitical events have transformed businesses. The pandemic has presented new challenges and opportunities for businesses and communities. To better align our sustainability priorities with those of our stakeholders, we conducted an extensive materiality assessment review from October 2022 to April 2023 and identified eight material topics which will be used to refine our sustainability efforts to create a greater impact. In line with new regulations issued by the SGX-ST, all Board members who held office as at the end of FY2022-23 have completed the required training on sustainability matters as prescribed by the SGX-ST during the course of FY2022-23. Dr Detlef Trefzger and Mr Eng Aik Meng, who were appointed after the end of FY2022-23, will undergo the required training on sustainability matters as prescribed by the SGX-ST during the course of FY2023-24.

As part of SATS' commitment to taking a holistic approach to waste reduction, we participated in the inaugural edition of the OCBC Sustainability Innovation Challenge, which was aimed at addressing the challenges in waste management, primarily the management, treatment and segregation of waste. 100 companies from 24 countries submitted applications. Enexor Bioenergy and TRIA emerged winners of the challenge and SATS will be conducting a feasibility study with both winners.

In a continuous effort to leverage technology to enhance productivity, SATS has participated in several trial projects with Changi Airport. For example, we have tested the use of autonomous baggage tractors for baggage transportation in a live environment at Terminal 3 of Changi Airport Group and are continuing the second phase of the trial to operate the tractor remotely from a control centre. From March 2021 to September 2022, SATS participated in Changi Airport Group's truck dock slot booking trial which was aimed at reducing operating costs, boosting productivity, and reducing congestion at the Changi Airfreight Terminal. Building on learnings from the trial, SATS along with other industry stakeholders will continue to support Changi Airport Group in improving the truck dock slot booking system with a more integrated solution.

In relation to the WFS acquisition, SATS held two SIAS-SATS dialogue sessions with retail investors in Singapore, a briefing with analysts and four meetings with investors in US, Hong Kong and Malaysia, to provide more information on the WFS acquisition to the investment community. At the 2023 EGM which was held on 18 January 2023 to solicit approval from SATS' shareholders for the acquisition of WFS, the acquisition proposal received 96.8% approval from voting shareholders and appointed proxies.

We produced print versions of the EGM and Rights Issue gatefolds for distribution to our investors. A digital copy of the gatefolds was also made available on the SATS corporate website and on SGXNET. To expand the reach to our investors for the Rights Issue, print advertisements were placed in the Straits Times and Lianhe Zaobao newspapers on 9 and 16 March 2023, and digital advertisements ran in both newspapers from 9 to 21 March 2023. Digital advertisements were also placed in The Edge newspaper from 9 to 19 March 2023.

Annexure Share Plans

SATS RSP and SATS PSP

The SATS RSP and the SATS PSP were approved by shareholders at the Extraordinary General Meeting of the Company held on 19 July 2005 for an initial term of 10 years till July 2015. A 10-year extension until July 2025 was approved at the 41st AGM of the Company. There was no change to the maximum limit of new shares which may be issued under the SATS RSP and the SATS PSP following the extension of their respective durations. These plans were introduced with a view to further strengthening

the Company's competitiveness in attracting and retaining talented key senior members of Management and executives. The SATS RSP and the SATS PSP aim to more directly align the interests of key senior members of Management and executives with the interests of shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst key senior members of Management and executives. These plans contemplate the award of fully paid shares of the Company, when and after pre-determined performance or service conditions are accomplished.

The SATS RSP serves as an additional motivational tool to recruit and retain talented executives as well as to reward Company and individual performance. In addition, it enhances the Group's overall compensation packages, strengthening the Group's ability to attract and retain high performing talent. Shareholders' approval was also obtained at the 46th AGM of the Company to alter the SATS RSP to enable non-executive Directors to participate in the SATS RSP, so as to permit grants of fully paid shares to be made under the SATS RSP to non-executive Directors as part of their Directors' remuneration.

The SATS PSP is targeted at a select group of key senior members of Management who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company through innovation, creativity and superior performance. Awards under the SATS PSP are performance-based, with performance targets set in accordance with medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets based on criteria such as total shareholders' return, economic value added, market share, market ranking or return on sales.

Awards granted to executives under the SATS RSP, which is intended to apply to a broader base of executives, will vest only after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years (time-based restricted awards) or, where the award is performance-based (performance-based restricted awards), after a further period of service beyond the performance target completion date. Awards granted to the non-executive Directors under the SATS RSP in lieu of part of the cash amount of their Directors' remuneration consist of fully paid shares with no performance conditions attached and no vesting periods imposed. However, such non-executive Directors will be required to retain a base shareholding worth up to one year's retainer fee for as long as he/she is on the Board of the Company, and for a period of one year after stepping down as a Director.

No minimum vesting periods are prescribed under the SATS RSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis. The grant of such performance-based restricted awards is intended to ensure that the earning of shares under the SATS RSP is aligned with the pay-for-performance principle. The use of time-based restricted awards will only be made on a case-by-case basis where business needs justify such awards.

The selection of a participant and the number of shares which he/she would be awarded under the SATS RSP will be determined at the absolute discretion of the RHRC, which will take into account criteria such as his/her rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his/her contribution to the success and development of the Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

Under the SATS RSP and the SATS PSP, the RHRC has the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the RHRC has the right to make reference to the audited results of the Company or the Group to take into account such factors as the RHRC may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the RHRC decides that a changed performance target would be a fairer measure of performance.

The senior members of Management who are participants of SATS RSP and SATS PSP are required to observe a moratorium on a minimum threshold of their shares in the Company. They are prohibited from trading, pledging or hedging their minimum threshold. The RHRC in their review of the Company's share plans also reviewed the minimum threshold. The RHRC commissioned a review of the minimum threshold by an external consultant, Aon Hewitt, in October 2014 and had approved the findings and recommendation of Aon Hewitt.

The aggregate number of shares which may be issued pursuant to awards granted under the SATS RSP and the SATS PSP, when added to the number of new shares issued and issuable in respect of all options granted under the SATS Employee Share Option Plan (which expired in 2010 and under which there are no longer any outstanding options), and all awards granted under the SATS RSP and the SATS PSP, may not exceed 15 percent of the total number of issued ordinary shares in the capital of the Company (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual)) on the day preceding the relevant date of award.

For FY2022-23, the total number of shares comprised in awards granted under the SATS RSP and SATS PSP did not exceed 0.3 percent of the total number of issued shares (excluding treasury shares and subsidiary holdings).



Financial Statements

Directors' Statement	110
Independent Auditors' Report	115
Consolidated Income Statement	120
Consolidated Statement of Comprehensive Income	121
Statements of Financial Position	122
Statements of Changes in Equity	124
Consolidated Statement of Cash Flows	127
Notes to the Financial Statements	128

Directors’ Statement

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of SATS Ltd. (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2023.

1. Opinion of the Directors

In the opinion of the Directors:

- (a)

The financial statements set out on pages 120 to 222 give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (b)

at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Directors have, on the date of this statement, authorised these financial statements for issue.

2. Directors

The Directors of the Company in office at the date of this statement are:

Euleen Goh Yiu Kiang	Chairman
Kerry Mok Tee Heong	
Achal Agarwal	
Vinita Bali	
Chia Kim Huat	
Eng Aik Meng	Appointed on 15 April 2023
Jenny Lee Hong Wei	
Jessica Tan Soon Neo	
Tan Soo Nan	
Deborah Tan Yang Sock	
Detlef Andreas Trefzger	Appointed on 15 April 2023
Yap Kim Wah	

3. Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors’ Interests in Shares and Debentures

The following Directors who held office at the end of the financial year, had, according to the register of Directors’ shareholdings required to be kept under Section 164 of the Companies Act 1967, an interest in shares and share options of the Company (including those held by their spouses and children) as stated below:

Name of Director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares⁽¹⁾				
Euleen Goh Yiu Kiang	102,174	160,048	–	–
Kerry Mok Tee Heong	89,500	293,441	–	–
Achal Agarwal	51,400	78,983	–	–
Vinita Bali	–	7,144	–	–
Chia Kim Huat	22,590	39,676	–	–
Michael Kok Pak Kuan ⁽²⁾	22,600	40,880	–	–
Jenny Lee Hong Wei	11,300	22,094	–	–
Jessica Tan Soon Neo	22,300	40,086	–	–
Tan Soo Nan	50,900	77,792	4,088	5,408
Deborah Tan Yang Sock	2,200	14,023	–	–
Yap Kim Wah	23,100	42,600	–	–
Award under SATS Restricted Share Plan (“RSP”)				
Kerry Mok Tee Heong ⁽³⁾	64,900	99,900	–	–
Award under SATS Performance Share Plan (“PSP”)				
Kerry Mok Tee Heong ⁽⁴⁾	262,500	263,800	–	–

⁽¹⁾ Includes, in respect of all the Directors named above other than Kerry Mok Tee Heong, shares of the Company delivered pursuant to awards granted to them under the RSP during the financial year under review as part of their Directors’ Fees in lieu of cash and, in respect of Kerry Mok Tee Heong, shares of the Company delivered pursuant to awards granted to him under the RSP and PSP in his capacity as a Group employee.

⁽²⁾ Mr Michael Kok Pak Kuan resigned on 15 April 2023.

⁽³⁾ The final number of RSP award will vest equally over a three-year period. During the financial year, 113,700 shares were awarded and 78,700 shares were vested.

⁽⁴⁾ The final number of PSP will range from 0% to 150% of the initial grant and is contingent on the achievements of pre-determined targets over a three-year performance conditions period. During the financial year, 86,300 shares were awarded and 53,600 shares were vested.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2023.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' Statement

5. Share-Based Payments

Restricted Share Plan (“RSP”) and Performance Share Plan (“PSP”)

At the Extraordinary General Meeting of the Company held on 19 July 2005, the shareholders approved the adoption of two new share plans, namely the RSP and the PSP, in addition to the Share Option Plan. Both share plans which expired in July 2015 were subsequently approved during the 41st Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

From FY2015-16 onwards, the RSP final number of award will range from 0% to 120% of the initial grant and is contingent on the achievement of pre-determined targets over a one-year performance period and will vest equally over a three-year period. The PSP final number of award will range from 0% to 150% of the initial grant and is contingent on the achievement of pre-determined targets over a three-year performance period.

At the date of this report, the Remuneration and Human Resource Committee which administers the Share Option Plan, the RSP and PSP comprises the following Directors:

Euleen Goh Yiu Kiang	Chairman
Achal Agarwal	Member
Eng Aik Meng	Member

No shares have been granted to controlling shareholders or their associates under the RSP and PSP.

At the 46th Annual General Meeting of the Company held on 18 July 2019, the shareholders of the Company approved alterations to the RSP to permit grants of fully paid shares of the Company to be made to Non-Executive Directors of the Company as part of their Directors' Fees in respect of their office as such, in lieu of cash. During the financial year, an aggregate of 87,000 shares of the Company were delivered pursuant to awards granted under RSP to Non-Executive Directors as part of their Directors' Fees for the period 1 April 2021 to 31 March 2022 in lieu of cash. The awards consisted of fully paid shares with no performance conditions attached and no vesting periods imposed.

The details of the shares awarded under the RSP and PSP during the year are as follows:

RSP

Date of grant	Number of restricted shares				
	Balance at 01 April 2022/ Date of grant	Vested	Forfeited	Adjustment	Balance at 31 March 2023
24 June 2019	1,200	(1,200)	–	–	–
20 August 2020	261,400	(260,300)	(1,100)	–	–
25 June 2021	1,186,000	(640,800)	(68,000)	–	477,200
24 June 2022	2,701,900	(930,500)	(182,900)	–	1,588,500
10 August 2022	87,000	(87,000)	–	–	–
	4,237,500	(1,919,800)	(252,000)	–	2,065,700

5. Share-Based Payments (cont'd)

Restricted Share Plan (“RSP”) and Performance Share Plan (“PSP”) (cont'd)

PSP

Date of grant	Number of performance shares				Balance at 31 March 2023
	Balance at 01 April 2022/ Date of grant	Vested	Forfeited	Adjustment [#]	
01 August 2019	280,000	(176,500)	–	(103,500)	–
20 August 2020	647,500	–	(185,000)	–	462,500
02 August 2021	490,000	–	(145,000)	–	345,000
24 June 2022	296,300	–	(50,000)	–	246,300
	1,713,800	(176,500)	(380,000)	(103,500)	1,053,800

[#] Adjustments due to the performance factor at the end of the performance period upon meeting stated performance targets.

Based on the Monte Carlo simulation model, the estimated weighted average fair values at the date of grant for each share granted during the year under the PSP is \$2.16 (2022: \$2.16).

For performance share grants with non-market conditions, the Group revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the income statement and share-based compensation reserve.

Under the PSP, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2023 were 2,065,700 (2022: 1,448,600) and 1,053,800 (2022: 1,417,500) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 2,065,700 (2022: 1,448,600) and zero to a maximum of 1,580,700 (2022: 2,126,250) fully paid ordinary shares of the Company, for RSP and PSP respectively.

For the current financial year, the Group has provided \$8,939,000 (2022: \$7,606,000) in respect of the RSP and PSP based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

6. Audit Committee

The Audit Committee performed the functions specified in the Companies Act 1967. The functions performed are detailed in the Corporate Governance Report.

Directors' Statement

7. Internal Control Statement

Taking into account the views of the Audit Committee and the Board Risk and Safety Committee in the exercise of their responsibilities under their respective terms of reference, the framework of management controls, the internal control policies and procedures established and maintained by the Group's Management, the reviews conducted by the internal and external auditors and the documented governance assurance, the Board is of the opinion that the systems of internal controls and risk management (addressing financial, operational, compliance and information technology controls) which the Group consider relevant and material to its current business scope and environment were adequate and effective as at the date of the 'Directors' Statement'. The Audit Committee concur with the Board's opinions.

However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

8. Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors,

Euleen Goh Yiu Kiang
Chairman

Kerry Mok Tee Heong
Executive Director / President and Chief Executive Officer

Dated this 29 May 2023

Independent Auditors' Report

Members of the Company
SATS Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SATS Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group, the statement of financial position of the Company as at 31 March 2023, the consolidated income statement, consolidated statement of comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 120 to 222.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors’ Report

Impairment of non-financial assets, including goodwill

Refer to Note 2.14 ‘Impairment of non-financial and financial assets’ and Note 3.4 ‘Impairment of non-financial assets’ for relevant accounting policies and discussion of significant accounting estimates, Note 14 ‘Property, Plant and Equipment’, Note 15 ‘Right-of-Use Assets’, Note 16 ‘Intangible assets’, Note 18 ‘Investment in associates’ and Note 19 ‘Investment in joint ventures’.

The key audit matter	How the matter was addressed in our audit
The Group’s non-financial assets comprises Property, Plant and Equipment, Right-of-Use Assets, Intangible assets (including goodwill) and Investments in associates and joint ventures. These non-financial assets are allocated to cash generating units (“CGUs”). Annual impairment testing is required for CGUs containing goodwill or when assessed with impairment indicators. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of each CGU. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses. The recoverable amounts are determined based on estimates including projected revenue growth, projected cost, terminal growth rates and discount rates. There is inherent uncertainty involved in forecasting future cashflows. Specifically, there remains a high degree of estimation uncertainty in the post-Covid-19 recovery profile of the various geographical regions that the Group operates in. As a result of the high degree of estimation uncertainty and significant judgement involved, this is a key area of focus for our audit.	We held discussions with senior management to understand the basis of the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the CGUs. These estimates include those relating to projected revenue, projected cost, terminal growth rates and discount rates. We challenged management’s estimates applied in the value-in-use models based on our knowledge of the CGUs’ operations, and compared them against historical forecasts, performance and external benchmarks. This included obtaining an understanding of management’s planned strategies around business expansion, revenue stream growth strategies and cost initiatives. We performed sensitivity analyses to evaluate whether reasonable changes in the key assumptions for any of the Group’s CGUs would cause the carrying amounts to exceed the recoverable amounts. We assessed the arithmetical accuracy of the computations used in assessing the recoverable amount of the CGUs.

Findings

Key estimates including projected revenue, projected cost, terminal growth rates and discount rates used in assessing the recoverable amounts of the respective CGUs are subject to significant amounts of estimation uncertainty. Nevertheless, we found that these key inputs underpinning the cashflow projections utilised in the computation of the recoverable amount of the respective CGUs, to be reasonable in the context of historical performance, available external information or planned strategies surrounding business expansion and cost initiatives.

Other information

Management is responsible for the other information. The other information comprises the Directors’ statement which we obtained prior to the date of this auditor’s report, and the annual report other than the financial statements and Directors’ statement which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report other than Directors’ statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

Independent Auditors’ Report

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors’ responsibilities for the audit of the financial statements (cont’d)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors’ report is Mr. Malcolm Ramsay.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

29 May 2023

Consolidated Income Statement

for the financial year ended 31 March 2023

	Note	2022-23 \$'000	2021-22 \$'000
Revenue	4	1,758,329	1,176,766
Expenditure			
Staff costs	5	(891,818)	(550,555)
Cost of raw materials		(336,350)	(311,148)
Licence fees		(56,361)	(16,282)
Depreciation and amortisation charges		(175,791)	(119,667)
Company premise and utilities expenses		(124,221)	(73,887)
Other costs		(221,821)	(147,854)
		(1,806,362)	(1,219,393)
Operating loss	6	(48,033)	(42,627)
Interest on borrowings	7	(18,637)	(17,065)
Interest income	7	9,893	3,285
Share of results of associates/joint ventures, net of tax		45,438	17,154
Other non-operating (loss)/gain, net	8	(32,431)	12,152
Loss before tax		(43,770)	(27,101)
Income tax credit	9	5,177	31,432
(Loss)/profit for the year		(38,593)	4,331
(Loss)/profit attributable to:			
Owners of the Company		(26,506)	20,371
Non-controlling interests		(12,087)	(16,040)
		(38,593)	4,331
(Loss)/Earnings per share (cents)			
Basic	10	(2.2)	1.8*
Diluted	10	(2.2)	1.7*

* Earnings per share have been restated following the rights issue (Note 10).

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

for the financial year ended 31 March 2023

	2022-23 \$'000	2021-22 \$'000
(Loss)/profit for the year	(38,593)	4,331
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit plan	(161)	(5,487)
Items that are or may be reclassified subsequently to profit or loss:		
Net fair value changes on financial assets	(329)	626
Hedge translation differences	12,415	–
Foreign currency translation differences	(55,301)	27,567
	(43,215)	28,193
Other comprehensive income for the year, net of tax	(43,376)	22,706
Total comprehensive income for the year	(81,969)	27,037
Total comprehensive income attributable to:		
Owners of the Company	(62,698)	48,678
Non-controlling interests	(19,271)	(21,641)
Total comprehensive income for the year	(81,969)	27,037

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 March 2023

		GROUP		COMPANY	
	Note	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Equity attributable to owners of the Company					
Share capital	12	1,153,485	367,947	1,153,485	367,947
Treasury shares	12	(854)	(8,481)	(854)	(8,481)
Share-based compensation reserve	13	5,244	4,878	5,244	4,878
Statutory reserve	13	13,956	13,506	–	–
Foreign currency translation reserve	13	(168,546)	(119,485)	–	–
Revenue reserve		1,342,603	1,368,752	1,424,207	1,345,013
Other reserves	13	(12,364)	(24,516)	(26,346)	(26,365)
		2,333,524	1,602,601	2,555,736	1,682,992
Non-controlling interests	18	181,258	231,106	–	–
Total equity		2,514,782	1,833,707	2,555,736	1,682,992
Non-current assets					
Property, plant and equipment	14	579,213	589,651	12,957	18,802
Right-of-use assets	15	320,976	312,827	79,645	59,522
Investment properties	16	–	–	131,598	147,650
Intangible assets	17	527,108	553,179	28,227	24,972
Investment in subsidiaries	18	–	–	934,530	923,753
Investment in associates	19	377,898	393,811	213,946	221,261
Investment in joint ventures	20	66,439	60,206	12,014	12,014
Long-term investments	21	14,235	14,577	6,060	6,060
Loan to subsidiaries	18	–	–	349,979	388,428
Loan to associate		–	2,152	–	2,152
Deferred tax assets	22	55,634	57,407	–	–
Other non-current assets	23	9,373	12,531	–	–
		1,950,876	1,996,341	1,768,956	1,804,614
Current assets					
Trade and other receivables	24	481,045	387,721	2,075,866	158,460
Prepayments and deposits		20,551	36,706	5,847	3,251
Amounts due from associates/joint ventures	19,20	2,018	2,323	793	1,492
Loan to associate		2,114	–	2,114	–
Loan to subsidiaries	18	–	–	77,110	–
Inventories	25	68,690	83,155	775	757
Cash and cash equivalents	26	374,458	786,041	181,431	505,781
Deposit with notary	35	1,773,991	–	–	–
		2,722,867	1,295,946	2,343,936	669,741

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

		GROUP		COMPANY	
	Note	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Current liabilities					
Trade and other payables	27	522,491	457,946	171,102	132,713
Amounts due to joint ventures	20	11,624	11,400	–	–
Income tax payable		18,321	18,179	8,993	9,725
Notes and borrowings	28	12,973	101,685	–	–
Loan from subsidiaries	18	–	–	163,000	167,800
Lease liabilities	32	41,068	41,373	3,647	2,847
		606,477	630,583	346,742	313,085
Net current assets		2,116,390	665,363	1,997,194	356,656
Non-current liabilities					
Deferred tax liabilities	22	88,259	90,440	25,887	26,913
Notes and borrowings	28	1,133,526	409,127	1,101,340	386,646
Lease liabilities	32	290,816	285,659	78,647	58,009
Other payables	27	39,883	42,771	4,540	6,710
		1,552,484	827,997	1,210,414	478,278
Net assets		2,514,782	1,833,707	2,555,736	1,682,992

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2023

	Attributable to owners of the Company										Non-controlling Interests \$'000	Total Equity \$'000
	Share Capital \$'000	Treasury Shares \$'000	Share-Based Compensation Reserve \$'000	Statutory Reserve* \$'000	Foreign Currency Translation Reserve \$'000	Revenue Reserve \$'000	Capital Reserve \$'000	Loss on Reissuance of Treasury Shares \$'000	Fair Value Reserve \$'000	Total \$'000		
GROUP												
Balance at 1 April 2022	367,947	(8,481)	4,878	13,506	(119,485)	1,368,752	1,072	(26,365)	777	1,602,601	231,106	1,833,707
Loss for the year	-	-	-	-	-	(26,506)	-	-	-	(26,506)	(12,087)	(38,593)
Other comprehensive income for the year	-	-	-	-	(49,061)	807	-	-	12,062	(36,192)	(7,184)	(43,376)
Total comprehensive income for the year	-	-	-	-	(49,061)	(25,699)	-	-	12,062	(62,698)	(19,271)	(81,969)
Contributions by and distributions to owners												
Share-based compensation	-	-	8,939	-	-	-	-	-	-	8,939	-	8,939
Treasury shares reissued pursuant to share-based compensation plans	-	7,627	(7,301)	-	-	-	-	19	-	345	-	345
Issuance of new shares pursuant to share-based compensation plans	1,272	-	(1,272)	-	-	-	-	-	-	-	-	-
Issuance of new shares pursuant to Rights Issue	784,266	-	-	-	-	-	-	-	-	784,266	-	784,266
Total contributions by and distributions to owners	785,538	7,627	366	-	-	-	-	19	-	793,550	-	793,550
Others												
Purchase price allocation for acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	5,320	5,320
Capital contribution from non-controlling interests	-	-	-	-	-	-	71	-	-	71	208	279
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(36,105)	(36,105)
Transfer to statutory reserve	-	-	-	450	-	(450)	-	-	-	-	-	-
Balance at 31 March 2023	1,153,485	(854)	5,244	13,956	(168,546)	1,342,603	1,143	(26,346)	12,839	2,333,524	181,258	2,514,782

* Certain countries in which some of the associates and subsidiaries are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves. The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2023

	Attributable to owners of the Company										Non-controlling Interests \$'000	Total Equity \$'000
	Share Capital \$'000	Treasury Shares \$'000	Share-Based Compensation Reserve \$'000	Statutory Reserve* \$'000	Foreign Currency Translation Reserve \$'000	Revenue Reserve \$'000	Capital Reserve \$'000	Loss on Reissuance of Treasury Shares \$'000	Fair Value Reserve \$'000	Total \$'000		
GROUP												
Balance at 1 April 2021	367,947	(18,798)	9,442	13,502	(150,223)	1,348,986	1,072	(25,747)	161	1,546,342	152,458	1,698,800
Profit/(loss) for the year	-	-	-	-	-	20,371	-	-	-	20,371	(16,040)	4,331
Other comprehensive income for the year	-	-	-	-	30,738	(3,047)	-	-	616	28,307	(5,601)	22,706
Total comprehensive income for the year	-	-	-	-	30,738	17,324	-	-	616	48,678	(21,641)	27,037
Contributions by and distributions to owners												
Share-based compensation	-	-	7,606	-	-	-	-	-	-	7,606	-	7,606
Share awards lapsed	-	-	(2,446)	-	-	2,446	-	-	-	-	-	-
Treasury shares reissued pursuant to share-based compensation plans	-	10,317	(9,724)	-	-	-	-	(618)	-	(25)	-	(25)
Total contributions by and distributions to owners	-	10,317	(4,564)	-	-	2,446	-	(618)	-	7,581	-	7,581
Others												
Acquisition of shares in subsidiary	-	-	-	-	-	-	-	-	-	-	102,689	102,689
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,400)	(2,400)
Transfer to statutory reserve	-	-	-	4	-	(4)	-	-	-	-	-	-
Balance at 31 March 2022	367,947	(8,481)	4,878	13,506	(119,485)	1,368,752	1,072	(26,365)	777	1,602,601	231,106	1,833,707

* Certain countries in which some of the associates and subsidiaries are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves. The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2023

COMPANY	Share Capital \$'000	Treasury Shares \$'000	Share-Based Compensation Reserve \$'000	Revenue Reserve \$'000	Loss on Reissuance of Treasury Shares \$'000	Total Equity \$'000
Balance at 1 April 2022	367,947	(8,481)	4,878	1,345,013	(26,365)	1,682,992
Profit for the year	–	–	–	79,194	–	79,194
Total comprehensive income for the year	–	–	–	79,194	–	79,194
Contributions by and distributions to owners						
Share-based compensation	–	–	8,939	–	–	8,939
Treasury shares reissued pursuant to share-based compensation plans	–	7,627	(7,301)	–	19	345
Issuance of new shares pursuant to share-based compensation plans	1,272	–	(1,272)	–	–	–
Issuance of new shares pursuant to Rights Issue	784,266	–	–	–	–	784,266
Total contributions by and distributions to owners	785,538	7,627	366	–	19	793,550
Balance at 31 March 2023	1,153,485	(854)	5,244	1,424,207	(26,346)	2,555,736

COMPANY	Share Capital \$'000	Treasury Shares \$'000	Share-Based Compensation Reserve \$'000	Revenue Reserve \$'000	Loss on Reissuance of Treasury Shares \$'000	Total Equity \$'000
Balance at 1 April 2021	367,947	(18,798)	9,442	1,305,292	(25,747)	1,638,136
Profit for the year	–	–	–	37,275	–	37,275
Total comprehensive income for the year	–	–	–	37,275	–	37,275
Contributions by and distributions to owners						
Share-based compensation	–	–	7,606	–	–	7,606
Treasury shares reissued pursuant to share-based compensation plans	–	10,317	(9,724)	–	(618)	(25)
Share awards lapsed	–	–	(2,446)	2,446	–	–
Total contributions by and distributions to owners	–	10,317	(4,564)	2,446	(618)	7,581
Balance at 31 March 2022	367,947	(8,481)	4,878	1,345,013	(26,365)	1,682,992

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 March 2023

Note	2022-23 \$'000	2021-22 \$'000
Cash flows from operating activities		
Loss before tax	(43,770)	(27,101)
Adjustments for:		
Interest expenses, net	7 8,744	13,780
Depreciation and amortisation charges	175,791	119,667
Unrealised foreign exchange loss	430	42
Share of results of associates/joint ventures, net of tax	(45,438)	(17,154)
Gain on disposal of property, plant and equipment	8 (13,012)	(234)
Loss on sale and leaseback of property	593	–
Gain on deemed disposal of associate	8 –	(28,862)
Gain on disposal of associate	(1,901)	–
Impairment loss for an associate	8 1,717	–
Impairment loss on property, plant and equipment	14 –	16,948
Share-based compensation expense	5 8,939	7,606
Provision for doubtful debts	6 178	11,134
Other non-cash items	1,710	773
Operating cash flows before working capital changes	93,981	96,599
Changes in working capital:		
Increase in receivables	(90,431)	(79,300)
Decrease/(increase) in prepayments and deposits	16,155	(15,748)
Decrease in inventories	12,848	47,199
Increase in payables	69,229	48,081
Decrease/(increase) in amounts due from/to associates/joint ventures, net	67	(528)
Cash generated from operations	101,849	96,303
Interest paid to third parties	(19,560)	(16,994)
Income taxes paid	(2,741)	(16,989)
Net cash from operating activities	79,548	62,320
Cash flows from investing activities		
Capital expenditure	26 (119,400)	(77,989)
Dividends from associates/joint ventures	23,500	26,641
Net proceeds from sale of investments	–	306
Net proceeds from sale of associate	3,139	–
Proceeds from disposal of property, plant and equipment	25,453	347
Investments in subsidiaries – cash acquired net of considerations paid for acquisition	–	80,666
Investment in a joint venture	(60)	–
Interest received from deposits	9,518	3,289
Loan to associate	–	(2,152)
Deposit with notary	(1,773,991)	–
Net cash (used in)/from investing activities	(1,831,841)	31,108
Cash flows from financing activities		
Repayment of term loans	28 (106,438)	(181,994)
Repayment of lease liabilities	28 (60,101)	(25,986)
Proceeds from borrowings	28 752,874	21,077
Net proceeds from issuance of new shares pursuant to rights issue	789,739	–
Dividends paid to non-controlling interest	(36,105)	(2,400)
Net cash from/(used in) financing activities	1,339,969	(189,303)
Net decrease in cash and cash equivalents	(412,324)	(95,875)
Effect of exchange rate changes	741	2,067
Cash and cash equivalents at beginning of financial year	786,041	879,849
Cash and cash equivalents at end of financial year	374,458	786,041

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 March 2023

The consolidated financial statements for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 29 May 2023.

1. General

SATS Ltd. (the “Company” or “SATS”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 20 Airport Boulevard, SATS Inflight Catering Centre 1, Singapore 819659.

The Company is principally an investment holding company. Its other activities include rental of premises and provision of management services to related companies.

The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”). The related changes to significant accounting policies are described in Note 2.2.

The financial statements are presented in Singapore Dollars (“\$” or “SGD”) and all values in the tables are rounded to the nearest thousand (“\$’000”), unless otherwise indicated.

2.2 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 April 2022:

- Amendment to SFRS(I) 16: *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements to SFRS(I)s 2018-2020*

The Group has adopted Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract* from 1 April 2022. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Group has analysed all contracts existing at 1 April 2022 and determined that none of them would be identified as onerous applying the revised accounting policy – i.e. there is no impact on the opening equity balances as at 1 April 2022 as a result of the change.

2. Summary of Significant Accounting Policies (cont’d)

2.3 New standards and interpretations not adopted

The following amendments to SFRS(I)s are not expected to have a significant impact on the Group’s consolidated financial statements and the Company’s statement of financial position.

- SFRS(I) 17 *Insurance Contracts and Amendments to SFRS(I) 17 Insurance Contracts*
- Amendments to SFRS(I) 1-1 and SFRS(I) *Practice Statement 2: Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-Current*

2.4 Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group’s share of components previously recognised in other comprehensive income to profit or loss or revenue reserve, as appropriate.

Notes to the Financial Statements

31 March 2023

2. Summary of Significant Accounting Policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by SFRS(I)s.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.10. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.5 Subsidiaries, associates and joint ventures

Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In determining whether the Group has control over an investee requires management judgement. In exercising its judgement, management considers the proportion of its ownership interest and voting rights, the Group's decision making authority over the investee, as well as the Group's overall exposure to variable returns.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

Associates and joint ventures

An associate is an entity over which the Group has significant influence, but not control or joint control over the financial and operating policy decisions of the investee.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control and the joint arrangement provides the Group with rights to the net assets of the arrangement.

2. Summary of Significant Accounting Policies (cont'd)

2.5 Subsidiaries, associates and joint ventures (cont'd)

Associates and joint ventures (cont'd)

The Group accounts for its investment in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of the results of the operations of the associates or joint ventures. Distributions received from the associates or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interests in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal against the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The most recently available audited financial statements of the associates and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Notes to the Financial Statements

31 March 2023

2. Summary of Significant Accounting Policies (cont'd)

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition are translated into Singapore Dollars at exchange rates at the reporting date and their profit or loss are translated at exchange rates at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. Summary of Significant Accounting Policies (cont'd)

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.19. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Useful lives of property, plant and equipment

Judgement is required in determining the useful lives of property, plant and equipment. In determining useful lives, which is based on the period over which an asset is expected to be available for efficient use, the Group considers factors like insurance coverage requirement, maintenance and repair cost, technical or commercial obsolescence, the asset replacement policy and legal or similar limits to the use of the property, plant and equipment.

Property, plant and equipment are depreciated on a straight-line basis at rates which are calculated to write-down their costs to their estimated residual values at the end of their operational lives. Operational lives and residual values are reviewed annually in the light of experience and changing circumstances, and adjusted as appropriate at each balance sheet date. The estimated useful lives are as follows:

Freehold buildings	– 50 to 55 years
Leasehold land and buildings	– according to the lease period or 30 years whichever is the shorter
Office fittings and fixtures, and equipment	– 1 to 12 years
Motor vehicles	– 1 to 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to the Financial Statements

31 March 2023

2. Summary of Significant Accounting Policies (cont'd)

2.9 Investment properties

Investment properties are properties that are either owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are stated at cost, net of depreciation and any accumulated impairment losses. Depreciation is provided on the straight-line basis so as to write off the cost of the investment properties over its estimated useful lives of 10 to 30 years. Operational lives and residual values are reviewed annually in the light of experience and changing circumstances, and adjusted as appropriate at each balance sheet date.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

2.10 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

2. Summary of Significant Accounting Policies (cont'd)

2.10 Intangible assets (cont'd)

Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The Group and Company do not have other intangible assets with indefinite useful life.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is de-recognised.

(i) Software development

Software development is stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised using the straight-line method over the estimated useful life of 3 to 10 years.

(ii) Licences

Licences comprise:

- abattoir licence which was acquired in a business combination. The abattoir licence is amortised on a straight-line basis over its estimated useful life of 14 years.
- operating rights acquired in business combinations which is amortised on a straight-line basis over its estimated useful life of 16 years.

(iii) Customer relationships

Customer relationships were acquired in business combinations. The customer relationships are amortised on a straight-line basis over its estimated useful life of 10 to 15 years.

Notes to the Financial Statements

31 March 2023

2. Summary of Significant Accounting Policies (cont'd)

2.11 Financial assets

(i) Recognition and initial measurement

Trade receivables and debt investments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") or fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. Summary of Significant Accounting Policies (cont'd)

2.11 Financial assets (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the respective financial assets is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Notes to the Financial Statements

31 March 2023

2. Summary of Significant Accounting Policies (cont'd)

2.11 Financial assets (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Assessment of whether contractual cash flows are solely payments of principal and interest (cont'd)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income (OCI) and are never reclassified to profit or loss.

(iii) De-recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

2. Summary of Significant Accounting Policies (cont'd)

2.11 Financial assets (cont'd)

(iv) Derivatives and hedge accounting

Derivatives are used to manage exposures to foreign exchange, interest rate risks arising from operational, financing and investment activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as FVTPL. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Where derivatives qualify for hedge accounting, at inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other. The Group's accounting policy for hedge accounting is set out in Note 2.24.

2.12 Inventories

Inventories, which consist mainly of equipment spare parts and food supplies, are stated at the lower of cost and net realisable value. Costs are determined using the weighted average cost basis, and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid fixed deposits that are readily converted to known amounts of cash and are subject to an insignificant risk of change in fair value.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash on hand and cash equivalents in banks, net of outstanding bank overdrafts.

2.14 Impairment of non-financial and financial assets

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised costs; and
- intra-group financial guarantee contracts.

Notes to the Financial Statements

31 March 2023

2. Summary of Significant Accounting Policies (cont'd)

2.14 Impairment of non-financial and financial assets (cont'd)

(i) Non-derivative financial assets (cont'd)

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2. Summary of Significant Accounting Policies (cont'd)

2.14 Impairment of non-financial and financial assets (cont'd)

(i) Non-derivative financial assets (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

- breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Notes to the Financial Statements

31 March 2023

2. Summary of Significant Accounting Policies (cont'd)

2.14 Impairment of non-financial and financial assets (cont'd)

(ii) Non-financial assets (cont'd)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.15 Financial liabilities

(i) Initial recognition, classification, subsequent measurement and gains and losses

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised term loans, bank overdrafts, and trade and other payables.

(ii) De-recognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2. Summary of Significant Accounting Policies (cont'd)

2.15 Financial liabilities (cont'd)

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.16 Accruals

Accruals are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Accruals are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the accrual is reversed. If the effect of the time value of money is material, accruals are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the accrual due to the passage of time is recognised as a finance cost.

2.17 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 15.

Notes to the Financial Statements

31 March 2023

2. Summary of Significant Accounting Policies (cont'd)

2.17 Leases (cont'd)

(i) As a lessee (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in "loans and borrowings" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Summary of Significant Accounting Policies (cont'd)

2.17 Leases (cont'd)

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'. Rental income from sub-leased property is recognised as "other income".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

2.18 Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements

31 March 2023

2. Summary of Significant Accounting Policies (cont'd)

2.18 Taxes (cont'd)

Deferred tax

Deferred tax is provided, using the liability method on temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

2. Summary of Significant Accounting Policies (cont'd)

2.18 Taxes (cont'd)

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Employee benefits

Equity compensation plans

The Group has also implemented the Restricted Share Plan and Performance Share Plan for awarding of fully paid ordinary shares to key senior management and senior executives, when and after pre-determined performance or service conditions are accomplished. Details of the plans are disclosed in Note 12 to the financial statements.

The cost of the equity-settled transactions with employees is measured by reference to the fair value of the options or awards at the date on which the share options or awards are granted. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company. The assumptions and models used for estimating fair value for share-based compensation transactions are disclosed in Note 12.

Costs related to share based payment are recognised in profit or loss, with a corresponding increase in the share-based compensation reserve, over the vesting period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based compensation reserve over the remaining vesting period.

Notes to the Financial Statements

31 March 2023

2. Summary of Significant Accounting Policies (cont'd)

2.20 Employee benefits (cont'd)

Equity compensation plans (cont'd)

No expense is recognised for options or awards that do not ultimately vest, except for options or awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The share-based compensation reserve is transferred to revenue reserve upon cancellation or expiry of the vested options or awards. When the options are exercised or awards are released, the share-based compensation reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

Defined contribution plans

The Group participates in national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Defined benefit plan

The Group has defined benefit plan in one of its overseas subsidiaries but the amount is not significant and is included under other payables (non-current).

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

2. Summary of Significant Accounting Policies (cont'd)

2.21 Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (“PO”) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Dividend income

Dividend income from investments is recognised when the Group’s right to receive payment is established.

Interest income

Interest income from investments and fixed deposits is recognised using the effective interest rate method.

2.22 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants receivable are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expense are offset against the related expenses.

Notes to the Financial Statements

31 March 2023

2. Summary of Significant Accounting Policies (cont'd)

2.23 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity (Note 12). No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.24 Hedge accounting

Hedges of a net investment

The Group uses loans as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

Cash flow hedges

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (fair value reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the income statement.

When the hedged cash flow affects the income statement, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the income statement.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the income statement.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

2. Summary of Significant Accounting Policies (cont'd)

2.25 Segment reporting

Disclosure on operating segments are reported in a manner consistent with the internal reporting provided to the senior management of the Group. The senior management are responsible for allocating resources and assessing performance of the operating segments. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Related parties

A related party is defined as follows:

- (i) A person or a close member of that person's family is related to the Group and Company if that person:
 - (a) has control or joint control over the Company;
 - (b) has significant influence over the Company; or
 - (c) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (ii) An entity is related to the Group and the Company if any of the following conditions applies:
 - (a) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (c) both entities are joint ventures of the same third party;
 - (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (f) the entity is controlled or jointly controlled by a person identified in (i); or
 - (g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant Accounting Estimates and Judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Notes to the Financial Statements

31 March 2023

3. Significant Accounting Estimates and Judgements (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements; and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed below.

3.1 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit (“CGU”) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

The value in use for calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group has not commit to or significant future investments that may enhance the asset’s performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Significant judgement is required in determining the recoverable amount of the investments which is subject to a high degree of estimation uncertainty in assessing the forecasted cashflows as well as recovery assumptions from COVID-19 pandemic as the international and regional flights resume.

There was an impairment charge of \$1.7 million recorded in the current financial year for loan to and investment in an associate (Note 8) (2022: Nil).

The Group has also carried out a review on the recoverable amount of its property, plant and equipment, no impairment loss was recorded in the financial year ended 31 March 2023 (2022: \$16.9 million) (Note 8).

3.2 Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company’s domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. Revenue

The Group recognises revenue from the following sources:

	GROUP	
	2022-23 \$'000	2021-22 \$'000
Food Solutions	869,253	640,930
Gateway Services	888,548	532,457
Others	528	3,379
	1,758,329	1,176,766

Revenue is measured based on consideration specified in contracts with customers.

Food Solutions

Revenue from Food Solutions comprises revenue from inflight and institutional catering, food processing, distribution and airline laundry services. Revenue is recognised when goods and services are delivered to the customer and all criteria to acceptance have been satisfied. Payments are due from customers based on the agreed billing term stipulated in the contracts.

Gateway Services

Revenue from Gateway Services comprises revenue from ground handling, airport cargo delivery, management services, aviation security services and cruise terminal services. Revenue is recognised when services are delivered to the customer and all criteria to acceptance have been satisfied. Payments are due from customers based on the agreed billing term stipulated in the contracts.

Others

Others include rental income and other services. Revenue is recognised when it transfers control of a product to a customer or as and when services are rendered.

5. Staff Costs

	GROUP	
	2022-23 \$'000	2021-22 \$'000
Salaries, bonuses and other costs*	841,683	591,671
CPF and other defined contribution plans	94,257	64,626
Share-based compensation expense (Note 12)	8,939	7,606
Government grants	(53,061)	(113,348)
	891,818	550,555

* Included in salaries, bonuses and other costs are contract labour expenses of \$166,305,000 (2022: \$82,952,000).

Notes to the Financial Statements

31 March 2023

6. Operating Loss

The following items have been included in arriving at operating loss:

	GROUP	
	2022-23 \$'000	2021-22 \$'000
Audit fee paid to auditors of the Company	736	600
Audit fee paid to other auditors	407	404
Non-audit fee paid to auditors of the Company	299	208
Non-audit fee paid to other auditors	76	51
Allowance of doubtful receivables and bad debts written off, net	178	11,134
Maintenance of equipment and vehicles	43,550	30,830
Digitalisation and IT expenses	43,343	38,832
Lease of ground support equipment	10,346	6,700
Rental for leasehold land and premises	1,622	4,763
COVID-19 related government grants and reliefs	(59,111)	(145,641)
Exchange loss, net	6,763	168

7. Interest on Borrowings and Interest Income

	GROUP	
	2022-23 \$'000	2021-22 \$'000
Interest expenses – financial liabilities at amortised cost	(18,637)	(17,065)
Interest income – financial assets at amortised cost	9,893	3,285
	(8,744)	(13,780)

8. Other Non-Operating (Loss)/Gain, Net

	GROUP	
	2022-23 \$'000	2021-22 \$'000
Gain on disposal of property, plant and equipment	13,012	234
Impairment loss for an associate	(1,717)	–
Impairment loss on property, plant and equipment	–	(16,948)
Accelerated recognition of government grant for impaired property, plant and equipment	–	321
Gain on disposal and deemed disposal of associate	1,901	28,862
Merger and acquisition expenses	(44,900)	–
Others	(727)	(317)
	(32,431)	12,152

9. Income Tax Credit

The major components of income tax credit for the years ended 31 March 2023 and 2022 are:

	GROUP	
	2022-23 \$'000	2021-22 \$'000
Current income tax:		
Current year	11,011	10,788
Over provision in respect of prior years	(6,663)	(6,820)
	4,348	3,968
Deferred income tax (Note 22):		
Origination and reversal of temporary differences	(11,534)	(36,247)
Under provision of deferred taxation in respect of prior years	125	18
Withholding tax on share of results of associates/joint ventures	1,884	829
Income tax credit recognised in profit or loss	(5,177)	(31,432)

Reconciliation of effective tax rate

	GROUP	
	2022-23 \$'000	2021-22 \$'000
Loss before tax	(43,770)	(27,101)
Taxation at statutory tax rate of 17% (2022: 17%)	(7,441)	(4,607)
Adjustments:		
Non-deductible expenses	17,565	14,417
Effect of different tax rates in other countries	(2,259)	(4,130)
Tax rebate	–	(208)
Over provision of current taxation in respect of prior years	(6,663)	(6,820)
Under provision of deferred taxation in respect of prior years	125	18
Utilisation of previously unrecognised tax losses/capital allowances	(2,840)	(59)
Tax exempt income	(7,964)	(32,451)
Effect of share of results of associates/joint ventures	(7,673)	(2,991)
Withholding tax on share of results of associates/joint ventures	1,884	829
Deferred tax assets not recognised	10,122	4,730
Others	(33)	(160)
Income tax credit recognised in profit or loss	(5,177)	(31,432)

Notes to the Financial Statements

31 March 2023

10. (Loss)/Earnings Per Share

	GROUP	
	2022-23 \$'000	2021-22 \$'000
(Loss)/profit attributable to owners of the Company	(26,506)	20,371
	GROUP	
	2022-23	2021-22
Weighted average number of ordinary shares in issue used for computing basic earnings per share (in thousand)	1,192,552	1,163,924
Adjustment for RSP and PSP (in thousand)	4,031	4,449
Weighted average number of ordinary shares in issue used for computing diluted earnings per share (in thousand)	1,196,583	1,168,373
(Loss)/Earnings per share (cents)		
Basic	(2.2)	1.8
Diluted	(2.2)	1.7

With the issuance of rights shares in March 2023, the comparative figures for the financial year ended 31 March 2022 are restated per SFRS(I) 1-33 *Earnings Per Share* through retrospective application of a bonus factor to the average weighted number of shares. The bonus factor is derived from the division of fair value per share immediately before exercise of rights by the theoretical ex-rights fair value.

11. Dividends Paid

No dividend was proposed for the financial year ended 31 March 2023 (2022: Nil).

12. Share Capital and Treasury Shares

Share Capital

	GROUP AND COMPANY 31 Mar			
	2023 Number of shares	2022 Number of shares	2023 \$'000	2022 \$'000
Ordinary shares				
At beginning of the year	1,124,056,275	1,124,056,275	367,947	367,947
Issuance of new shares pursuant to share-based compensation	326,200	—	1,272	—
Issuance of new shares pursuant to rights issue	363,111,486	—	784,266	—
At end of the year	1,487,493,961	1,124,056,275	1,153,485	367,947

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. All issued shares are fully paid, with no par value.

There were 326,200 ordinary shares issued pursuant to share-based compensation plans during the year (2022: Nil).

Rights Issue

On 29 March 2023, the Company issued 323 rights shares for every 1,000 existing ordinary shares in the capital of the Company at \$2.20 per rights share held by the shareholders of the Company. The Company raised net proceeds after transaction costs of \$784.3 million by issuing 363,111,486 rights shares. The proceeds were used to fund the acquisition of Worldwide Flight Services (“WFS”). Refer to Note 35 for details of WFS acquisition.

Treasury Shares

	GROUP AND COMPANY 31 Mar			
	2023 Number of shares	2022 Number of shares	2023 \$'000	2022 \$'000
At beginning of the year	1,968,405	4,362,955	8,481	18,798
Shares reissued pursuant to share-based compensation plans	(1,770,100)	(2,394,550)	(7,627)	(10,317)
At end of the year	198,305	1,968,405	854	8,481

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the year, 1,770,100 (2022: 2,394,550) treasury shares were reissued pursuant to the share-based compensation plans of which 1,593,600 (2022: 2,089,850) were reissued for the Restricted Share Plan, and 176,500 (2022: 304,700) was reissued for the Performance Share Plan.

Notes to the Financial Statements

31 March 2023

12. Share Capital and Treasury Shares (cont'd)

Share-Based Incentive Plans

The Restricted Share Plan (“RSP”) and Performance Share Plan (“PSP”) are share-based incentive plans for management staff, which were approved by the shareholders of the Company on 19 July 2005. Both share plans which expired in July 2015 were subsequently approved during the 41st Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

The details of the two plans are described below:

Restricted Share Plan (“RSP”) For grants in FY2019-20 to FY2022-23	
Plan description	Award of fully-paid ordinary shares of the Company, conditional on achievement of both corporate pre-determined performance targets set over one-year period and individual performance
Performance conditions	Company financial and operating achievements
Vesting condition	Equal vesting over a three-year period
Payout	0% – 120% depending on the achievement based on prior financial year
Performance Share Plan (“PSP”) For grants in FY2019-20 to FY2022-23	
Plan description	Award of fully-paid ordinary shares of the Company, conditional on achievement of both pre-determined performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives and individual performance
Performance conditions	- Absolute Total Shareholder Return - Transformation Scorecard
Vesting condition	Vesting based on meeting specified performance conditions over a three-year performance period
Payout	0% – 150% depending on the achievement of specified performance targets over the performance period

12. Share Capital and Treasury Shares (cont'd)

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year under the SATS RSP and PSP. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

The following table lists the inputs to the model used for the awards:

RSP	Jun 2022	Jun 2021	Aug 2020	Jun 2019
Expected dividend yield (%)	Management’s forecast in line with dividend policy			
Expected volatility (%)	31.0	39.6	28.3	13.8
Risk-free interest rate (%)	2.1 – 2.6	0.4 – 0.5	0.2 – 0.3	1.7 – 1.9
Expected term (years)	0.2 – 2.0	0.2 – 2.0	0.0 – 1.9	0.0 – 2.0
Share price at date of grant (\$)	3.97	4.02	2.91	5.27
PSP	Jun 2022	Aug 2021	Aug 2020	Aug 2019
Expected dividend yield (%)	Management’s forecast in line with dividend policy			
Expected volatility (%)	33.6	32.6	26.1	16.2
Risk-free interest rate (%)	2.8	0.5	0.3	1.72
Expected term (years)	3.0	2.9	2.9	2.9
Index (for Relative TSR)	STI	STI	STI	NA
Index volatility (%)	18.2	19.2	17.6	NA
Correlation with index (%)	0.8	0.7	0.7	NA
Share price at date of grant (\$)	3.75	3.99	2.91	4.82

For non-market conditions, achievement factors are determined based on inputs from the Remuneration and Human Resource Committee for the purpose of accrual for the RSP until the achievement of the targets can be accurately ascertained.

Notes to the Financial Statements

31 March 2023

12. Share Capital and Treasury Shares (cont'd)

Share-Based Incentive Plans (cont'd)

Movement of RSP and PSP shares award during the year

RSP

Date of grant	Number of restricted shares				Balance at 31 March 2023
	Balance at 01 April 2022/ Date of grant	Vested	Forfeited	Adjustment	
24 June 2019	1,200	(1,200)	–	–	–
20 August 2020	261,400	(260,300)	(1,100)	–	–
25 June 2021	1,186,000	(640,800)	(68,000)	–	477,200
24 June 2022	2,701,900	(930,500)	(182,900)	–	1,588,500
10 August 2022	87,000	(87,000)	–	–	–
	4,237,500	(1,919,800)	(252,000)	–	2,065,700

PSP

	Number of performance shares				Balance at 31 March 2023
	Balance at 01 April 2022/ Date of grant	Vested	Forfeited	Adjustment [#]	
01 August 2019	280,000	(176,500)	–	(103,500)	–
20 August 2020	647,500	–	(185,000)	–	462,500
02 August 2021	490,000	–	(145,000)	–	345,000
24 June 2022	296,300	–	(50,000)	–	246,300
	1,713,800	(176,500)	(380,000)	(103,500)	1,053,800

[#] Adjustments due to the performance factor at the end of the performance period upon meeting stated performance targets.

The estimated weighted average fair values at date of grant for each share granted during the year under the PSP is \$2.16 (2022: \$2.16) based on the Monte Carlo simulation model.

For performance share grants with non-market conditions, the Group revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the income statement and share-based compensation reserve.

Under the PSP, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2023 were 2,065,700 (2022: 1,448,600) and 1,053,800 (2022: 1,417,500) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 2,065,700 (2022: 1,448,600) and zero to a maximum of 1,580,700 (2022: 2,126,250) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

12. Share Capital and Treasury Shares (cont'd)

Share-Based Incentive Plans (cont'd)

The share-based compensation expense recognised in profit or loss based on the fair values determined on grant date and estimation of share grants that will ultimately vest are as follows:

	GROUP	
	2022-23 \$'000	2021-22 \$'000
Share-based compensation expense		
Restricted Share Plan	8,770	8,489
Performance Share Plan	169	(883)
	8,939	7,606

13. Reserves

(a) Share-Based Compensation Reserve

Share-based compensation reserve represents the equity-settled share options, restricted and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options, restricted and performance shares, net of cumulative shares vested.

(b) Statutory Reserve

Certain countries in which some of the Group's subsidiaries and associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

(c) Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The foreign currency translation reserve is also used to record the effect of hedging of net investments in a foreign operation (Note 28).

(d) Fair Value Reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets designated at FVOCI, until they are disposed or impaired. The effective portion of the cumulative net change in the fair value of hedging instruments related to hedged transactions that have yet occurred is also included in fair value reserve.

Notes to the Financial Statements

31 March 2023

13. Reserves (cont'd)

(e) Capital Reserve

Capital reserve comprises acquisitions of non-controlling interests that do not result in a change of control.

(f) Gain or Loss on Reissuance of Treasury Shares

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

14. Property, Plant and Equipment

GROUP	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Office fittings and fixtures \$'000	Equipment \$'000	Motor vehicles \$'000	Work in progress \$'000	Total \$'000
Cost							
At 1 April 2021	95,338	804,084	195,195	589,302	68,002	33,084	1,785,005
Translation	(13,902)	234	(854)	(3,510)	(1,643)	136	(19,539)
Reclassifications	–	(42)	3,040	7,182	–	(10,180)	–
Acquisition of subsidiaries	5,285	285,497	952	178,709	419	1,885	472,747
Additions (Note 26)	29	619	2,230	9,191	1,345	49,191	62,605
Disposals	–	–	(345)	(4,819)	(1,155)	–	(6,319)
At 31 March 2022	86,750	1,090,392	200,218	776,055	66,968	74,116	2,294,499
At 31 March 2022 and 1 April 2022	86,750	1,090,392	200,218	776,055	66,968	74,116	2,294,499
Translation	(17,281)	(8,502)	(1,246)	(9,043)	(2,255)	(2,061)	(40,388)
Reclassifications	–	15,855	16,665	8,666	75	(41,261)	–
Transfer to intangible assets	–	–	344	126	–	(1,972)	(1,502)
Additions (Note 26)	77	39,481	6,936	20,037	1,611	39,579	107,721
Disposals	(21,395)	(5,168)	(8,933)	(28,234)	(5,243)	–	(68,973)
At 31 March 2023	48,151	1,132,058	213,984	767,607	61,156	68,401	2,291,357

14. Property, Plant and Equipment (cont'd)

GROUP	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Office fittings and fixtures \$'000	Equipment \$'000	Motor vehicles \$'000	Work in progress \$'000	Total \$'000
Accumulated depreciation and impairment losses							
At 1 April 2021	26,908	601,526	135,475	457,147	42,139	2,139	1,265,334
Translation	(8,452)	(467)	(743)	(3,683)	(1,056)	–	(14,401)
Depreciation	5,014	23,820	13,689	29,128	5,032	–	76,683
Acquisition of subsidiaries	–	228,252	952	136,906	380	–	366,490
Disposals	–	–	(184)	(4,906)	(1,116)	–	(6,206)
Impairment	–	–	16	14,522	–	2,410	16,948
At 31 March 2022	23,470	853,131	149,205	629,114	45,379	4,549	1,704,848
At 31 March 2022 and 1 April 2022	23,470	853,131	149,205	629,114	45,379	4,549	1,704,848
Translation	(12,092)	(5,572)	(720)	(6,766)	(1,596)	–	(26,746)
Depreciation	3,598	33,620	13,298	35,562	4,496	–	90,574
Disposals	(9,194)	(5,169)	(8,944)	(28,062)	(5,163)	–	(56,532)
At 31 March 2023	5,782	876,010	152,839	629,848	43,116	4,549	1,712,144
Carrying amounts							
At 1 April 2021	68,430	202,558	59,720	132,155	25,863	30,945	519,671
At 31 March 2022	63,280	237,261	51,013	146,941	21,589	69,567	589,651
At 31 March 2023	42,369	256,048	61,145	137,759	18,040	63,852	579,213

As part of the Group's annual impairment assessment, no impairment was recorded in the current financial year (2022: \$16,948,000). The Group's property, plant and equipment with a carrying amount of \$21,548,000 (2022: \$13,853,000) are pledged to secure the Group's term loans (Note 28).

Notes to the Financial Statements

31 March 2023

14. Property, Plant and Equipment (cont'd)

COMPANY	Equipment \$'000	Motor vehicles \$'000	Work in progress \$'000	Total \$'000
Cost				
At 1 April 2021	18,881	89	9,166	28,136
Reclassification/transfer to investment properties (Note 16)	1,063	–	(2,072)	(1,009)
Additions	244	–	3,040	3,284
At 31 March 2022 and 1 April 2022	20,188	89	10,134	30,411
Reclassification/transfer to investment properties (Note 16)	3,270	–	(7,686)	(4,416)
Additions	577	–	613	1,190
Disposals	(40)	(43)	–	(83)
At 31 March 2023	23,995	46	3,061	27,102
Accumulated depreciation				
At 1 April 2021	9,300	56	–	9,356
Depreciation	2,245	8	–	2,253
At 31 March 2022 and 1 April 2022	11,545	64	–	11,609
Depreciation	2,611	6	–	2,617
Disposals	(40)	(41)	–	(81)
At 31 March 2023	14,116	29	–	14,145
Carrying amounts				
At 1 April 2021	9,581	33	9,166	18,780
At 31 March 2022	8,643	25	10,134	18,802
At 31 March 2023	9,879	17	3,061	12,957

15. Right-of-Use Assets

GROUP	Leasehold land and buildings \$'000	Others \$'000	Total \$'000
Cost			
At 1 April 2021	229,685	4,084	233,769
Translation	(6,658)	(27)	(6,685)
Acquisition of subsidiaries	192,977	–	192,977
Additions	28,928	1,001	29,929
Disposals	(9,839)	(297)	(10,136)
At 31 March 2022 and 1 April 2022	435,093	4,761	439,854
Translation	(12,900)	(284)	(13,184)
Additions	70,600	681	71,281
Disposals	(1,259)	(123)	(1,382)
At 31 March 2023	491,534	5,035	496,569
Accumulated depreciation			
At 1 April 2021	43,096	2,957	46,053
Translation	(893)	(20)	(913)
Acquisition of subsidiaries	60,195	–	60,195
Amortisation	26,607	776	27,383
Disposals	(5,546)	(145)	(5,691)
At 31 March 2022 and 1 April 2022	123,459	3,568	127,027
Translation	(3,862)	(237)	(4,099)
Amortisation	52,897	880	53,777
Disposals	(1,030)	(82)	(1,112)
At 31 March 2023	171,464	4,129	175,593
Carrying amounts			
At 31 March 2021	186,589	1,127	187,716
At 31 March 2022	311,634	1,193	312,827
At 31 March 2023	320,070	906	320,976

Notes to the Financial Statements

31 March 2023

15. Right-of-Use Assets (cont'd)

	Leasehold land and buildings \$'000
COMPANY	
Cost	
At 1 April 2021	71,090
Additions	47
At 31 March 2022 and 1 April 2022	71,137
Additions	25,147
At 31 March 2023	96,284
Accumulated depreciation	
At 1 April 2021	7,754
Amortisation	3,861
At 31 March 2022 and 1 April 2022	11,615
Amortisation	5,024
At 31 March 2023	16,639
Carrying amounts	
At 31 March 2021	63,336
At 31 March 2022	59,522
At 31 March 2023	79,645

16. Investment Properties

	GROUP \$'000	COMPANY \$'000
Cost		
At 1 April 2021	9,629	794,496
Transfer from property, plant and equipment (Note 14)	–	1,009
Disposals	(2,390)	–
At 31 March 2022 and 1 April 2022	7,239	795,505
Transfer from property, plant and equipment (Note 14)	–	4,416
Additions	–	2,813
Disposals	–	(92)
At 31 March 2023	7,239	802,642
Accumulated depreciation		
At 1 April 2021	9,132	621,471
Depreciation	497	26,384
Disposals	(2,390)	–
At 31 March 2022 and 1 April 2022	7,239	647,855
Depreciation	–	23,281
Disposals	–	(92)
At 31 March 2023	7,239	671,044
Carrying amounts		
At 1 April 2021	497	173,025
At 31 March 2022	–	147,650
At 31 March 2023	–	131,598

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

Notes to the Financial Statements

31 March 2023

16. Investment Properties (cont'd)

Information relating to the fair values of the investment properties of the Group as at 31 March as follows:

	2023		2022	
	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000
Investment properties	–	11,500	–	12,400

Information relating to the fair values of the investment properties of the Company rented to third parties as at 31 March as follows:

	2023		2022	
	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000
Investment properties rented by Company to third parties	–	11,500	–	12,400

The valuation is based on the Investment Method that makes reference to gross rental income of similar properties based on prevailing economic conditions.

The remaining investment properties of the Company are rented to the subsidiaries of the Group for their operational needs and therefore the Company does not consider the disclosure of fair value of these investment properties to be relevant.

Investment properties are categorised within level 3 of the fair value hierarchy. A significant increase (decrease) in gross rental income would result in a significantly higher (lower) fair value measurement.

The property rental income earned by the Group and Company for the year ended 31 March 2023 from its investment properties which are leased out under operating leases, amounted to \$305,000 and \$49,500,000 (2022: \$1,020,000 and \$49,860,000) respectively.

Direct operating expenses (including repairs and maintenance) incurred on rental-earning investment properties amounted to \$157,000 and \$35,513,000 (2022: \$151,000 and \$38,236,000) for the Group and Company respectively.

17. Intangible Assets

GROUP	Software development \$'000	Work in progress \$'000	Goodwill \$'000	Licence \$'000	Customer relationships \$'000	Total \$'000
Cost						
At 1 April 2021	114,505	33,752	276,338	27,114	145,666	597,375
Translation	(662)	(20)	(2,070)	(12)	(128)	(2,892)
Reclassifications	13,955	(13,955)	–	–	–	–
Additions (Note 26)	1,946	14,708	–	–	–	16,654
Acquisition through business combinations	–	–	50,182	–	93,113	143,295
At 31 March 2022 and 1 April 2022	129,744	34,485	324,450	27,102	238,651	754,432
Translation	(935)	(22)	(14,136)	(408)	(6,406)	(21,907)
Reclassifications	15,361	(15,361)	–	–	–	–
Transfer from/(to) property, plant and equipment	1,519	(17)	–	–	–	1,502
Additions (Note 26)	5,508	10,983	–	–	–	16,491
Disposal	(25,975)	–	–	–	–	(25,975)
Purchase price allocation adjustment (Note 18)	–	–	(10,057)	78,148	(59,731)	8,360
At 31 March 2023	125,222	30,068	300,257	104,842	172,514	732,903
Accumulated depreciation						
At 1 April 2021	105,668	–	–	23,602	57,426	186,696
Translation	(630)	–	–	(12)	94	(548)
Amortisation	4,600	–	–	1,918	8,587	15,105
At 31 March 2022 and 1 April 2022	109,638	–	–	25,508	66,107	201,253
Translation	(745)	–	–	(21)	(320)	(1,086)
Amortisation	6,783	–	–	5,266	19,391	31,440
Disposal	(25,812)	–	–	–	–	(25,812)
At 31 March 2023	89,864	–	–	30,753	85,178	205,795
Carrying amounts						
At 1 April 2021	8,837	33,752	276,338	3,512	88,240	410,679
At 31 March 2022	20,106	34,485	324,450	1,594	172,544	553,179
At 31 March 2023	35,358	30,068	300,257	74,089	87,336	527,108

Notes to the Financial Statements

31 March 2023

17. Intangible Assets (cont'd)

Customer relationships and licence

Customer relationships relate to the economic benefits that are expected to derive from business dealings with the existing customers in the Singapore, Japan, Malaysia, China and United Kingdom operations. These are acquired as part of the acquisition of the subsidiaries. The relationships include catering, ground handling services and supply contracts with customers as well as other non-contractual customer relationships which past transactions provide evidence that the Group is able to benefit from the future economic inflows from such relationships.

Licence refers to the abattoir licence and operating rights to perform business activities in the airport.

Amortisation expense

The amortisation of software development, licence and customer relationships is included in the “Depreciation and amortisation charges” in the consolidated income statement.

Impairment testing of goodwill

Goodwill arising from business combinations have been allocated to the cash-generating units (“CGU”) for impairment testing.

Impairment testing for CGU is carried out annually. There was no impairment loss recorded in the current and last financial year.

The carrying amounts of goodwill allocated to each CGU are as follows:

	31 Mar 2023 \$'000	31 Mar 2022 \$'000
SATS Food Services (“SFS”)	111,791	111,791
TFK Corporation	15,326	17,059
Ground Team Red Holdings Sdn. Bhd. (“GTRH”)	94,299	100,781
Nanjing Weizhou Airline Food Corp., Ltd (“NWA”)	28,091	30,959
Monty’s Bakehouse UK Limited (“MBUK”)	11,609	13,678
SATS Food Solutions (Thailand) Co., Ltd. (“SFST”)	4,144	4,324
Asia Airfreight Terminal Co., Ltd. (“AAT”)	34,997	45,858
	300,257	324,450

17. Intangible Assets (cont'd)

Key assumptions used in the value in use calculations

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Forecast revenue and gross margins – Revenue and gross margins are based on average values achieved in the recent years preceding to the start of the forecast period. These are increased over the forecast period for anticipated retention of customers, expansion in business, synergies and efficiency improvements. The forecast revenue is dependent on the demand from key customers. A reasonable possible change in demand from key customers of the respective CGUs would not have an impact to the carrying value of goodwill in the CGUs.

Terminal growth rates – The forecasted terminal growth rates are based on the relevant industry outlook and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU. This is the benchmark used by the Group to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each CGU, consideration has been given to the yield on a ten-year government bond at the beginning of the forecast year.

Market share assumptions – In addition to using industry data to estimate the growth rates (as noted above), the management assesses how the CGU’s position, relative to its competitors, might change over the forecast period. The management expects the market share of the CGUs to be stable over the forecast period.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial forecasts approved by management covering a five to ten years period. The financial forecasts include the impact of COVID-19 pandemic, management’s estimated recovery of the aviation industry from COVID-19 pandemic and the long-term viability of the airline customers, which could be dependent on the refinancing or recapitalisation plan of the airlines. The recoverable amount of the CGU is highly sensitive to such financial projection. The discount rate applied to the cash flow projections and the forecasted terminal growth rates used to extrapolate cash flow projections beyond the terminal year are as follows:

	Terminal growth rates		Pre-tax discount rates	
	31 Mar 2023 %	31 Mar 2022 %	31 Mar 2023 %	31 Mar 2022 %
SFS	1.3	1.0	8.9	6.6
TFK Corporation	0.5	0.8	13.0	13.6
GTRH	2.3	2.3	13.5	12.7
NWA	2.0	2.0	13.3	11.7
MBUK	1.5	1.5	14.5	13.2
SFST	0.5	2.0	14.8	10.3
AAT	2.2	1.0	12.1	10.8

Notes to the Financial Statements

31 March 2023

17. Intangible Assets (cont'd)

COMPANY	Software \$'000	Work in progress \$'000	Total \$'000
Cost			
At 1 April 2021	31,877	16,326	48,203
Additions	135	7,610	7,745
Reclassifications	13,669	(13,669)	–
At 31 March 2022 and 1 April 2022	45,681	10,267	55,948
Additions	4,782	2,800	7,582
Disposals	(13,435)	–	(13,435)
Reclassifications	8,499	(8,499)	–
At 31 March 2023	45,527	4,568	50,095
Accumulated amortisation			
At 1 April 2021	29,147	–	29,147
Amortisation	1,829	–	1,829
At 31 March 2022 and 1 April 2022	30,976	–	30,976
Amortisation	4,225	–	4,225
Disposals	(13,333)	–	(13,333)
At 31 March 2023	21,868	–	21,868
Carrying amounts			
At 1 April 2021	2,730	16,326	19,056
At 31 March 2022	14,705	10,267	24,972
At 31 March 2023	23,659	4,568	28,227

18. Investment in Subsidiaries

	COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Unquoted shares, at cost	960,685	949,753
Impairment loss	(26,155)	(26,000)
	934,530	923,753

18. Investment in Subsidiaries (cont'd)

The names of the subsidiaries are set out below and the country of incorporation and place of business is Singapore, unless otherwise stated:

Name of companies	Principal activities (Place of business)	Cost of investment		Equity held	
		31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 %	31 Mar 2022 %
Held by the Company					
SATS Airport Services Pte Ltd ^{*,a}	Airport ground handling services	16,500	16,500	100	100
SATS Catering Pte Ltd ^{*,a}	Inflight catering services	14,000	14,000	100	100
SATS Security Services Private Limited ^a	Security handling services	3,000	3,000	100	100
SATS Aero Laundry Pte. Ltd. ^a	Providing and selling laundry and linen services	2,515	2,515	100	100
SATS Aerolog Express Pte. Ltd. ^a	Airport cargo delivery management services	1,340	1,340	100	100
SATS Institutional Catering Pte. Ltd. ^a	Supplier of food products and provision of expertise and manpower to manage central kitchens & catering operations	11,030	11,030	100	100
SATS Asia-Pacific Star Pte. Ltd. ^a	Airport ground handling services and inflight catering services	#	#	100	100
SATS Food Services Pte. Ltd. ^a	Food processing and distribution services	487,260	487,260	100	100
SATS Investments Pte. Ltd. ^a	Investment holding	#	#	100	100
SATS Investments (II) Pte. Ltd. ^a	Investment holding	#	#	100	100
Cemerlang Pte. Ltd. ^a	Investment holding	#	#	100	100

Notes to the Financial Statements

31 March 2023

18. Investment in Subsidiaries (cont'd)

Name of companies	Principal activities (Place of business)	Cost of investment		Equity held	
		31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 %	31 Mar 2022 %
Held by the Company (cont'd)					
SATS (India) Co. Private Limited ^b	Business development and marketing and product development (India)	228	228	100	100
SATS Services Sdn. Bhd. ^b	Shared services to the Company and its subsidiaries (Malaysia)	201	201	100	100
SATS Saudi Arabia Company ^b	Cargo handling (Saudi Arabia)	145	145	80	80
SATS Consumer Services Pte. Ltd. ^a	Provide airline and airport services, including buy on board, lounge access and concierge	100	100	100	100
GTRSG Pte. Ltd. ^a	Ground handling	754	754	20	20
SATS Group Services Sdn. Bhd. ^{b,k}	Investment holding (Malaysia)	—	#	—	100
Ground Team Red Holdings Sdn. Bhd. ^b	Investment holding (Malaysia)	160,886	160,886	50	50
SATS China Co., Ltd. ^b	Investment holding (People's Republic of China)	111,230	100,298	100	100
Asia Airfreight Terminal Co., Ltd. ^b	Air cargo handling services (Hong Kong)	151,496	151,496	65.4	65.4
SATS Investment (III) Pte. Ltd. ^{a,j}	Investment holding	#	—	100	—
SATS Treasury Pte. Ltd. ^{a,j}	Treasury services	#	—	100	—
		960,685	949,753		

18. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held	
		31 Mar 2023 %	31 Mar 2022 %
Held through SATS Airport Services Pte Ltd			
SATS-Creuers Cruise Services Pte. Ltd. ^a	Cruise terminal management services	60	60
SATS Saudi Arabia Company ^b	Cargo handling (Saudi Arabia)	20	20
SATS Seletar Aviation Services Pte. Ltd. ^a	Terminal management services	52	52
Held through SATS Food Services Pte. Ltd.			
Primary Industries Private Limited ^a	Abattoir services	78.5	78.5
Hog Auction Market Pte Ltd ^a	Auctioneers of pigs	78.5	78.5
Primary Industries (Qld) Pty Ltd ^b	Land logistics and food solutions (Australia)	100	100
Shanghai ST Food Industries Co., Limited ^c	Manufacture and sale of frozen foodstuffs (People’s Republic of China)	100	100
SFI Food Pte. Ltd. ^a	Food catering related ventures	100	100
SFI Manufacturing Private Limited ^a	Supply of food products and catering services	100	100
SATS Delaware North Pte. Ltd. ^a	Catering and food and beverages services at Singapore Sports Hub	70	70
Country Foods Pte. Ltd. ^a	Food distribution, processing and manufacturing	100	100

Notes to the Financial Statements

31 March 2023

18. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held	
		31 Mar 2023 %	31 Mar 2022 %
Held through SATS Investments Pte. Ltd.			
TFK Corporation ^{b,h}	Inflight catering services (Japan)	59.4	59.4
Monty's Bakehouse UK Limited ^d	Providing hand-held meals and snacks to leading airline customers globally (United Kingdom)	100	100
SATS (Thailand) Co., Ltd. ^b	Investment holding (Thailand)	100	100
Real Tasty Pte. Ltd. ^a	Snack bars, food kiosks and fast food outlets	72	100
SATS Food Solutions India Private Limited ^b	Central kitchen (India)	100	100
Held through TFK Corporation			
Inflight Foods Co., Ltd. ^{h,i}	Preparation and sale of inflight meals, frozen foods, seafood, meat and rice products and vegetables and fruits (Japan)	59.4	59.4
Narita Dry Ice Co., Ltd. ^{h,i}	Manufacture and sale of dry ice and ice cubes and sale of refrigerant and packaging material (Japan)	59.4	59.4
New Tokyo Service Co., Ltd ^{h,i}	Inflight catering services, and provision of manpower to inflight catering operators (Japan)	59.4	59.4

18. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held	
		31 Mar 2023 %	31 Mar 2022 %
Held through SATS China Co., Ltd.			
SATS (Tianjin) Food Co., Ltd. ^e	Food production, processing and distribution (People's Republic of China)	100	100
SATS (Kunshan) Food Co., Ltd ^b	Food production, processing and distribution (People's Republic of China)	100	100
Nanjing Weizhou Airline Food Corp., Ltd ^f	Aviation food manufacturer producing frozen food, ambient meals and related food components to aviation companies (People's Republic of China)	50	50
Held through Nanjing Weizhou Airline Food Corp., Ltd.			
Ganzhou SATS Aviation Food Co., Ltd ^f	Aviation and railway food production and distribution (People's Republic of China)	50	50
Huizhou Weilian Airline Food., Ltd ^f	Aviation food production and distribution (People's Republic of China)	27.5	27.5
Shenzhen Weilian Air Catering Co., Ltd. ^f	Airline food services and other catering services (People's Republic of China)	50	50
Zhoushan Weilian Air Catering Co., Ltd ^f	Airline food services and other catering services (People's Republic of China)	50	50
Zhanjiang Wuchuan Weilian Air Catering Co., Ltd ^f	Airline food services and other catering services (People's Republic of China)	50	50
Jiangxi Weilian Air Catering Co., Ltd. ^{f, j}	Food business, catering services and other consumer goods business (People's Republic of China)	33	—
Held through SATS (Thailand) Co., Ltd.			
SATS Food Solutions (Thailand) Co., Ltd. ^b	Production of frozen, ready-to-cook, ready-to-eat and other food products (Thailand)	85	85

Notes to the Financial Statements

31 March 2023

18. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held	
		31 Mar 2023 %	31 Mar 2022 %
Held through Ground Team Red Holdings Sdn. Bhd.			
Ground Team Red Sdn. Bhd. ^b	Ground handling services (Malaysia)	49	49
GTRSG Pte. Ltd. ^a	Ground handling	40	40
Held through Monty’s Bakehouse UK Limited			
Monty’s Bakehouse NL B.V. ^d	Manufacture and supply hand-held savoury snacks and bakery to airlines and airline caterers (Netherlands)	100	100
Held through Asia Airfreight Terminal Co. Ltd			
Asia Airfreight Services Limited ^b	Provision of off-airport terminal, cargo consolidation, express delivery and other cargo related services (Hong Kong)	100	100
Held through SATS Catering Pte Ltd			
The Aviation Sustainability Forum Ltd. ^g	Aviation association for improved sustainability in inflight passenger services	100	100
Held through SATS Investment (III) Pte. Ltd.			
SATS International SAS ^j	Investment holding (France)	100	—

^a Audited by KPMG LLP, Singapore.

^b Audited by member firms of KPMG International in the respective countries.

^c Audited by Shanghai Xin Ning Certified Public Accountants Audit Firm Co., Ltd.

^d Audited by Grant Thornton UK LLP.

^e Audited by CAC CPA Limited Liability Partnership.

^f Audited by Jonten Certified Public Accountants (Limited Liability Partnership).

^g Audited by Ardent Assurance.

^h Percentage of equity held excludes Treasury Shares held by TFK Corporation.

ⁱ Not required to be audited under the laws of their countries of incorporation.

^j Incorporated during the year.

^k Liquidated during the year/ struck off from Register of the Companies Commission of Malaysia and dissolved under section 550 of the Companies Act 2016 on 7th June 2022.

Amount is less than \$1,000.

* Significant subsidiaries in FY2022-23 in accordance to Rule 718 of the Singapore Exchange Securities Trading Limited – Listing Rules.

18. Investment in Subsidiaries (cont'd)

Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiaries (Place of business)	Proportion of ownership interest held by non-controlling interest %	Loss allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
TFK Corporation and its subsidiaries (Japan)				
31 March 2023	40.6	(10,237)	(28,146)	—
31 March 2022	40.6	(6,729)	(34,866)	—
Ground Team Red Holdings Sdn. Bhd. and its subsidiaries (Malaysia)				
31 March 2023	50.0	(6,445)	(50,007)	—
31 March 2022	50.0	(6,946)	(57,788)	—
Asia Airfreight Terminal Co. Ltd (Hong Kong)				
31 March 2023	34.6	(6,672)	(61,096)	(36,105)
31 March 2022	34.6	—	(99,677)	—

Notes to the Financial Statements

31 March 2023

18. Investment in Subsidiaries (cont'd)

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of comprehensive income:

	TFK		GTRH		AAT*	
	2022-23 \$'000	2021-22 \$'000	2022-23 \$'000	2021-22 \$'000	2022-23 \$'000	2021-22 \$'000
Revenue	87,979	77,521	66,343	22,940	119,205	–
Loss before tax	(35,853)	(23,459)	(16,751)	(17,809)	(22,121)	–
Income tax credit	10,638	6,886	3,926	4,227	2,839	–
Loss after tax	(25,215)	(16,573)	(12,825)	(13,582)	(19,282)	–
Other comprehensive income	(81,143)	(63,813)	(14,134)	(1,692)	(29,456)	–
Total comprehensive income	(106,358)	(80,386)	(26,959)	(15,274)	(48,738)	–

Summarised statement of financial position as at 31 March:

	TFK		GTRH		AAT*	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Current assets	26,023	21,645	14,782	5,360	74,492	184,539
Current liabilities	(25,524)	(26,932)	(29,746)	(14,932)	(55,128)	(69,738)
	499	(5,287)	(14,964)	(9,572)	19,364	114,801
Non-current assets	164,163	187,482	190,327	211,030	313,528	359,799
Non-current liabilities	(79,702)	(79,259)	(43,923)	(48,175)	(119,887)	(140,659)
	84,461	108,223	146,404	162,855	193,641	219,140
Net assets	84,960	102,936	131,440	153,283	213,005	333,941

Other summarised information:

	TFK		GTRH		AAT*	
	2022-23 \$'000	2021-22 \$'000	2022-23 \$'000	2021-22 \$'000	2022-23 \$'000	2021-22 \$'000
Net cash (outflow)/inflow from operations	(18,345)	(21,313)	(3,236)	(4,165)	24,544	–
Acquisition of significant property, plant and equipment, and intangible assets	(958)	(1,628)	(1,003)	(462)	(4,930)	–

* AAT became a subsidiary on 23 March 2022 subsequent to step-up acquisition of additional 16.4% equity interest. No summarised statement of comprehensive income and other summarised information was disclosed for AAT as the transactions from 23 March 2022 to 31 March 2022 were immaterial.

18. Investment in Subsidiaries (cont'd)

Step-up acquisition of Asia Airfreight Terminal Co. Ltd

On 23 March 2022, the Company acquired additional 16.4% equity interest of the total issued share of Asia Airfreight Terminal Co. Ltd (“AAT”) via step-up acquisition, at cash consideration of \$58.8 million. The step-up acquisition increased the total issued share of AAT owned by the Company from 49% to 65.4%, granting the Company control of AAT and AAT became a subsidiary of the Company. As at 31 March 2022, purchase price allocation for the acquisition of AAT was not completed and the goodwill was accounted for on a provisional basis.

The Company has subsequently concluded the purchase price allocation review and adjusted the provisional goodwill and net assets acquired at the acquisition date to reflect new information obtained based on facts and circumstances that existed as of the acquisition date.

The fair value of the identifiable assets and liabilities as at 31 March 2022 were:

	Amount as at 31 March 2022		
	Provisional amount previously reported \$'000	Fair value adjustments \$'000	Final amount \$'000
Property, plant and equipment	88,621	–	88,621
Right-of-use assets	132,782	–	132,782
Intangible assets	93,113	18,417	111,530
Trade and other receivables	22,760	–	22,760
Other current assets	2,508	–	2,508
Cash and bank balances	159,751	–	159,751
	499,535	18,417	517,952
Other non-current liabilities	(125,621)	–	(125,621)
Trade and other payables	(49,381)	–	(49,381)
Other current liabilities	(20,538)	–	(20,538)
Deferred tax liabilities	(15,364)	(3,039)	(18,403)
	(210,904)	(3,039)	(213,943)
Total net identifiable assets at fair value	288,631	15,378	304,009
Consideration transferred	58,835	–	58,835
Fair value of existing 49% stake	175,788	–	175,788
Non-controlling interest measured at the non-controlling interest's proportionate share	99,866	5,321	105,187
Less: Goodwill arising from acquisition	(45,858)	10,057	(35,801)
	288,631	15,378	304,009

The Company did not retrospectively adjust the Group financial statements for the year ended 31 March 2022 as there was no impact to income statement and the impact to statement of financial position was immaterial.

Notes to the Financial Statements

31 March 2023

18. Investment in Subsidiaries (cont'd)

Loan to subsidiaries

	COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Non-current	349,979	388,428
Current	77,110	–

Non-current loan to subsidiaries

- The unsecured loan of \$45,000,000 at 31 March 2022 is repayable by 31 March 2024. As at 31 March 2023, the loan is reported under current loan.
- \$3,105,000 (2022: \$3,105,000) is unsecured, bears interest at 5% per annum and is repayable by April 2024.
- \$7,000,000 (2022: Nil) is unsecured, bears interest at 5.5% per annum and is repayable by December 2025.
- \$1,700,000 (2022: Nil) is unsecured, bears interest at 4.5% per annum and is repayable by December 2025.
- \$100,000 (2022: Nil) is unsecured, bears interest at 4.5% per annum and is repayable by March 2026.

The remaining loans to subsidiaries of \$338,074,000 (2022: \$340,323,000) are unsecured, non-interest bearing, repayable on demand and not expected to be repaid in the next 12 months.

Current loan to subsidiaries

- \$45,000,000 (2022: Nil) is unsecured, bears interest at 1.5% per annum above the 12 months SGD SIBOR and is repayable by 31 March 2024.
- \$32,110,000 (2022: Nil) is unsecured, bears interest at 5% per annum and is repayable by June 2023.

Loan from subsidiaries

Current loan from subsidiaries of \$163,000,000 (2022: \$167,800,000) is unsecured, bears interest at SIBOR less than 0.3% (2022: 0.15%) per annum and repayable on demand.

19. Investment in Associates

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Quoted shares, at cost	116,428	116,428	–	–
Unquoted shares, at cost	336,328	385,385	282,811	282,811
Impairment loss	(22,790)	(58,365)	(68,865)	(61,550)
Share of post-acquisition results	137,932	112,940	–	–
Accumulated amortisation of intangible assets	(68,611)	(63,986)	–	–
Share of statutory reserves of associates	13,950	13,948	–	–
Share of changes recognised directly in associates' equity	(12,309)	(13,580)	–	–
Foreign currency translation adjustments	(123,030)	(98,959)	–	–
	377,898	393,811	213,946	221,261

Amortisation of intangible assets

Customer-related intangible assets that arose from the acquisition of associates are recorded as part of the investment in associates. The useful lives of these intangible assets with definite useful lives were determined to be 2.5 to 18 years and these assets are amortised on a straight-line basis over their respective useful lives. The amortisation expense is included in the “Share of results of associates/joint ventures, net of tax” in the consolidated income statement.

Amounts due from associates

The amounts due from associates amounting to \$1,083,000 (2022: \$2,264,000) are unsecured, trade-related and are repayable on demand. No impairment was provided for in the current financial year (2022: Nil).

Notes to the Financial Statements

31 March 2023

19. Investment in Associates (cont'd)

Name of companies	Principal activities (Place of business)	GROUP			
		Cost of investment		Equity held	
		31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 %	31 Mar 2022 %
Held by the Company					
Maldives Inflight Catering Private Limited ^{h,k}	Inflight catering services (Republic of Maldives)	287	287	35.0	35.0
Beijing Airport Inflight Kitchen Limited ^{c,k}	Inflight catering services (People's Republic of China)	13,882	13,882	28.0	28.0
Beijing Aviation Ground Services Co., Ltd ^{e,k}	Airport ground handling services (People's Republic of China)	17,101	17,101	29.0	29.0
Aviserv Limited ^{f,k} (Incorporated in Ireland)	Inflight catering services (Pakistan)	3,313	3,313	49.0	49.0
Tan Son Nhat Cargo Services Joint Stock Company Limited ^{g,k}	Air cargo handling services (Vietnam)	979	979	15.0	15.0
Servair-SATS Holding Company Pte Ltd ^{h,k}	Investment holding (Singapore)	509	509	49.0	49.0
MacroAsia Catering Services, Inc. ^{h,k}	Inflight catering services (Philippines)	11,604	11,604	33.0	33.0
Evergreen Airline Services Corporation ^{g,k}	Airport ground handling services (Taiwan)	5,404	5,404	20.0	20.0
Evergreen Air Cargo Services Corporation ^{i,k}	Air cargo handling services (Taiwan)	16,163	16,163	25.0	25.0
Taj SATS Air Catering Limited ^b	Catering services (India)	24,646	24,646	49.0	49.0
PT Jasa Angkasa Semesta, Tbk ^{h,k}	Ground and cargo handling (Indonesia)	105,532	105,532	49.8	49.8
Evergreen Sky Catering Corporation ^{g,k}	Inflight catering services (Taiwan)	39,765	39,765	25.0	25.0

19. Investment in Associates (cont'd)

		GROUP			
		Cost of investment		Equity held	
		31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 %	31 Mar 2022 %
Name of companies	Principal activities (Place of business)				
Held by the Company (cont'd)					
SATS HK Limited ^{h,k}	Ramp services, passenger handling services and operations control services (Hong Kong)	14,813	14,813	49.0	49.0
KrisShop Pte. Ltd. ^a	Travel retail business, offer inflight and ground-based duty-free and duty paid goods (Singapore)	7,316	7,316	15.0	15.0
Beijing CAH SATS Aviation Services Co., Ltd. ^{d,k}	Ground and cargo handling services (People's Republic of China)	21,497	21,497	40.0	40.0
		282,811	282,811		
Held through TFK Corporation					
Tasco Foods Co., Ltd. ^l	Production and sales of confectionery (Japan)	2,748	2,748	29.6	29.6
Held through SATS Investments Pte. Ltd.					
Brahim's SATS Investment Holdings Sdn. Bhd. ^{j,k,m}	Investment holding company (Malaysia)	–	49,057	–	49.0
Oman SATS LLC ^{i,k}	Air cargo handling services (Oman)	23,038	23,038	33.0	33.0
Held through SATS Investments (II) Pte. Ltd. & Cemerlang Pte. Ltd.					
PT Cardig Aero Services Tbk ^{h,k}	Aviation support and catering services (Indonesia)	116,428	116,428	41.7	41.7

Notes to the Financial Statements

31 March 2023

19. Investment in Associates (cont'd)

		GROUP			
		Cost of investment		Equity held	
		31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 %	31 Mar 2022 %
Name of companies	Principal activities (Place of business)				
Held through SATS Investments (II) Pte. Ltd.					
Mumbai Cargo Service Center Airport Private Limited ^b	Air cargo handling services (India)	16,363	16,363	49.0	49.0
Held through SATS Catering Pte. Ltd.					
PT Purantara Mitra Angkasa Dua ^{h,k}	Aviation catering services (Indonesia)	11,368	11,368	20.0	20.0
		452,756	501,813		

- ^a Audited by KPMG LLP, Singapore.
- ^b Audited by member firms of KPMG International in the respective countries.
- ^c Audited by Beijing Zhong Rui Cheng Certified Public Accountants Co., Ltd.
- ^d Audited by Beijing Xinyong Certified Public Accountants Co. Ltd, Beijing.
- ^e Audited by Grant Thornton, China.
- ^f Audited by Fitzgerald & Associates, Ireland.
- ^g Audited by Deloitte and Touche and its member firms.
- ^h Audited by Ernst & Young and its member firms.
- ⁱ Audited by PricewaterhouseCoopers and its member firms.
- ^j Audited by Baker Tilly Monteiro Heng PLT.
- ^k Financial year end on 31 December.
- ^l Not required to be audited under the laws of their countries of incorporation.
- ^m Disposed during the year.

There was no associate company that was considered as significant in accordance to Rule 718 of the Singapore Exchange Securities Trading Limited – Listing Rules.

The Group has not recognised losses where its share of losses exceeds the Group's interest in the associates. The Group's cumulative share of unrecognised losses at the end of the reporting period was \$106,831,000 (2022: \$65,484,000), of which \$51,521,000 (2022: \$37,758,000) was the share of the current year's losses. The Group has no obligation in respect of these unrecognised losses.

19. Investment in Associates (cont'd)

Corporate Guarantee

The Group has issued a financial guarantee to financial institution for granting of credit and banking facilities to an associate whereby the Group (i) provided a proportionate guarantee up to a maximum amount of approximately \$25,103,000 (2022: \$31,253,000), (ii) pledged its shares in the associate as collateral and (iii) provided an undertaking to lenders that it will maintains its ownership in the associate, and will provide any shortfall in resources and support as required.

The Group's material investments in associates are summarised below:

	31 Mar 2023 \$'000	31 Mar 2022 \$'000
PT Jasa Angkasa Semesta, Tbk ("PT Jas")	68,664	66,978
PT Cardig Aero Services Tbk ("PT Cas")	85,646	87,776
Evergreen Sky Catering Corporation ("ESCC")	56,061	61,041
Other associates	167,527	178,016
	377,898	393,811
Fair value of PT Cas based on the quoted market price at reporting date (Level 1 in the fair value hierarchy)	32,182	30,231

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	2022-23 \$'000	2021-22 \$'000
Share of profit after tax	16,294	5,278
Other comprehensive income	(8,807)	1,020
Total comprehensive income	7,487	6,298

Notes to the Financial Statements

31 March 2023

19. Investment in Associates (cont'd)

The summarised financial information in respect of PT Jas, AAT, PT Cas and ESCC, based on their respective financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised statement of comprehensive income:

	PT Jas		AAT*		PT Cas		ESCC	
	2022-23 \$'000	2021-22 \$'000	2022-23 \$'000	2021-22 \$'000	2022-23 \$'000	2021-22 \$'000	2022-23 \$'000	2021-22 \$'000
Revenue	141,123	117,307	–	152,474	165,744	135,329	104,719	33,122
Profit/(loss) after tax	31,310	24,621	–	16,394	11,321	(2,493)	4,880	(24,640)
Other comprehensive income	–	–	–	–	501	(700)	(11,629)	680
Total comprehensive income	31,310	24,621	–	16,394	11,822	(3,193)	(6,749)	(23,960)

Summarised statement of financial position as at 31 March:

	PT Jas		AAT*		PT Cas		ESCC	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Current assets	64,106	67,928	–	–	68,809	64,632	50,620	38,870
Non-current assets excluding goodwill	48,431	33,258	–	–	78,324	80,581	287,228	321,550
Goodwill	–	–	–	–	1,324	1,443	–	–
Total assets	112,537	101,186	–	–	148,457	146,656	337,848	360,420
Current liabilities	45,888	44,123	–	–	69,340	81,045	49,329	20,108
Non-current liabilities	10,199	8,572	–	–	14,625	14,004	75,765	115,718
Total liabilities	56,087	52,695	–	–	83,965	95,049	125,094	135,826
Net assets	56,450	48,491	–	–	64,492	51,607	212,754	224,594

* AAT became a subsidiary during the last financial year subsequent to step-up acquisition of additional 16.4% equity interest on 23 March 2022.

19. Investment in Associates (cont'd)

	PT Jas		AAT*		PT Cas		ESCC	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Net assets excluding goodwill	56,450	48,491	–	–	63,168	50,164	212,754	224,594
Less: Non-controlling interest	–	–	–	–	(22,404)	(18,722)	–	–
	56,450	48,491	–	–	40,764	31,442	212,754	224,594
Proportion of the Group's ownership	49.8%	49.8%	–	–	41.7%	41.7%	25.0%	25.0%
Group's share of net assets	28,112	24,148	–	–	16,978	13,096	53,188	56,148
Goodwill on acquisition and intangible assets	40,552	42,830	–	–	68,668	74,680	2,873	4,893
Carrying amount of the investment	68,664	66,978	–	–	85,646	87,776	56,061	61,041
Group's interest in net assets of investee at beginning of the year	66,978	56,354	–	127,542	87,776	89,969	61,041	68,981
Group's share of:								
Profit/(loss) after tax	15,592	12,261	–	8,033	2,601	(3,160)	(707)	(8,175)
Other comprehensive income	(3,334)	347	–	(229)	(4,731)	967	(4,273)	235
Equity stake disposed	–	–	–	(118,485)	–	–	–	–
Total comprehensive income	12,258	12,608	–	(110,681)	(2,130)	(2,193)	(4,980)	(7,940)
Dividends received during the year	(10,572)	(1,984)	–	(16,861)	–	–	–	–
Carrying amount of interest in investee at end of the year	68,664	66,978	–	–	85,646	87,776	56,061	61,041

Notes to the Financial Statements

31 March 2023

20. Investment in Joint Ventures

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Unquoted shares, at cost	34,186	34,126	12,014	12,014
Post-acquisition revenue reserve capitalised as share capital	3,090	3,090	–	–
Share of post-acquisition results	48,893	37,129	–	–
Others	(590)	(325)	–	–
Foreign currency translation	(19,140)	(13,814)	–	–
	66,439	60,206	12,014	12,014

Amounts due from/to joint ventures

The amounts due from joint ventures amounting to \$935,000 (2022: \$59,000) and amount due to joint ventures amounting to \$11,624,000 (2022: \$11,400,000) are unsecured, trade-related and are repayable on demand. No impairment was provided for in the current financial year (2022: Nil).

Name of companies	Principal activities (Place of business)	GROUP			
		Cost of investment		Equity held	
		31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 %	31 Mar 2022 %
Held by the Company					
Air India SATS Airport Services Private Limited ^a	Ground handling and cargo handling services (India)	12,014	12,014	50.0	50.0
Unquoted shares held by Company, at cost		12,014	12,014		
Held through SATS Food Services Pte. Ltd					
SG IPF Pte. Ltd. ^b	Investment holding (Singapore)	13,017	12,957	60.0	60.0

20. Investment in Joint Ventures (cont'd)

		GROUP			
		Cost of investment		Equity held	
		31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 %	31 Mar 2022 %
Name of companies	Principal activities (Place of business)				
Held through SATS Asia-Pacific Star					
DFASS SATS Pte. Ltd. ^b	Inflight duty-free and duty-paid sales, offer mail order and pre-order service, supply liquor for inflight pantry services, and operate ground based duty-free and duty-paid retail sales (Singapore)	9,019	9,019	50.0	50.0
Held through SATS Airport Services Pte Ltd					
SATS PPG Singapore Pte. Ltd. ^b	Manage and operate airport lounge (Singapore)	136	136	50.0	50.0
		34,186	34,126		

^a Audited by member firm of KPMG International.

^b Audited by KPMG LLP, Singapore.

The Group's material investments in joint ventures are summarised below:

	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Air India SATS Airport Services Private Limited ("AISATS")	42,226	35,146
Other joint ventures	24,213	25,060
	66,439	60,206

Aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	2022-23 \$'000	2021-22 \$'000
Share of profit/(loss) after tax	323	(78)
Other comprehensive income	(1,230)	763
Total comprehensive income	(907)	685

Notes to the Financial Statements

31 March 2023

20. Investment in Joint Ventures (cont'd)

The summarised financial information in respect of AISATS based on its financial statement and a reconciliation with the carrying amount of the investment in consolidated financial statements are as follows:

	AISATS	
	2022-23 \$'000	2021-22 \$'000
Revenue	117,256	103,137
Operating expenses	(75,227)	(92,257)
Interest expenses	(1,837)	(2,169)
Profit before tax	40,192	8,711
Income tax expense	(17,310)	(2,722)
Profit after tax	22,881	5,989
Total comprehensive income	22,881	5,989

Summarised statement of financial position as follow:

	AISATS	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Cash and cash equivalents	3,268	7,270
Inventories	3,054	2,228
Other receivable	13,758	–
Trade receivable	44,124	23,302
Current assets	64,204	32,800
Non-current assets	70,846	93,268
Total assets	135,050	126,068
Current liabilities	33,250	27,821
Non-current liabilities	17,349	27,955
Total liabilities	50,599	55,776
Net assets	84,451	70,292
Proportion of the Group's ownership	50.0%	50.0%
Group's share of net assets	42,226	35,146
Carrying amount of the investment	42,226	35,146
Group's interest in net assets of investee at beginning of the year	35,146	32,758
Group's share of total comprehensive income	7,080	2,388
Carrying amount of interest in investee at end of the year	42,226	35,146

21. Long-Term Investments

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Quoted equity investment	327	303	–	–
Unquoted equity investment	6,060	6,060	6,060	6,060
Loan, secured	7,755	7,894	–	–
Others	93	320	–	–
	14,235	14,577	6,060	6,060

The secured loan of \$7,755,000 (2022: \$7,894,000) refers to an investment in a 5-year secured loan of US\$5,833,000 (2022: US\$5,833,000) with interest rate of 6.5% (2022: 6.5%) per annum (Note 31(c)).

No impairment charge was recorded in the current financial year (2022: Nil).

22. Deferred Taxation

	GROUP			
	Consolidated Statement of Financial Position		Consolidated Income Statement	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	2022-23 \$'000	2021-22 \$'000
Deferred tax liabilities				
Property, plant and equipment	37,981	42,986	3,759	3,567
Intangible assets	29,206	31,758	4,142	2,021
Accruals	(1,686)	(2,818)	(1,102)	658
Defined benefit plan	58	58	–	–
Unremitted foreign dividend and interest income	6,478	6,478	–	–
Fair value gain	2,336	2,639	195	–
Unutilised tax losses/capital allowances	(596)	(3,975)	(756)	3,474
Undistributed earnings of associates/ joint ventures	16,146	13,941	(2,204)	(1,213)
Other temporary differences	(1,664)	(627)	1,074	(58)
	88,259	90,440		
Deferred tax assets				
Accruals	7,691	3,711	2,759	(1,501)
Unutilised tax losses	44,335	49,771	3,253	27,389
Property, plant and equipment	3,608	3,925	289	1,063
	55,634	57,407	11,409	35,400

Notes to the Financial Statements

31 March 2023

22. Deferred Taxation (cont'd)

	COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Deferred tax liabilities		
Property, plant and equipment	19,789	21,520
Accruals	(380)	(1,551)
Unremitted foreign dividend and interest income	6,478	6,944
	25,887	26,913

Unrecognised tax losses

As at 31 March 2023, the Group has tax losses of approximately \$69,895,000 (2022: \$20,113,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

23. Other Non-Current Assets

Other non-current assets relate mainly to long-term prepayments and lease deposits.

24. Trade and Other Receivables

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Trade receivables	170,604	136,439	3,492	604
Staff loans	376	265	93	59
Sundry receivables	46,331	60,458	5,636	2,462
Government grant receivables	41,297	50,718	6,068	2,506
Amounts due from related parties – Trade	222,437	139,841	50,254	–
Amounts due from related companies – Non-trade	–	–	2,010,323	152,829
	481,045	387,721	2,075,866	158,460

Trade receivables are generally on 30 – 90 day terms.

24. Trade and Other Receivables (cont'd)

Trade receivables denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
United States Dollar	15,150	2,850	–	–
Euro	–	–	1,773,991	–

The carrying amount of trade receivables impaired by credit losses is reduced through the use of an allowance account unless on the date the impairment loss is recognised, the Group ascertains the amount to be uncollectible whereby it would be reduced directly. In subsequent periods when a trade receivable is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtors, probability that the debtors will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days aging of receivables balances) are considered indicators that the amounts owing by the debtors are impaired. Individual trade receivable is written off when management deems the amount not collectible.

Trade receivables are stated after impairment. Analysis of the impairment account is as follows:

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Balance at 1 April	26,241	13,631	59	116
Exchange differences	(799)	336	–	–
Write-off against provisions	(15,578)	(141)	–	–
Charge to/(write-back) income statement	178	11,134	–	(57)
Acquisition of subsidiary	–	1,281	–	–
Balance at 31 March	10,042	26,241	59	59
Bad debts (recovered)/write-off directly to income statement	(169)	(218)	5	162

Notes to the Financial Statements

31 March 2023

24. Trade and Other Receivables (cont'd)

Staff loans

There was no interest charge on the staff loans for FY2022-23 and FY2021-22.

Sundry receivables

Sundry receivables are unsecured, interest-free and repayable upon demand.

Amounts due from related parties

The amounts due from related parties are trade-related, with a credit term of 45 days.

Amounts due from related companies

The amounts due from related companies are unsecured, interest-free and are repayable upon demand.

25. Inventories

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Food supplies and dry stores	56,320	71,345	—	—
Technical spares	11,387	10,849	—	—
Other consumables	983	961	775	757
	68,690	83,155	775	757
Income Statement:				
Inventories recognised as an expense	235,409	259,962	—	—
Inclusive:				
Inventories written down	1,617	806	—	—

26. Cash and Cash Equivalents

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.00% to 3.15% (2022: 0.00% to 2.5%) per annum. Short-term deposits are made for varying periods of between 3 days to 12 months depending on the expected cash requirements of the Group, and earn interest at the effective interest rate ranging from 0.00% to 4.63% (2022: 0.00% to 2.96%) per annum.

- (a) Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts in statements of financial position:

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Fixed deposits	72,029	566,161	—	459,509
Cash and bank balances	302,429	219,880	181,431	46,272
Cash and cash equivalents	374,458	786,041	181,431	505,781

- (b) Analysis of capital expenditure cash flows:

	GROUP	
	2022-23 \$'000	2021-22 \$'000
Additions of property, plant and equipment (Note 14)	107,721	62,605
Additions of intangible assets (Note 17)	16,491	16,654
Accrual for purchases of property, plant and equipment (Note 27)	(4,812)	(1,270)
Cash invested in property, plant and equipment and intangible assets	119,400	77,989

- (c) Cash and cash equivalents denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Australian Dollar	567	3,054	—	—
United States Dollar	15,783	4,119	12,954	3,891
Japanese Yen	21	241	21	241
Euro	2,438	90	2,325	—

Notes to the Financial Statements

31 March 2023

27. Trade and Other Payables

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Current:				
Trade payables	341,651	248,063	64,759	16,605
Tender deposits	4,678	4,229	3,457	3,309
Accrued expenses	149,151	180,721	23,882	29,442
Purchase of property, plant and equipment	22,856	18,044	35	526
Others	3,503	4,896	–	–
Amounts due to related companies	652	1,993	51	7
Amounts due to related companies – Non-trade	–	–	78,918	82,824
Trade and other payables	522,491	457,946	171,102	132,713
Non-current:				
Deferred consideration	16,221	20,319	–	–
Accrued expenses	23,662	22,452	4,540	6,710
Other payables	39,883	42,771	4,540	6,710

Trade and other payables are non-interest bearing. Trade payables are normally settled on 60-day terms while other current payables have an average term of three to six months.

Trade and other payables denominated in foreign currencies are as follows:

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Australian Dollar	204	423	–	–
Euro	237	180	48	–
United States Dollar	1,376	1,407	1,327	184
Japanese Yen	–	–	253	–

Amounts due to related companies

These amounts are unsecured, non-interest bearing and repayable on demand. Purchases from related companies are made at agreed terms.

28. Notes and Borrowings

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Current:				
Unsecured term loans	235	88,601	–	–
Secured term loans	12,738	13,084	–	–
	12,973	101,685	–	–
Non-current:				
Unsecured notes payable	300,000	300,000	300,000	300,000
Unsecured term loans	833,526	109,127	801,340	86,646
	1,133,526	409,127	1,101,340	386,646
Total notes and borrowings	1,146,499	510,812	1,101,340	386,646

As at 31 March 2023, there were nine (2022: nine) unsecured term loans held by the Group and two (2022: one) unsecured term loans held by the Company.

There were eleven (2022: ten) secured term loans held by the Group as at 31 March 2023. The term loans as at 31 March 2023 were secured on the property, plant and equipment and other assets of the subsidiaries.

Weighted average effective interest rate of term loans at the end of reporting period

Interest Rates

	GROUP		COMPANY	
	31 Mar 2023 %	31 Mar 2022 %	31 Mar 2023 %	31 Mar 2022 %
Unsecured term loans:				
Fixed rate	1.2% – 6.00%	0.76% – 5.00%	0.64%	–
Floating rate	3.88%	4.45%	3.88%	0.62%
Secured term loans:				
Fixed rate	3.65% – 5.45%	0.50% – 5.60%	–	–

Notes to the Financial Statements

31 March 2023

28. Notes and Borrowings (cont'd)

Unsecured multicurrency medium term notes issued by the Company

Series	Year of issuance	Fixed interest rate (%)	Date payable	31 Mar 2023 \$'000	31 Mar 2022 \$'000
001	2020	2.88	Mar 2025	200,000	200,000
002	2021	2.60	Apr 2025	100,000	100,000

Hedge of net investments in foreign operations

Included in term loans as at 31 March 2023 was the term loan of JPY 7.8 billion (2022: JPY 7.8 billion), approximately \$77.8 million (2022: \$86.6 million), which have been designated as a hedge of the net investment in its subsidiary, TFK Corporation in Japan, and is being used to hedge the Group's exposure to foreign exchange risk on this investment. Foreign exchange gains or losses on the translation of this term loan are transferred to equity to offset any gains or losses on translation of the net investment in the subsidiary. There is no ineffectiveness portion transferred to profit or loss in the year ended 31 March 2023 (2022: Nil).

Hedge of foreign exchange risk in business combination

As at 31 March 2023, SATS placed a deposit of EUR 1.3 billion (SGD equivalent of \$1.77 billion) with the notary for the purpose of acquiring Promontoria Holding 243 B.V., which owns 100% of the shares of global air cargo logistics provider, Worldwide Flight Services ("WFS").

The foreign exchange risk on the purchase consideration relating to the acquisition of Promontoria Holding 243 B.V. has been hedged.

Hedge of interest rate risk for floating rate term loan

As at 31 March 2023, the Group has an interest rate swap arrangement on the EUR 500 million term loan drawn on 28 March 2023, for which the associated floating rate term loan have the same critical terms and which have been assessed to be effective hedges. Under the interest rate swap, the Group agreed with the counter party to exchange, at specific interval mainly quarterly, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amount of EUR 500 million. The fair value of the interest rate swap as at 31 March 2023 is immaterial.

28. Notes and Borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows from financing activities

	Term Loans \$'000	Notes Payable \$'000	Leases \$'000	Total \$'000
At 1 April 2021	378,143	300,000	195,291	873,434
Changes from financing cash flows				
Proceed from borrowings	21,077	—	—	21,077
Repayment of term loans	(181,994)	—	—	(181,994)
Repayment of leases and related charges	—	—	(25,986)	(25,986)
Effect of changes in foreign exchange rates	(8,455)	—	(5,816)	(14,271)
Other changes				
Acquisition of subsidiaries	—	—	136,598	136,598
Addition of lease liabilities	—	—	25,682	25,682
Interest expense/professional fees	2,041	—	5,125	7,166
Termination of contracts	—	—	(3,862)	(3,862)
Balance at 31 March 2022 and 1 April 2022	210,812	300,000	327,032	837,844
Changes from financing cash flows				
Proceeds from borrowings	752,874	—	—	752,874
Repayment of term loans	(106,438)	—	—	(106,438)
Repayment of leases and related charges	—	—	(60,101)	(60,101)
Effect of changes in foreign exchange rates	(12,375)	—	(3,455)	(15,830)
Other changes				
Addition of lease liabilities	—	—	61,181	61,181
Interest expense/professional fees	1,626	—	7,227	8,853
Balance at 31 March 2023	846,499	300,000	331,884	1,478,383

Notes to the Financial Statements

31 March 2023

29. Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key Management Personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers the President and Chief Executive Officer, Chief Financial Officer and all Business Unit Heads to be Key Management Personnel of the Group.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions took place on terms agreed between the parties during the financial year:

Sale and purchase of goods and services

	GROUP	
	2022-23 \$'000	2021-22 \$'000
Services rendered by: Related parties	40,410	33,212
Sales to: Related parties	707,633	345,321

Remuneration of key management personnel

	GROUP	
	2022-23 \$'000	2021-22 \$'000
Directors		
Directors' fees – paid by the Company	1,278	1,191
Key executives		
Salary, bonuses and other costs	5,105	5,405
CPF and other defined contributions plans	59	56
Share-based compensation expense (net of reversal)	1,667	261
	6,831	5,722

30. Capital and Other Commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated to \$249.8 million (2022: \$89.0 million) for the Group and \$132.7 million (2022: \$20.4 million) for the Company. In aggregate, these commitments are not at prices in excess of current market prices.

31. Financial Instruments and Financial Risk Management

Financial Risk Management

The Group operates principally in Singapore and generates revenue mainly in Singapore Dollars. The Group also has investments outside of Singapore and it operates in more than 14 countries. The Group's operations carry certain financial and commodity risks, including the effects of changes in foreign exchange rates and interest rates. The Group's overall risk management approach is to minimise the effects of such volatility on its financial performance. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments for specific exposures where appropriate and cost-efficient.

Financial risk management policies are periodically reviewed and approved by the Board of Directors. The Group has exposure to the following risks arising from the financial investments:

(a) Foreign Currency Risk

The Group is exposed to the effects of fluctuations in certain foreign exchange rates because of its foreign currency denominated operating revenue and expenses. However, the effects of foreign exchange rate fluctuations on the Group's operations are not significant because the Group's sales and purchases are mainly denominated in the respective functional currencies of the Group's entities, except for those disclosed as follows.

Exposure to currency risk

The summary of quantitative data about the exposure to currency risk (excluding the JPY-denominated term loan that is designated as a hedge of the Group's net investment in its Japan subsidiary) as reported to the management of the Group is as follows:

GROUP	31 Mar 2023			31 Mar 2022		
	USD \$'000	EUR \$'000	AUD \$'000	USD \$'000	EUR \$'000	AUD \$'000
Trade and other receivables	15,150	113	–	2,850	–	–
Cash and cash equivalents	15,783	2,438	567	4,119	90	3,054
Loan, secured	7,755	–	–	7,894	–	–
Deposit with notary	–	1,773,991*	–	–	–	–
Trade and other payables	(1,376)	(237)	(204)	(1,407)	(180)	(423)
Notes and borrowings	–	(723,500)*	–	–	–	–
	37,312	1,052,805	363	13,456	(90)	2,631

* Refer to note 28 for details of hedge accounting.

Notes to the Financial Statements

31 March 2023

31. Financial Instruments and Financial Risk Management (cont'd)

(a) Foreign Currency Risk (cont'd)

The following significant exchange rates have been applied.

	Average rate		Year-end spot rate	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
USD	1.372	1.348	1.329	1.353
EUR	1.429	1.565	1.447	1.508
AUD	0.937	0.995	0.887	1.012

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the Singapore dollar, as indicated below against the USD, EUR and AUD at 31 March would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

GROUP	Effect on profit/(loss) before tax	
	2023 \$'000	2022 \$'000
USD (5% strengthening)	(1,866)	(673)
EUR (5% strengthening)	(116)	4
AUD (5% strengthening)	(18)	(132)
USD (5% weakening)	1,866	673
EUR (5% weakening)	116	(4)
AUD (5% weakening)	18	132

(b) Interest Rate Risk

The Group's earnings are affected by changes in interest rates due to the impact that such changes have on its interest income from cash and cash equivalents and its interest expense on term loans.

The Group's interest-bearing assets and interest-bearing liabilities are predominantly denominated in SGD, JPY, EUR and USD. Information relating to other interest-bearing assets and liabilities are disclosed in the cash and cash equivalents (Note 26) and notes and borrowings (Note 28).

The Group policy is to manage interest cost using a mix of fixed and variable rate debts, and interest rate economic effect of converting borrowings from variable rates to fixed rates or vice versa. Under the interest rate swap, the Group agreed with the counter party to exchange, at specified intervals mainly quarterly, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affecting the interest income or finance charges of variable interest financial instruments, excluding the variable rate term loan that is hedged with an interest rate swap.
- Changes in market interest rates affecting the carrying value of financial instruments with fixed interest rates if these are recognised at their fair value.

31. Financial Instruments and Financial Risk Management (cont'd)

(b) Interest Rate Risk (cont'd)

Under these assumptions, an increase or decrease in market interest rates of 50 basis points for all currencies in which the Group had deposits and term loans at 31 March would have the following effects:

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Effect of an increase in 50 basis points in market interest rates				
Profit/(loss) before tax	1,038	642	(4,597)	(807)
Effect of a decrease in 50 basis points in market interest rates				
Profit/(loss) before tax	(1,038)	(642)	4,597	807

(c) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash and cash equivalents and loan receivable.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 March 2023 in relation to each class of recognised financial assets was the carrying amount of those assets as indicated in the statement of financial position.

The Group only transacts with credit-worthy counterparties. Surplus funds are placed as interest-bearing deposits with reputable financial institutions. Credit risks are managed by limiting aggregate exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such credit risk exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counterparties.

Concentration of credit risk exists when changes in economic, industry or geographical factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

Notes to the Financial Statements

31 March 2023

31. Financial Instruments and Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

The Group determines concentration of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposures of the financial assets of the Group and the Company as at 31 March:

Credit profiles

	Outstanding balance		Percentage of total financial assets	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 %	31 Mar 2022 %
GROUP				
By industry				
Airlines	303,897	174,131	35.4	14.8
Financial institutions	365,958	786,041	42.6	66.7
Others	189,780	218,065	22.0	18.5
	859,635	1,178,237	100.0	100.0
By region				
Singapore	671,255	894,132	78.1	75.9
Japan	22,900	18,145	2.7	1.5
Others	165,480	265,960	19.2	22.6
	859,635	1,178,237	100.0	100.0
COMPANY				
By industry				
Airlines	3,492	537	0.1	0.1
Financial institutions	181,431	505,781	6.7	47.9
Related parties	2,494,472	541,316	92.8	51.2
Others	11,797	8,679	0.4	0.8
	2,691,192	1,056,313	100.0	100.0
By region				
Singapore	2,583,575	1,004,880	96.0	95.1
Others	107,617	51,433	4.0	4.9
	2,691,192	1,056,313	100.0	100.0

31. Financial Instruments and Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

Trade receivables

At the end of the reporting period, approximately:

- 56% (2022: 50%) of the Group's trade receivables were due from a major customer located in Singapore.
- 57% (2022: 51%) of the Group's trade receivables were due from related parties.

There is no concentration of customers' credit risk at the Company level.

The Group uses an allowance matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical observed default rates analysed in accordance to days past due by segmenting customers based on industry and geographical classification. Trade and other receivables are written off when there is no reasonable expectation of recovery.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for individual customers as at reporting date. There is no disclosure on the exposure to credit risk and ECLs for the Company's trade receivables balance as the amount is not material.

	Weighted average loss rate		Gross carrying value		Impairment loss allowance	
	31 Mar 2023 %	31 Mar 2022 %	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
GROUP						
Not past due	–	–	319,725	172,150	–	–
Past due 1 to 30 days	–	1.03	35,383	36,385	–	375
Past due 31 to 90 days	0.1	11.22	19,065	40,021	26	4,490
More than 90 days	34.6	39.61	28,910	53,965	10,016	21,376
			403,083	302,521	10,042	26,241

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents are entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed as above.

No aging analysis of other receivables are presented as the majorities of outstanding balances as at 31 March 2023 are current. The Group assesses that no allowance for impairment loss on other receivables is required.

Notes to the Financial Statements

31 March 2023

31. Financial Instruments and Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

Amount due from related companies – Non-trade and loan to subsidiaries

The Company held non-trade receivables due from its related companies of \$2,010,323,000 (2022: \$152,829,000) and loan to subsidiaries of \$427,089,000 (2022: \$388,428,000). These balances are amounts for working capital requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections, and applying experienced credit judgement), these exposures are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is insignificant.

Financial guarantees

The Group has issued financial guarantees to financial institution for granting of credit and banking facilities to its associate (see Note 19). These guarantees are subject to the impairment requirements of SFRS(I) 9. The Group has assessed that its associate has adequate financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect credit losses arising from these guarantees.

Cash and cash equivalents

The Group held cash and cash equivalents of \$374.4 million as at 31 March 2023 (2022: \$786.0 million). The cash and cash equivalents are held with bank and financial institution counterparties.

	GROUP			
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 %	31 Mar 2022 %
Investment grade (A to Aaa)	340,044	759,205	90.8	96.6
Others	34,414	26,836	9.2	3.4
	374,458	786,041	100.0	100.0

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The amount of the allowances of cash and cash equivalents is negligible.

Loan, secured

The Group held a 5-year secured loan which has been fully collateralised with quoted equity shares. The carrying amount of the loan is \$11,077,000 (2022: \$11,276,000). As the estimated fair value of the quoted shares is higher than the carrying value of the secured loan, the Group assesses that no allowance for credit losses is required.

31. Financial Instruments and Financial Risk Management (cont'd)

(d) Liquidity Risk

As at 31 March 2023, the Group had at its disposal, cash and cash equivalents amounting to \$374.4 million (2022: \$786.0 million). In addition, the Group has available short-term credit facilities of approximately \$476.5 million (2022: \$564.3 million) from revolving credit facilities granted by commercial banks.

The Group's holdings of cash, short-term deposits and investments, together with non-committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all capital expenditure and any cash outflow from operating activities due in the next financial year. The shortfall, if any, could be met by further bank borrowings or public market funding.

The maturity profile of the financial assets and liabilities of the Group and the Company is shown in the table that follows. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP	Within 1 year \$'000	1–2 years \$'000	2–5 years \$'000	More than 5 years \$'000	Total \$'000
31 March 2023					
Financial assets:					
Trade and other receivables	481,045	–	–	–	481,045
Amount due from associates/joint ventures	2,018	–	–	–	2,018
Loan to associate	2,174	–	–	–	2,174
Cash and cash equivalents	374,458	–	–	–	374,458
Total undiscounted financial assets	859,695	–	–	–	859,695
Financial liabilities:					
Trade and other payables	516,290	30,567	7,471	1,846	556,174
Amount due to joint ventures	11,624	–	–	–	11,624
Notes and borrowings	74,407	243,532	933,995	9,109	1,261,043
Lease liabilities	50,241	49,949	123,230	158,164	381,584
Total undiscounted financial liabilities	652,562	324,048	1,064,696	169,119	2,210,425
Total net undiscounted financial assets/(liabilities)	207,133	(324,048)	(1,064,696)	(169,119)	(1,350,730)

Notes to the Financial Statements

31 March 2023

31. Financial Instruments and Financial Risk Management (cont'd)

(d) Liquidity Risk (cont'd)

GROUP	Within 1 year \$'000	1–2 years \$'000	2–5 years \$'000	More than 5 years \$'000	Total \$'000
31 March 2022					
Financial assets:					
Trade and other receivables	387,721	–	–	–	387,721
Amount due from associates/joint ventures	2,323	–	–	–	2,323
Loan to associate	–	–	2,152	–	2,152
Cash and cash equivalents	786,041	–	–	–	786,041
Total undiscounted financial assets	1,176,085	–	2,152	–	1,178,237
Financial liabilities:					
Trade and other payables	437,159	29,528	4,397	8,846	479,930
Amount due to joint ventures	11,400	–	–	–	11,400
Notes and borrowings	118,833	10,755	316,682	96,919	543,189
Lease liabilities	49,934	46,589	123,897	163,572	383,992
Total undiscounted financial liabilities	617,326	86,872	444,976	269,337	1,418,511
Total net undiscounted financial assets/(liabilities)	558,759	(86,872)	(442,824)	(269,337)	(240,274)

31. Financial Instruments and Financial Risk Management (cont'd)

(d) Liquidity Risk (cont'd)

COMPANY	Within 1 year \$'000	1–2 years \$'000	2–5 years \$'000	More than 5 years \$'000	Total \$'000
31 March 2023					
Financial assets:					
Trade and other receivables	2,075,866	–	–	–	2,075,866
Amount due from associates/joint ventures	793	–	–	–	793
Loan to subsidiaries	80,304	3,531	9,098	338,074	431,007
Loan to associate	2,174	–	–	–	2,174
Cash and cash equivalents	181,431	–	–	–	181,431
Total undiscounted financial assets	2,340,568	3,531	9,098	338,074	2,691,271
Financial liabilities:					
Loan from subsidiaries	169,692	–	–	–	169,692
Notes and borrowings	36,931	236,931	958,724	–	1,232,586
Trade and other payables	170,926	3,402	–	–	174,328
Lease liability	6,611	6,165	6,168	97,689	116,633
Total undiscounted financial liabilities	384,160	246,498	964,892	97,689	1,693,239
Total net undiscounted financial assets/(liabilities)	1,956,408	(242,967)	(955,794)	240,385	998,032
31 March 2022					
Financial assets:					
Trade and other receivables	158,460	–	–	–	158,460
Amount due from associates/joint ventures	1,492	–	–	–	1,492
Loan to subsidiaries	–	48,105	–	340,323	388,428
Loan to associate	–	–	2,152	–	2,152
Cash and cash equivalents	505,781	–	–	–	505,781
Total undiscounted financial assets	665,733	48,105	2,152	340,323	1,056,313
Financial liabilities:					
Loan from subsidiaries	168,052	–	–	–	168,052
Notes and borrowings	8,893	8,893	310,130	86,780	414,696
Trade and other payables	132,689	5,221	–	–	137,910
Total undiscounted financial liabilities	309,634	14,114	310,130	86,780	720,658
Total net undiscounted financial assets/(liabilities)	356,099	33,991	(307,978)	253,543	335,655

Notes to the Financial Statements

31 March 2023

31. Financial Instruments and Financial Risk Management (cont'd)

(e) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

GROUP	Amortised costs \$'000	FVOCI \$'000	FVTPL \$'000	Other financial liabilities \$'000	Total \$'000
31 March 2023					
Assets					
Long-term investments	7,848	327	6,060	–	14,235
Trade and other receivables	481,045	–	–	–	481,045
Amount due from associates/joint ventures	2,018	–	–	–	2,018
Cash and cash equivalents	374,458	–	–	–	374,458
	865,369	327	6,060	–	871,756
Total non-financial assets					3,801,987
Total assets					4,673,743
Liabilities					
Amount due to joint ventures	–	–	–	11,624	11,624
Notes and borrowings	–	–	–	1,146,499	1,146,499
Lease liabilities	–	–	–	331,884	331,884
Trade and other payables	–	–	–	554,608	554,608
	–	–	–	2,044,615	2,044,615
Total non-financial liabilities					114,346
Total liabilities					2,158,961

31. Financial Instruments and Financial Risk Management (cont'd)

(e) Classification of Financial Instruments (cont'd)

GROUP	Amortised costs \$'000	FVOCI \$'000	FVTPL \$'000	Other financial liabilities \$'000	Total \$'000
31 March 2022					
Assets					
Long-term investments	8,214	303	6,060	–	14,577
Trade and other receivables	387,721	–	–	–	387,721
Amount due from associates/joint ventures	2,323	–	–	–	2,323
Cash and cash equivalents	786,041	–	–	–	786,041
	1,184,299	303	6,060	–	1,190,662
Total non-financial assets					2,101,625
Total assets					3,292,287
Liabilities					
Amount due to joint ventures	–	–	–	11,400	11,400
Notes and borrowings	–	–	–	510,812	510,812
Lease liabilities	–	–	–	327,032	327,032
Trade and other payables	–	–	–	477,018	477,018
	–	–	–	1,326,262	1,326,262
Total non-financial liabilities					132,318
Total liabilities					1,458,580

Notes to the Financial Statements

31 March 2023

31. Financial Instruments and Financial Risk Management (cont'd)

(e) Classification of Financial Instruments (cont'd)

COMPANY	Amortised costs \$'000	FVTPL \$'000	Other financial liabilities \$'000	Total \$'000
31 March 2023				
Assets				
Long-term investment	–	6,060	–	6,060
Trade and other receivables	2,075,866	–	–	2,075,866
Loan to subsidiaries	427,089	–	–	427,089
Loan to associate	2,114	–	–	2,114
Amount due from associates/joint ventures	793	–	–	793
Cash and cash equivalents	181,431	–	–	181,431
	2,687,293	6,060	–	2,693,353
Total non-financial assets				1,419,539
Total assets				4,112,892
Liabilities				
Loan from subsidiaries	–	–	163,000	163,000
Notes and borrowings	–	–	1,101,340	1,101,340
Trade and other payables	–	–	174,328	174,328
Lease liabilities	–	–	82,294	82,294
	–	–	1,520,962	1,520,962
Total non-financial liabilities				36,194
Total liabilities				1,557,156

31. Financial Instruments and Financial Risk Management (cont'd)

(e) Classification of Financial Instruments (cont'd)

COMPANY	Amortised costs \$'000	FVTPL \$'000	Other financial liabilities \$'000	Total \$'000
31 March 2022				
Assets				
Long-term investment	–	6,060	–	6,060
Trade and other receivables	158,460	–	–	158,460
Loan to subsidiaries	388,428	–	–	388,428
Loan to associate	2,152	–	–	2,152
Amount due from associates/joint ventures	1,492	–	–	1,492
Cash and cash equivalents	505,781	–	–	505,781
	1,056,313	6,060	–	1,062,373
Total non-financial assets				1,411,982
Total assets				2,474,355
Liabilities				
Loan from subsidiaries	–	–	167,800	167,800
Notes and borrowings	–	–	386,646	386,646
Trade and other payables	–	–	137,910	137,910
Lease liabilities	–	–	60,856	60,856
	–	–	753,212	753,212
Total non-financial liabilities				38,151
Total liabilities				791,363

Notes to the Financial Statements

31 March 2023

31. Financial Instruments and Financial Risk Management (cont'd)

(f) Fair Values

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

The quoted equity instruments classified as long-term investments are categorised within Level 1 of the fair value hierarchy. Fair value hierarchy Level 1 refers to quoted prices (unadjusted) in active markets for identical assets or liabilities. These quoted equity instruments represent ordinary shares in companies that are traded in an active stock exchange market.

The long-term investment is categorised within Level 3 of the fair value hierarchy. The valuation model considers the present value of the expected future payments, discounted using a risk adjusted discount rate. Significant unobservable inputs will include the expected cash flows as well as the discount rate used in the valuation.

Financial assets and financial liabilities that are classified as measured at amortised cost with carrying amounts being a reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date or the fixed interest rates approximate the market interest rates for such assets/liabilities. These financial assets include trade and other receivables, amount due from associates/joint ventures, loan to subsidiaries and cash and cash equivalents. These financial liabilities include trade and other payables, amount due to joint ventures, term loans and leases. The carrying amount of the secured loan receivables approximate the fair value of the quoted price of the pledged shares.

32. Leases

Leases as lessee

The Group leases offices, warehouse and factory facilities. The leases typically run for a period of 11 months to 51 years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

	GROUP	
	2022-23 \$'000	2021-22 \$'000
Amounts recognised in profit or loss		
Interest on lease liabilities	7,226	5,052
Expenses relating to short-term leases	11,454	8,325
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	3,313	3,319
Amounts recognised in statement of cash flows		
Cash outflow for leases	60,101	25,986

32. Leases (cont'd)

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

33. Capital Management

The primary objective of management of the Group's capital structure is to maintain an efficient mix of debt and equity in order to achieve an optimal cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors have reviewed the Group's capital structure including the anticipated changes in Group's capital structure in view of the acquisition of World Flight Services in April 2023. The Directors will continue to regularly review the Group's capital structure in line with this objective. For the financial years ended 31 March 2023 and 31 March 2022, no changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

The Group monitors capital based on the debt-equity ratio, which is total debt divided by total equity. The Group keeps the debt-equity ratio at a level below the required ratio under its debt covenants. The Group includes within total debt, notes and borrowings, lease liabilities and bank overdraft.

	GROUP		COMPANY	
	31 Mar 2023 \$'000	31 Mar 2022 \$'000	31 Mar 2023 \$'000	31 Mar 2022 \$'000
Notes and borrowings	1,146,499	510,812	1,101,340	386,646
Lease liabilities	331,884	327,032	82,294	60,856
Total debt	1,478,383	837,844	1,183,634	447,502
Total equity	2,514,782	1,833,707	2,555,736	1,682,992
Total debt-equity ratio	0.59	0.46	0.46	0.26

Notes to the Financial Statements

31 March 2023

34. Segment Reporting

For management purposes, the Group's operating businesses are organised and managed according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services. The Group has three reportable operating segments as follows:

1. The Food Solutions segment provides mainly inflight and institutional catering, food processing, distribution services and airline laundry services.
2. The Gateway Services segment provides both airport and cruise terminal services. The airport terminal services include airfreight handling services, passenger services, aviation security services, baggage handling services and apron services to the Group's airline customers. On the provision of cruise terminal services, the segment manages and operates Marine Bay Cruise Centre.
3. The Others segment provides rental of premises and other services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and profit after taxation.

Segment accounting policies are the same as the policies described in Note 2. Segment assets comprise primarily of inventories, receivables, prepayments, amount due from associates/joint ventures, cash and cash equivalents and deposit with notary, other non-current assets and other long-term investments.

Capital expenditure comprises additions to property, plant and equipment and intangible assets, excluding those acquired through business combinations and finance leases.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The Group generally accounts for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

34. Segment Reporting (cont'd)

By Business

	Food Solutions \$'000	Gateway Services \$'000	Others \$'000	Total \$'000
Financial year ended 31 March 2023				
Revenue	869,253	888,548	528	1,758,329
Operating loss	(33,799)	(2,035)	(12,199)	(48,033)
Net finance expense	(1,031)	(5,479)	(2,234)	(8,744)
Gain from disposal of property, plant and equipment	13,042	(26)	(4)	13,012
Gain from disposal of an associate	1,901	–	–	1,901
Share of results of associates/joint ventures, net of tax	6,605	38,833	–	45,438
Impairment loss for an associate	–	(159)	(1,558)	(1,717)
Other non-operating income/(expenses)	315	(1,688)	(44,254)	(45,627)
(Loss)/profit before tax	(12,967)	29,446	(60,249)	(43,770)
Income tax credit	1,079	1,732	2,366	5,177
(Loss)/profit for the year	(11,888)	31,178	(57,883)	(38,593)
As at 31 March 2023				
Segment assets	429,204	339,273	1,977,998	2,746,475
Property, plant and equipment, right-of-use assets	337,879	431,233	131,077	900,189
Associates/joint ventures	152,369	291,968	–	444,337
Deferred tax assets	40,824	14,481	329	55,634
Intangible assets	198,982	299,900	28,226	527,108
Total assets	1,159,258	1,376,855	2,137,630	4,673,743
Current liabilities	264,456	260,590	63,110	588,156
Non-current liabilities	134,530	144,300	1,185,395	1,464,225
Tax liabilities	18,096	53,562	34,922	106,580
Total liabilities	417,082	458,452	1,283,427	2,158,961
Capital expenditure	67,377	45,881	10,954	124,212
Depreciation and amortisation charges	39,854	117,059	18,878	175,791

Notes to the Financial Statements

31 March 2023

34. Segment Reporting (cont'd)

By Business (cont'd)

	Food Solutions \$'000	Gateway Services \$'000	Others \$'000	Total \$'000
Financial year ended 31 March 2022				
Revenue	640,930	532,457	3,379	1,176,766
Operating (loss)/profit	(44,057)	6,669	(5,239)	(42,627)
Net finance expense	(3,795)	(3,688)	(6,297)	(13,780)
Share of results of associates/joint ventures, net of tax	(15,442)	32,596	–	17,154
Impairment loss on property, plant and equipment, net of grants	(16,627)	–	–	(16,627)
Gain on deemed disposal of associate	–	28,862	–	28,862
Other non-operating income/(expenses)	258	(1,031)	690	(83)
(Loss)/profit before tax	(79,663)	63,408	(10,846)	(27,101)
Income tax credit	17,880	7,459	6,093	31,432
(Loss)/profit for the year	(61,783)	70,867	(4,753)	4,331
As at 31 March 2022				
Segment assets	478,956	426,061	420,189	1,325,206
Property, plant and equipment, right-of-use assets and investment properties	308,810	480,684	112,984	902,478
Associates/joint ventures	158,297	295,720	–	454,017
Deferred tax assets	43,016	14,119	272	57,407
Intangible assets	208,351	319,857	24,971	553,179
Total assets	1,197,430	1,536,441	558,416	3,292,287
Current liabilities	301,895	256,009	54,500	612,404
Non-current liabilities	115,073	166,544	455,940	737,557
Tax liabilities	18,916	53,004	36,699	108,619
Total liabilities	435,884	475,557	547,139	1,458,580
Capital expenditure	31,131	37,098	11,030	79,259
Depreciation and amortisation charges	43,475	55,953	20,239	119,667

34. Segment Reporting (cont'd)

By Geographical Location

Revenue, total assets and capital expenditure information based on the geographical location of the subsidiaries deriving the revenue and owning the assets respectively are as follows:

	Singapore \$'000	Japan \$'000	Others \$'000	Total \$'000
Financial year ended 31 March 2023				
Revenue	1,408,758	87,979	261,592	1,758,329
As at 31 March 2023				
Segment assets	2,658,552	35,047	52,876	2,746,475
Property, plant and equipment, right-of-use assets	379,544	106,293	414,352	900,189
Associates/joint ventures	24,213	1,711	418,413	444,337
Deferred tax assets	9,303	30,042	16,289	55,634
Intangible assets	183,246	16,513	327,349	527,108
Total assets	3,254,858	189,606	1,229,279	4,673,743
Capital expenditure	42,038	958	81,216	124,212
Financial year ended 31 March 2022				
Revenue	1,005,584	77,521	93,661	1,176,766
As at 31 March 2022				
Segment assets	1,047,716	33,806	243,684	1,325,206
Property, plant and equipment, right-of-use assets and investment property	392,493	124,749	385,236	902,478
Associates/joint ventures	28,104	1,506	424,407	454,017
Deferred tax assets	15,362	29,929	12,116	57,407
Intangible assets	174,383	18,867	359,929	553,179
Total assets	1,658,058	208,857	1,425,372	3,292,287
Capital expenditure	41,014	1,628	36,617	79,259

Information about major customers

Revenue from two major customers amounted to \$836.4million (2022: \$469.2 million), arising from sales by all segments.

Notes to the Financial Statements

31 March 2023

35. Subsequent Event

Acquisition of Worldwide Flight Services

On 28 September 2022, the Company signed a sale and purchase agreement (“SPA”) to acquire Promontoria Holding 243 B.V., which owns 100% of the shares of global air cargo logistics provider, Worldwide Flight Services (“WFS”). The approval of SATS’s shareholders for the acquisition was obtained in January 2023, followed by the satisfaction of regulatory conditions in accordance with the SPA in February 2023.

As at 31 March 2023, the Company placed a deposit of \$1,774 million with the notary in anticipation of the acquisition. This was funded through a combination of rights issue with net proceed after transaction costs of \$784 million and EUR-denominated term loan of \$713 million, with the remaining amount funded through SATS’ existing cash balances.

The acquisition was completed on 3 April 2023 with SATS obtaining control over WFS group. The total purchase consideration for the acquisition was \$1,783 million, including an additional consideration of \$9 million that was transferred directly from SATS to the seller in April 2023.

Management is currently assessing the goodwill, fair value of identifiable assets acquired and liabilities assumed at the acquisition date with an independent valuation.

Loan Facilities for Early Redemption of Senior Secured Notes

SATS Treasury Pte Ltd, a subsidiary of SATS, has obtained loan facilities of up to EUR 1.04 billion between April and May 2023 with SATS as the guarantor for the facilities. The amounts borrowed by the Group under these facilities were used to fund the early redemption of EUR 250 million Senior Secured Floating Rate Notes on 12 May 2023, with the remaining balance to fund the early redemption of two Senior Secured Fixed Rate Notes due 2027 with the amount of EUR 340 million and USD 400 million respectively issued by Promontoria Holding 264 B.V., a subsidiary of SATS post-acquisition of WFS group. The redemption of the EUR and USD Senior Secured Fixed Rate Notes will be completed on 6 June 2023.

Additional Information

required by the Singapore Exchange Securities Trading Limited (“SGX-ST”)

1. Interested Person Transactions

The interested person transactions entered into during the financial year ended 31 March 2023 are as follows:

		Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)
Name of interested person	Nature of relationship	\$'000	\$'000
Transactions for the Sale of Goods and Services			
Krisshop Pte. Ltd.	An associate of the Company's Controlling Shareholder	—	4,255
Singapore Airlines Limited	An associate of the Company's Controlling Shareholder	—	1,358
ST Engineering Aerospace Company Pte Ltd.	An associate of the Company's Controlling Shareholder	—	594
SIA Engineering Company Limited	An associate of the Company's Controlling Shareholder	—	13,272
SG IPF Pte. Ltd.	An associate of the Company's Controlling Shareholder	—	211
		—	19,690
Transactions for the Purchase of Goods and Services			
City Energy Pte. Ltd.	An associate of the Company's Controlling Shareholder	—	18,200
GRID Communications Pte. Ltd.	An associate of the Company's Controlling Shareholder	—	2,816
S & I Systems Pte Ltd	An associate of the Company's Controlling Shareholder	—	822
Gategroup Trading Hong Kong Limited	An associate of the Company's Controlling Shareholder	—	580
SIA Engineering Company Ltd	An associate of the Company's Controlling Shareholder	—	653
Singapore Telecommunications Limited	An associate of the Company's Controlling Shareholder	—	1,891

Additional Information

required by the Singapore Exchange Securities Trading Limited (“SGX-ST”)

1. Interested Person Transactions (cont'd)

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)
		\$'000	\$'000
Transactions for the Purchase of Goods and Services (cont'd)			
SMRT Trains Ltd.	An associate of the Company's Controlling Shareholder	—	400
Sygnia Pte. Ltd.	An associate of the Company's Controlling Shareholder	—	281
Stellar Lifestyle Pte. Ltd.	An associate of the Company's Controlling Shareholder	950	—
Powergas Limited	An associate of the Company's Controlling Shareholder	206	—
		1,156	25,643
Joint Venture			
Stellar Experience Pte. Ltd.	An associate of the Company's Controlling Shareholder	7,416	—
		7,416	—

Note:
All the transactions set out in the above table were based on records from the Group's Register of Interested Person Transactions for the financial period under review, and include transactions whose durations exceed or which commenced before the financial period under review and/or multiple transactions with the same interested person. The transactions were based on actual or estimated values of the transactions for the entire duration of the relevant transactions in the case of fixed term contracts or annual/periodic values of the transactions in the case of open-ended contracts, taking into account agreed rates.

All the above interested person transactions were done on normal commercial terms.

2. Material Contracts

Except as disclosed above and in the financial statements for the financial year ended 31 March 2023, there were no material contracts entered into by the Company and its subsidiaries involving the interests of its President and Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

3. Appointment of Auditors

The Company confirms that it has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its auditing firms.

SATS Acronym

Acronym	Name of Companies
SAS	SATS Airport Services Pte Ltd
SCAT	SATS Catering Pte Ltd
SSS	SATS Security Services Private Limited
SAL	SATS Aero Laundry Pte. Ltd
AeroL	SATS Aerolog Express Pte. Ltd.
SIC	SATS Institutional Catering Pte. Ltd.
SATSAPS	SATS Asia-Pacific Star Pte. Ltd.
SFS	SATS Food Services Pte. Ltd.
SIPL	SATS Investments Pte. Ltd.
SATSIndia	SATS (India) Co. Private Limited
SIPL2	SATS Investments (II) Pte. Ltd.
CPL	Cemerlang Pte. Ltd.
SSSB	SATS Services Sdn. Bhd.
SATSSaudi	SATS Saudi Arabia Company
CS3	SATS Consumer Services Pte. Ltd.
GTRSG	GTRSG Pte. Ltd.
GTRH	Ground Team Red Holdings Sdn. Bhd.
SChina	SATS China Co., Ltd.
SCCS	SATS-Creuers Cruise Services Pte. Ltd.
SATS Seletar	SATS Seletar Aviation Services Pte. Ltd.
PIPL	Primary Industries Private Limited
HAM	Hog Auction Market Pte Ltd
PIQ	Primary Industries (Qld) Pty Ltd
SSTF	Shanghai ST Food Industries Co., Limited
SFIF	SFI Food Pte. Ltd.
SFIM	SFI Manufacturing Private Limited
SDN	SATS Delaware North Pte. Ltd.
CFPL	Country Foods Pte. Ltd.
TFK	TFK Corporation
MBUK	Monty's Bakehouse UK Limited
IFC	Inflight Foods Co., Ltd.
NDI	Narita Dry Ice Co., Ltd.
NTS	New Tokyo Service Co., Ltd
STJ	SATS (Tianjin) Food Co., Ltd.
SKF	SATS (Kunshan) Food Co., Ltd
NWA	Nanjing Weizhou Airline Food Corp., Ltd.
GSA	Ganzhou SATS Aviation Food Co., Ltd
HWA	Huizhou Weilian Airline Food., Ltd
NWA Shenzhen	Shenzhen Weilian Air Catering Co., Ltd.
NWA Zhoushan	Zhoushan Weilian Air Catering Co., Ltd

SATS Acronym

Acronym	Name of Companies
NWA Zhanjiang	Zhanjiang Wuchuan Weilian Air Catering Co., Ltd
NWA Jiangxi	Jiangxi Weilian Air Catering Co., Ltd.
GTR	Ground Team Red Sdn. Bhd.
MBNL	Monty's Bakehouse NL B.V.
SATSTH	SATS (Thailand) Co., Ltd.
SFST	SATS Food Solutions (Thailand) Co., Ltd.
RTPL	Real Tasty Pte. Ltd.
SFSI	SATS Food Solutions India Private Limited
ASF	The Aviation Sustainability Forum Ltd
AAT	Asia Airfreight Terminal Co. Ltd
AAS	Asia Airfreight Services Limited
SIPL3	SATS Investment (III) Pte. Ltd.
SATS International	SATS International SAS
STPL	SATS Treasury Pte. Ltd.
MIC	Maldives Inflight Catering Private Limited
BAIK	Beijing Airport Inflight Kitchen Limited
BGS	Beijing Aviation Ground Services Co., Ltd
AVIS	Aviserv Limited
TCS	Tan Son Nhat Cargo Services Joint Stock Company Limited
Servair	Servair-SATS Holding Company Pte Ltd
MACS	MacroAsia Catering Services, Inc.
EGAS	Evergreen Airline Services Corporation
EGAC	Evergreen Air Cargo Services Corporation
TSAC	Taj SATS Air Catering Limited
PT JAS	PT Jasa Angkasa Semesta, Tbk
ESCC	Evergreen Sky Catering Corporation
SATSHK	SATS HK Limited
KSPL	KrisShop Pte. Ltd.
BCS	Beijing CAH SATS Aviation Services Co., Ltd.
Tasco	Tasco Foods Co., Ltd.
BSH	Brahim's SATS Investment Holdings Sdn. Bhd.
OmanSATS	Oman SATS LLC
PT CAS	PT Cardig Aero Services Tbk
MCSC	Mumbai Cargo Service Center Airport Private Limited
PMAD	PT Purantara Mitra Angkasa Dua
AISATS	Air India SATS Airport Services Private Limited
SGIPFPL	SG IPF Pte. Ltd.
DSPL	DFASS SATS Pte. Ltd.
SATSPPG	SATS PPG Singapore Pte. Ltd

Information on Shareholdings

as at 23 May 2023

Number of Issued Shares	:	1,487,493,961
Number of Issued Shares (excluding Treasury Shares)	:	1,487,295,656
Class of Shares	:	Ordinary shares
Number / Percentage of Treasury Shares	:	198,305 / 0.01%
Number of Shares / Percentage held by Subsidiary Holdings	:	Nil
Voting Rights	:	1 vote per share

Analysis of Shareholdings

Range of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%*
1 – 99	973	1.91	43,162	0.00
100 – 1,000	16,328	32.01	10,074,708	0.68
1,001 – 10,000	26,941	52.82	104,112,394	7.00
10,001 – 1,000,000	6,736	13.21	206,543,678	13.89
1,000,001 and above	27	0.05	1,166,521,714	78.43
Total	51,005	100.00	1,487,295,656	100.00

Twenty Largest Shareholders

No.	Name	No. of shares held	%*
1	VENEZIO INVESTMENTS PTE LTD	590,220,938	39.68
2	CITIBANK NOMINEES SINGAPORE PTE LTD	157,565,945	10.59
3	RAFFLES NOMINEES (PTE) LIMITED	117,041,642	7.87
4	HSBC (SINGAPORE) NOMINEES PTE LTD	72,691,318	4.89
5	DBS NOMINEES PTE LTD	72,652,446	4.89
6	DBSN SERVICES PTE LTD	52,365,678	3.52
7	PHILLIP SECURITIES PTE LTD	17,714,878	1.19
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	15,138,413	1.02
9	BPSS NOMINEES SINGAPORE (PTE.) LTD.	11,130,396	0.75
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	9,362,128	0.63
11	IFAST FINANCIAL PTE LTD	8,770,030	0.59
12	OCBC SECURITIES PRIVATE LTD	5,882,172	0.40
13	UOB KAY HIAN PTE LTD	3,666,559	0.25
14	HUNGATE ALEXANDER CHARLES	3,619,144	0.24
15	MAYBANK SECURITIES PTE. LTD.	3,337,799	0.22
16	DB NOMINEES (SINGAPORE) PTE LTD	3,301,389	0.22
17	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,695,680	0.18
18	TIGER BROKERS (SINGAPORE) PTE. LTD.	2,508,773	0.17
19	TAN CHUAN LYE	2,396,300	0.16
20	ABN AMRO CLEARING BANK N.V.	2,280,869	0.15
		1,154,342,497	77.61

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 23 May 2023, excluding any ordinary shares held in treasury and subsidiary holdings as at that date.

Information on Shareholdings

as at 23 May 2023

Substantial Shareholders

As at 23 May 2023, the substantial shareholders of the Company and their direct and deemed interests, as shown in the Company’s Register of Substantial Shareholders, were as follows:

Name of substantial shareholder	No. of shares in which the substantial shareholder has a direct interest (representing percentage ¹ of total shareholding)	No. of shares in which the substantial shareholder has a deemed interest (representing percentage ¹ of total shareholding)	Total no. of shares in which the substantial shareholder is interested (representing percentage ¹ of total shareholding)
Temasek Holdings (Private) Limited	–	449,279,349 ^{2,3} (approximately 30.21%)	449,279,349 (approximately 30.21%)
Tembusu Capital Pte. Ltd.	–	449,006,923 ^{2,3} (approximately 30.19%)	449,006,923 (approximately 30.19%)
Napier Investments Pte. Ltd.	–	446,123,158 ^{2,3} (approximately 30.00%)	446,123,158 (approximately 30.00%)
Venezio Investments Pte. Ltd.	446,123,158 ³ (approximately 30.00%)	–	446,123,158 (approximately 30.00%)

Notes:

¹ The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 23 May 2023, excluding any ordinary shares held in treasury and subsidiary holdings as at that date.

² Tembusu Capital Pte. Ltd. (“**Tembusu**”) is the holding company of Napier Investments Pte. Ltd. (“**Napier**”), which is in turn the holding company of Venezio Investments Pte. Ltd. (“**Venezio**”). Tembusu and Napier are deemed to be interested in the shares held by Venezio by virtue of section 4 of the Securities and Futures Act 2001 (“**SFA**”). Temasek Holdings (Private) Limited (“**Temasek**”) is the holding company of Tembusu and the ultimate holding company of Venezio. Accordingly, Temasek has a deemed interest in all the shares held by Venezio. In addition, Temasek is deemed to be interested in further shares in which its other subsidiaries and associated companies have or are deemed to have an interest pursuant to section 4 of the SFA.

³ Does not include shares acquired pursuant to the Company’s renounceable underwritten rights issue in March 2023. As the acquisition(s) did not result in any overall percentage level changes in the substantial shareholders’ total interest in the Company, no notification of the changes was required to be given under the SFA.

Shareholdings Held by the Public

Based on information available to the Company as at 23 May 2023, approximately 59.80% of the issued ordinary shares of the Company are held by the public (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)). The Company hence confirms that Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Notice of Annual General Meeting

SATS Ltd.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

NOTICE IS HEREBY GIVEN that the 50th Annual General Meeting of SATS Ltd. (the “**Company**”) will be held at the Garden Ballroom, Level 1, Parkroyal Collection Marina Bay, 6 Raffles Boulevard, Singapore 039594, on Friday, 21 July 2023 at 11.00 a.m. to transact the following business:

Ordinary Business

- To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 March 2023 and the Auditors’ Report thereon.
- To re-elect Mr Chia Kim Huat, who will retire by rotation in accordance with Article 90 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director of the Company.
- To re-elect Ms Jessica Tan Soon Neo, who will retire by rotation in accordance with Article 90 of the Constitution of the Company and who, being eligible, offers herself for re-election as a Director of the Company.
- To re-elect Ms Deborah Tan Yang Sock (Mrs Deborah Ong), who will retire by rotation in accordance with Article 90 of the Constitution of the Company and who, being eligible, offers herself for re-election as a Director of the Company.
- To re-elect Dr Detlef Andreas Trefzger, who will retire in accordance with Article 96 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director of the Company.
- To re-elect Mr Eng Aik Meng, who will retire in accordance with Article 96 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director of the Company.
- To approve payment of Directors’ fees of up to S\$1,500,000 for the financial year ending 31 March 2024 (2023: up to S\$1,350,000).
- 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.

Special Business

To consider and if thought fit, to pass, with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:

- That authority be and is hereby given to the Directors of the Company to:
 - issue shares of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
 - make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
 - (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

Notice of Annual General Meeting

SATS Ltd.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

provided that:

- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 5 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (aa) new Shares arising from the conversion or exercise of any convertible securities or employee share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and
 - (bb) any subsequent bonus issue, consolidation or subdivision of Shares,and, in sub-paragraph (i) above and this sub-paragraph (ii), “**subsidiary holdings**” has the meaning given to it in the Listing Manual of the SGX-ST;
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

10. That the Directors of the Company be and are hereby authorised to:

- (a) grant awards in accordance with the provisions of the SATS Performance Share Plan and/or the SATS Restricted Share Plan; and
- (b) allot and issue from time to time such number of ordinary shares of the Company (“**Shares**”) as may be required to be issued pursuant to the vesting of awards under the SATS Performance Share Plan and/or the SATS Restricted Share Plan,

provided that:

- (i) the aggregate number of new Shares to be allotted and issued pursuant to the SATS Performance Share Plan, the SATS Restricted Share Plan and the SATS Employee Share Option Plan shall not exceed 15 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and

- (ii) the aggregate number of Shares under awards to be granted pursuant to the SATS Performance Share Plan and/or the SATS Restricted Share Plan during the period commencing from the date of this Annual General Meeting of the Company and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 1 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time,

and in this Resolution, “**subsidiary holdings**” has the meaning given to it in the Listing Manual of the Singapore Exchange Securities Trading Limited.

11. That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“**Chapter 9**”) of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Letter to Shareholders dated 22 June 2023 (the “**Letter to Shareholders**”) with any party who is of the class of interested persons described in the Appendix to the Letter to Shareholders, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (b) the approval given in paragraph (a) above (the “**IPT Mandate**”) shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

12. That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act 1967 (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (“**Shares**”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) market purchase(s) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

Notice of Annual General Meeting

SATS Ltd.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next Annual General Meeting of the Company is held;
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
- (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated.
- (c) in this Resolution:

“**Maximum Limit**” means that number of issued Shares representing 2 percent of the issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of both a market purchase of a Share and an off-market purchase of a Share, 105 percent of the Average Closing Price of the Shares;

where:

“**Average Closing Price**” means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs during the relevant five-day period and the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out herein) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase; and

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

BY ORDER OF THE BOARD

Ian Chye
Company Secretary

Singapore, 22 June 2023

Explanatory Notes

1. (a) In relation to Ordinary Resolution No. 2, Mr Chia Kim Huat will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company, and will be standing for re-election at the Annual General Meeting. Mr Chia will, upon re-election, continue to serve as a member of the Nominating Committee and a member of the Board Risk and Safety Committee. Mr Chia is considered an independent Director.
- (b) In relation to Ordinary Resolution No. 3, Ms Jessica Tan Soon Neo will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company, and will be standing for re-election at the Annual General Meeting. Ms Tan will, upon re-election, continue to serve as a member of the Nominating Committee and a member of the Audit Committee and (as announced by the Company on 9 June 2023) be appointed as the Chairman of the Nominating Committee with effect from the conclusion of the Annual General Meeting. Ms Tan is considered an independent Director.
- (c) In relation to Ordinary Resolution No. 4, Mrs Deborah Ong will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company, and will be standing for re-election at the Annual General Meeting. Mrs Ong will, upon re-election, continue to serve as the Chairman of the Audit Committee and a member of the Board Risk and Safety Committee. Mrs Ong is considered an independent Director.
- (d) In relation to Ordinary Resolution No. 5, Dr Detlef Andreas Trefzger will be retiring from office at the Annual General Meeting pursuant to Article 96 of the Constitution of the Company, and will be standing for re-election at the Annual General Meeting. Dr Trefzger will, upon re-election, continue to serve as a member of the Board Risk and Safety Committee and (as announced by the Company on 9 June 2023) be appointed as the Chairman of the Board Risk and Safety Committee with effect from the conclusion of the Annual General Meeting. Dr Trefzger is considered an independent Director.
- (e) In relation to Ordinary Resolution No. 6, Mr Eng Aik Meng will be retiring from office at the Annual General Meeting pursuant to Article 96 of the Constitution of the Company, and will be standing for re-election at the Annual General Meeting. Mr Eng will, upon re-election, continue to serve as a member of the Remuneration and Human Resource Committee. Mr Eng is considered an independent Director.
- (f) As announced by the Company on 9 June 2023, Mr Tan Soo Nan will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company, and has notified the Company that he will not be seeking re-election as a Director of the Company at the Annual General Meeting. His retirement from the Board will take effect upon the conclusion of the Annual General Meeting. Mr Tan will, upon retirement, cease to be a member of the Audit Committee and a member of the Board Risk and Safety Committee.
- (g) As announced by the Company on 9 June 2023, Mr Yap Kim Wah has notified the Company that he will be stepping down as a Director of the Company with effect from the conclusion of the Annual General Meeting. Mr Yap will thereupon, cease to be the Chairman of the Board Risk and Safety Committee and a member of the Audit Committee.

Detailed information on the Directors who are standing for re-election (including information as set out in Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited) can be found in the section on “Additional information on Directors seeking re-election” in the SATS Annual Report for the financial year ended 31 March 2023 (“**FY2022-23**”).

2. Ordinary Resolution No. 7 is to approve the payment of an aggregate sum of up to S\$1,500,000 as Directors’ fees for the non-executive Directors of the Company for the current financial year ending 31 March 2024 (“**FY2023-24**”) (FY2022-23 : up to S\$1,350,000). The increase of S\$150,000 in Directors’ fees for FY2023-24 is to cater for the appointment of additional non-executive Directors and the re-shaping of the Board, following the expansion of the SATS Group to include Worldwide Flight Services. The scale of fees payable to the non-executive Directors remains unchanged and has been held flat since the financial year ended 31 March 2019.

Notice of Annual General Meeting

SATS Ltd.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

The proposed fees for FY2023-24, if approved, will facilitate the payment of Directors’ fees during or soon after the financial year in which such fees are incurred. The amount of Directors’ fees has been computed on the basis of the anticipated number of Board and Board Committee meetings for FY2023-24, assuming attendance by all the Directors at such meetings, and also caters for additional fees (if any) which may be payable due to additional board representations on the Company’s subsidiary(ies) and/or joint ventures, or to additional Board or Board Committee members being appointed in the course of FY2023-24. If, for unforeseen reasons, payments are required to be made to the Directors in excess of the amount proposed, the Company will revert to shareholders for approval at the next Annual General Meeting in the year 2024 (the “**2024 AGM**”) before any such payments are made.

If approved, each of the non-executive Directors (including the Chairman) will receive approximately 70 percent of his/her total Directors’ fees for FY2023-24 in cash and approximately 30 percent in the form of ordinary shares of the Company (“**Shares**”) (FY2022-23: 70 percent in cash and 30 percent in Shares).

The Share component of the Directors’ fees for FY2023-24 is intended to be paid out in the form of awards under the SATS Restricted Share Plan. The awards will consist of fully paid Shares with no performance conditions attached and no vesting periods imposed. However, each non-executive Director will be required to retain a base shareholding worth up to one year’s retainer fee for as long as he/she is on the Board of the Company, and for a period of one year after stepping down as a Director, in order to better align the interests of non-executive Directors with the interests of shareholders. A non-executive Director who steps down before the payment of the Share component of his/her fees will receive all of his/her fees (calculated on a pro-rated basis, where applicable) in cash. Further details regarding the Directors’ fees can be found under the heading “Non-Executive Directors Remuneration” in the Corporate Governance Report in the SATS Annual Report for FY2022-23.

The cash component of the Directors’ fees for FY2023-24 is intended to be paid half-yearly in arrears. The current intention is for the Share component of the Directors’ fees for FY2023-24 to be paid after the 2024 AGM has been held. The actual number of Shares to be awarded will be determined by reference to the volume-weighted average price of a Share on the Singapore Exchange Securities Trading Limited over the 10 trading days after the 2024 AGM, rounded down to the nearest hundred Shares, and any residual balance will be settled in cash.

The non-executive Directors will abstain from voting their holdings of Shares (if any), and will procure that their respective associates abstain from voting their respective holdings of Shares (if any), in respect of this Resolution.

3. Ordinary Resolution No. 9, if passed, will empower the Directors to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, from the date of this Annual General Meeting until the date of the next Annual General Meeting. The number of Shares which the Directors may issue under this Resolution will not exceed 50 percent of the issued Shares (excluding treasury shares and subsidiary holdings) with a sub-limit of 5 percent for issues other than on a *pro rata* basis. The 5 percent sub-limit for non-*pro rata* issues is lower than the 20 percent sub-limit allowed under the Listing Manual of the SGX-ST. For the purpose of determining the aggregate number of Shares which may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which were issued and are outstanding at the time this Resolution is passed and (b) any subsequent bonus issue, consolidation or subdivision of Shares. As at 23 May 2023 (the “**Latest Practicable Date**”), the Company had 198,305 treasury shares and no subsidiary holdings.
4. Ordinary Resolution No. 10 is to empower the Directors to grant awards and to allot and issue Shares pursuant to the SATS Performance Share Plan and/or the SATS Restricted Share Plan, provided that:

(i) the aggregate number of new Shares which may be issued under the SATS Performance Share Plan, the SATS Restricted Share Plan and the SATS Employee Share Option Plan is limited to 15 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and

- (ii) the aggregate number of Shares under awards which may be granted pursuant to the SATS Performance Share Plan and/or the SATS Restricted Share Plan from this Annual General Meeting to the next Annual General Meeting shall not exceed 1 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

The SATS Employee Share Option Plan was adopted by the Company in February 2000 and the last grant of options thereunder was made on 1 July 2008. The SATS Performance Share Plan and the SATS Restricted Share Plan were adopted at an Extraordinary General Meeting of the Company held on 19 July 2005 for an initial duration of 10 years and subsequently at the Annual General Meeting held on 23 July 2014, were extended for a further period of 10 years up to 18 July 2025. The SATS Restricted Share Plan was altered at the Annual General Meeting held on 18 July 2019 to (*inter alia*) permit grants of fully paid Shares to be made to the non-executive Directors of the Company as part of their remuneration in respect of their office as such in lieu of cash.

5. Ordinary Resolution No. 11 is to renew the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk (as the term is used in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) or any of them, to enter into certain interested person transactions with the classes of interested persons as described in the Letter to Shareholders. The authority will, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company. Please refer to the Letter to Shareholders for more details.
6. Ordinary Resolution No. 12 is to renew the mandate to allow the Company to purchase or otherwise acquire Shares, on the terms and subject to the conditions set out in the Resolution.

The Company intends to use its internal sources of funds, external borrowings or a combination of internal resources and external borrowings, to finance the purchases or acquisitions of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company’s financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

Based on the existing issued Shares as at the Latest Practicable Date, the purchase by the Company of 2 percent of its issued Shares (excluding treasury shares and subsidiary holdings) will result in the purchase or acquisition of a maximum number of 29,745,913 Shares.

In the case of both market purchases and off-market purchases by the Company and assuming that the Company purchases or acquires the maximum number of 29,745,913 Shares at the Maximum Price of S\$2.84 for one Share (being the price equivalent to 5 percent above the average closing prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 29,745,913 Shares is approximately S\$84,478,393.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 March 2023, based on certain assumptions, are set out in paragraph 3.7.4 of the Letter to Shareholders dated 22 June 2023 (the “**Letter to Shareholders**”).

Please refer to the Letter to Shareholders for more details.

Notice of Annual General Meeting

SATS Ltd.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

Notes:

Format of Meeting

1. The 50th Annual General Meeting of the Company will be held, in a wholly physical format, at the Garden Ballroom, Level 1, Parkroyal Collection Marina Bay, 6 Raffles Boulevard, Singapore 039594 on Friday, 21 July 2023 at 11.00 a.m.. Shareholders, including Central Provident Fund (“**CPF**”) and Supplementary Retirement Scheme (“**SRS**”) investors, and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote at the 50th Annual General Meeting by attending the 50th Annual General Meeting in person. **There will be no option for shareholders to participate virtually.**

Printed copies of this Notice and the accompanying proxy form will be sent by post to members. These documents will also be published on the Company’s website at the URL <https://www.sats.com.sg/AGM2023> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Appointment of Proxy(ies)

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the 50th Annual General Meeting. Where such member’s instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the 50th Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act 1967.

A member who wishes to appoint a proxy(ies) must complete the instrument appointing a proxy(ies), before submitting it in the manner set out below.

3. A proxy need not be a member of the Company. A member may choose to appoint the Chairman of the Meeting as his/her/its proxy.
4. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
 - (a) if submitted personally or by post, be lodged at the office of the Company’s Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or
 - (b) if submitted electronically, be submitted via email to the Company’s Share Registrar at gpe@mncsingapore.com,and in each case, must be lodged or received (as the case may be) not less than 72 hours before the time appointed for holding the 50th Annual General Meeting.
5. CPF and SRS investors:
 - (a) may vote at the 50th Annual General Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
 - (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the 50th Annual General Meeting, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 11 July 2023.

Submission of Questions

6. Shareholders, including CPF and SRS investors, may submit substantial and relevant questions related to the resolutions to be tabled for approval at the 50th Annual General Meeting in advance of the 50th Annual General Meeting:
 - (a) by post to the Company’s Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or

- (b) via email to the Company at sats_ir@sats.com.sg.

When submitting questions by post or via email, shareholders should also provide the following details: (i) the shareholder’s full name; (ii) the shareholder’s address; and (iii) the manner in which the shareholder holds shares in the Company (e.g., via CDP, CPF, SRS and/or scrip), for verification purposes.

All questions submitted in advance must be received by 10 July 2023.

7. The Company will address all substantial and relevant questions received from shareholders by the 10 July 2023 deadline by publishing its responses to such questions on the Company’s website at the URL <https://www.sats.com.sg/AGM2023> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements> at least 48 hours prior to the closing date and time for the lodgement/receipt of instruments appointing a proxy(ies). The Company will respond to questions or follow-up questions submitted after the 10 July 2023 deadline either within a reasonable timeframe before the 50th Annual General Meeting, or at the 50th Annual General Meeting itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.
8. Shareholders, including CPF and SRS investors, and (where applicable) duly appointed proxies and representatives can also ask the Chairman of the Meeting substantial and relevant questions related to the resolutions to be tabled for approval at the 50th Annual General Meeting, at the 50th Annual General Meeting itself.

Access to Documents

9. (a) The Letter to Shareholders dated 22 June 2023 (in relation to the proposed renewal of the mandate for interested person transactions and the proposed renewal of the share purchase mandate) is available for inspection at the registered office of the Company at 20 Airport Boulevard, SATS Inflight Catering Centre 1, Singapore 819659 during normal business hours from the date of this Notice up to the date of the 50th Annual General Meeting, and may also be accessed from the date of this Notice at the Company’s website at the URL <https://www.sats.com.sg/AGM2023> by clicking on the link for “**Letter to Shareholders 2023**” under “**AGM 2023 Documents**”.
- (b) The SATS Annual Report for FY2022-23 will be available for inspection at the registered office of the Company at 20 Airport Boulevard, SATS Inflight Catering Centre 1, Singapore 819659 during normal business hours from 6 July 2023 up to the date of the 50th Annual General Meeting, and may also be accessed from 6 July 2023 at the Company’s website at the URL <https://www.sats.com.sg/AGM2023> by clicking on the link for “**SATS Annual Report FY2022-23**” under “**AGM 2023 Documents**”.

The above documents will also be made available on the SGX website from the dates specified above at the URL <https://www.sgx.com/securities/company-announcements>.

Members may request for printed copies of these documents by completing and submitting the Request Form sent to them by post together with printed copies of this Notice and the accompanying proxy form, or otherwise made available on the Company’s website at the URL <https://www.sats.com.sg/AGM2023> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>, by 7 July 2023.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the “**Purposes**”); (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

Additional Information on Directors Seeking Re-election

(Information as at 23 May 2023)

Name of Director	Chia Kim Huat	Deborah Tan Yang Sock (Mrs Deborah Ong)	Dr Detlef Trefzger	Eng Aik Meng	Jessica Tan Soon Neo
Date of appointment	15 March 2017	16 November 2020	15 April 2023	15 April 2023	17 April 2017
Date of last re-appointment (if applicable)	24 September 2020	22 July 2021	Not Applicable	Not Applicable	24 September 2020
Age	57	64	60	53	57
Country of principal residence	Singapore	Singapore	Switzerland	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board considered the Nominating Committee's recommendation and assessment on Mr Chia's background, expertise, experience, diversity of skillsets, independence, contributions and commitment in the discharge of his duties as an Independent Director of SATS Ltd., and is satisfied that he will continue to contribute meaningfully to the Board.	The Board considered the Nominating Committee's recommendation and assessment on Mrs Deborah Ong's background, expertise, experience, diversity of skillsets, independence, contributions and commitment in the discharge of her duties as an Independent Director of SATS Ltd., and is satisfied that she will continue to contribute meaningfully to the Board.	The Board has considered the Nominating Committee's recommendation and assessment on Dr Trefzger's background, expertise, experience, diversity of skillsets, independence, contributions and commitment in the discharge of his duties as an Independent Director of SATS Ltd., and is satisfied that he will continue to contribute meaningfully to the Board.	The Board has considered the Nominating Committee's recommendation and assessment on Mr Eng's background, expertise, experience, diversity of skillsets, independence, contributions and commitment in the discharge of his duties as an Independent Director of SATS Ltd., and is satisfied that he will continue to contribute meaningfully to the Board.	The Board considered the Nominating Committee's recommendation and assessment on Ms Tan's background, expertise, experience, diversity of skillsets, independence, contributions and commitment in the discharge of her duties as an Independent Director of SATS Ltd., and is satisfied that she will continue to contribute meaningfully to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Non-Executive and Independent Director • Member, Nominating Committee • Member, Board Risk and Safety Committee	• Non-Executive and Independent Director • Chairman, Audit Committee • Member, Board Risk and Safety Committee	• Non-Executive and Independent Director • Member, Board Risk and Safety Committee	• Non-Executive and Independent Director • Member, Remuneration and Human Resource Committee	• Non-Executive and Independent Director • Member, Nominating Committee • Member, Audit Committee
Professional qualifications	• LLB (Hons), National University of Singapore • Advocate & Solicitor, Supreme Court of Singapore	• Bachelor of Accountancy (Honours), National University of Singapore • Fellow, Institute of Singapore Chartered Accountants • Fellow, Certified Practising Accountants (CPA) Australia	• Ph.D. from Vienna University of Business Administration & Economics	• Bachelor of Accountancy (Honours) from Nanyang Technological University • Master of Business Administration (MBA) from Havard University	• Bachelor of Social Science (Honours), National University of Singapore • Bachelor of Arts (Economics and Sociology), National University of Singapore

Additional Information on Directors Seeking Re-election

(Information as at 23 May 2023)

Name of Director	Chia Kim Huat	Deborah Tan Yang Sock (Mrs Deborah Ong)	Dr Detlef Trefzger	Eng Aik Meng	Jessica Tan Soon Neo
Working experience and occupation(s) during the past 10 years	Mr Chia is currently the Regional Head, Corporate & Transactional Group of Rajah & Tann Singapore LLP. Mr Chia has extensive experience in capital market, public and private mergers and acquisitions, cross-border joint ventures and private equity investments, both in Singapore and the region.	Mrs Ong was a partner of PricewaterhouseCoopers LLP, Singapore from 1 July 1993 to 31 October 2020. She is currently serving as Board member and Council member of various Singapore Government Agencies.	Chief Executive Officer at Kuehne + Nagel International AG for nine years from August 2013 to July 2022. Parallel to that, Dr Trefzger also acted as an Executive Vice President of Contract Logistics from March 2013 to May 2015. Different executive roles in the global transport and logistics industry for three decades.	Group CEO, TE Healthcare Advisory Pte. Ltd. from October 2015 to present.	Ms Tan held leadership positions in Microsoft in Asia Pacific prior to her appointment as the Managing Director of Microsoft Singapore in 2008 – 2011 when she then took on the role as General Manager Enterprise & Partner Group Microsoft Asia Pacific. She was re-appointed in July 2013 as Managing Director of Microsoft Singapore till end of 2016. She was responsible for developing and driving growth strategies as well as deepening relationships with partners, customers and employees. In July 2020, Ms Tan was re-elected the Member of Parliament for the East Coast Group Representation Constituency (GRC) in Singapore, having served for three terms since May 2006. She was the chairperson of the Public Accounts Committee from 2016 to 2020 and the Group Commercial Director of Raffles Medical Group Ltd. from June 2017 to June 2022. In addition, she was elected Deputy Speaker of Parliament in August 2020. She is currently the chairman for the East Coast Town Council, a member of the Finance, Trade and Industry Government Parliamentary Committee (GPC) and a member of the Communications and Information GPC.
Shareholding interest in the listed issuer and its subsidiaries	39,676 ordinary shares in SATS Ltd.	14,023 ordinary shares in SATS Ltd.	Nil	20,000 ordinary shares in SATS Ltd. (held by spouse)	40,086 ordinary shares in SATS Ltd.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes

Additional Information on Directors Seeking Re-election

(Information as at 23 May 2023)

Name of Director	Chia Kim Huat	Deborah Tan Yang Sock (Mrs Deborah Ong)	Dr Detlef Trefzger	Eng Aik Meng	Jessica Tan Soon Neo
Other Principal Commitments* including Directorships					
Past (for the last 5 years)	Other listed companies Non-Executive and Independent Director, Ascendas Hospitality Fund Management Pte. Ltd. and Ascendas Hospitality Trust Management Pte. Ltd. (The Managers of Ascendas Hospitality Trust) Other principal commitments Nil	Other listed companies Nil Other principal commitments - Partner, PricewaterhouseCoopers LLP, Singapore - Deputy Chairperson, Ngee Ann Polytechnic - Board member, CPA Australia - Council member, Council for Estate Agencies - Member, Legal Service Commission	Other listed companies - Chief Executive Officer, Kuehne + Nagel International AG Other principal commitments - Member of the Board, Singapore Economic Development Board - Member, Maritime International Advisory Panel of Singapore	Other listed companies Nil Other principal commitments - Board of Commissioner, PT Bukit Makmur Mandiri Utama - Board Member, Healthy Harmony Holding, LP, Cayman Islands	Other listed companies - Group Commercial Director, Raffles Medical Group Ltd. - Non-Executive and Independent Director, CapitaLand Commercial Trust Management Limited (The Manager of CapitaLand Commercial Trust) Other principal commitments - Chairman, Information Technology Advisory Committee of Nanyang Polytechnic - Chairman, Public Accounts Committee (PAC) - Member, Manpower Government Parliamentary Committee - Member, Home Affairs and Law Government Parliamentary Committees - Director, RM Network Pte. Ltd. - Non-Executive Director, Changi Health Fund (Ltd.)
Present	Other listed companies - Independent Director, CapitaLand Ascott Trust Management Limited and CapitaLand Ascott Business Trust Management Pte. Ltd. (The Manager of CapitaLand Ascott Trust) Other principal commitments - Partner, Rajah & Tann Singapore LLP	Other listed companies - Non-Executive and Independent Director, CapitaLand India Trust Management Pte. Ltd. (The Manager of CapitaLand India Trust) Other principal commitments - Board member, Monetary Authority of Singapore - Board member, Lee Kong Chian School of Medicine Governing Board at Nanyang Technological University - Board member, Workforce Singapore - Board member, SkillsFuture Singapore - Member, The Judicial Services Commission - Trustee, Wealth Management Institute Limited	Other listed companies - Member of the Supervisory Board, easyJet plc - Member of the Supervisory Board, Accelleron Industries AG Other principal commitments - Board Member, Swiss-American Chamber of Commerce - Founder and Chairman, Larix Equity AG	Other listed companies Nil Other principal commitments - Group CEO, TE Healthcare Advisory Pte. Ltd. - Senior Advisor, TPG Capital - Director, 65 Equity Partners Pte. Ltd.	Other listed companies - Non-Executive and Independent Director, CapitaLand India Trust Management Pte. Ltd. (The Manager of CapitaLand India Trust) Other principal commitments - Member of Parliament, East Coast GRC, Singapore - Deputy Speaker of Parliament, Singapore - Member, Finance; Trade and Industry; and Communications and Information Government Parliamentary Committees - Chairman, East Coast Town Council - President, Netball Singapore - Board Member and Deputy Chairman, Nanyang Polytechnic Board of Governors - Member, Board Advisory, The School of Information Systems, Singapore Management University - Member, CGH Fund (under SingHealth Fund)

* "Principal Commitments" has the same meaning as defined in the Code

Additional Information on Directors Seeking Re-election

(Information as at 23 May 2023)

Information required

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any questions is “yes”, full details must be given.

Name of Director	Chia Kim Huat	Deborah Tan Yang Sock (Mrs Deborah Ong)	Dr Detlef Trefzger	Eng Aik Meng	Jessica Tan Soon Neo
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:					
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No	No

Proxy Form

SATS Ltd.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

IMPORTANT

1. The 50th Annual General Meeting of the Company will be held, in a wholly physical format, at the Garden Ballroom, Level 1, Parkroyal Collection Marina Bay, 6 Raffles Boulevard, Singapore 039594 on Friday, 21 July 2023 at 11.00 a.m.. **There will be no option for shareholders to participate virtually.**
2. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).**
3. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by Central Provident Fund (“**CPF**”) and Supplementary Retirement Scheme (“**SRS**”) investors. CPF and SRS investors:
 - (a) may vote at the 50th Annual General Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
 - (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the 50th Annual General Meeting, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 11 July 2023.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 June 2023.

*I/We _____ (Name) _____ (*NRIC/Passport No./Co. Regn. No.)

of _____ (Address)

being a *member/members of SATS Ltd. (the “**Company**”) hereby appoint:

Name	Address	NRIC/ Passport No.	No. of Shares Represented	Proportion of Shareholdings (%)

*and/or

Name	Address	NRIC/ Passport No.	No. of Shares Represented	Proportion of Shareholdings (%)

or failing *him/her, the Chairman of the Annual General Meeting (“**AGM**”) of the Company as *my/our *proxy/proxies to attend, speak and vote for *me/us and on *my/our behalf, at the AGM of the Company to be held at the Garden Ballroom, Level 1, Parkroyal Collection Marina Bay, 6 Raffles Boulevard, Singapore 039594 on Friday, 21 July 2023 at 11.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or to abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no person is named in the above boxes, the Chairman of the AGM shall be *my/our proxy to vote for or against or to abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

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No.	Resolutions	**For	**Against	**Abstain
Ordinary Business				
1	Adoption of the Directors' Statement, the Audited Financial Statements and the Auditors' Report thereon			
2	Re-election of Mr Chia Kim Huat as Director			
3	Re-election of Ms Jessica Tan Soon Neo as Director			
4	Re-election of Ms Deborah Tan Yang Sock (Mrs Deborah Ong) as Director			
5	Re-election of Dr Detlef Andreas Trefzger as Director			
6	Re-election of Mr Eng Aik Meng as Director			
7	Approval of Directors' fees for the financial year ending 31 March 2024			
8	Re-appointment of Auditors and authorisation for Directors to fix their remuneration			
Special Business				
9	To grant authority to the Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act 1967			
10	To grant authority to the Directors to grant awards and allot and issue shares in accordance with the provisions of the SATS Performance Share Plan and/or the SATS Restricted Share Plan			
11	To approve the proposed renewal of the Mandate for Interested Person Transactions			
12	To approve the proposed renewal of the Share Purchase Mandate			

* Delete accordingly.

** Voting will be conducted by poll. If you wish your proxy/proxies to cast all your votes “**For**” or “**Against**” a resolution, please indicate with a (✓) in the “**For**” or “**Against**” box provided in respect of that resolution. Alternatively, please indicate the number of votes “**For**” or “**Against**” in the “**For**” or “**Against**” box provided in respect of that resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with a (✓) in the “**Abstain**” box provided in respect of that resolution. Alternatively, please indicate the number of shares your proxy/proxies is directed to abstain from voting in the “**Abstain**” box provided in respect of that resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the Annual General Meeting.

Dated this _____ day of _____ 2023

Total Number of Shares Held	
--------------------------------	--

Signature(s) of Member(s) or Common Seal

Contact Number/Email Address of Member(s)

Important: Please read notes on the reverse side

Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register as well as shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares. If no number is inserted, this instrument appointing a proxy(ies) will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.
- "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
- A member who wishes to appoint a proxy(ies) must complete the instrument appointing a proxy(ies), before submitting it in the manner set out below.
3. A proxy need not be a member of the Company. A member may choose to appoint the Chairman of the Meeting as his/her/its proxy.
4. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

(a) if submitted personally or by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or

- (b) if submitted electronically, be submitted via email to the Company's Share Registrar at gpe@mncsingapore.com, and in each case, must be lodged or received (as the case may be) not less than 72 hours before the time appointed for holding the AGM.
5. The instrument appointing a proxy(ies) must be signed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy(ies) is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument is submitted personally or by post, be lodged with the instrument or, if the instrument is submitted electronically via email, be emailed with the instrument, failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its constitution and Section 179 of the Companies Act 1967.
7. Completion and return of an instrument appointing a proxy(ies) shall not preclude a member from attending, speaking and voting in person at the AGM. Any appointment of a proxy(ies) shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
8. The Company shall be entitled to reject an instrument appointing a proxy(ies) if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies) (including any related attachment). In addition, in the case of a member whose shares are entered against his/her/its name in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy(ies) which has been lodged or submitted if such member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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Please affix
postage
stamp

3rd fold along this line and glue overleaf. Do not staple.

3rd fold along this line and glue overleaf. Do not staple.



The Company Secretary
SATS Ltd.
c/o M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

3rd fold along this line and glue overleaf. Do not staple.

Corporate Information

As at 23 May 2023

Board of Directors

Euleen Goh Yiu Kiang

Chairman, Independent Non-Executive

Kerry Mok Tee Heong

President and Chief Executive Officer,
Executive Director

Independent Non-Executive

Achal Agarwal

Vinita Bali

Chia Kim Huat

Eng Aik Meng

Jenny Lee Hong Wei

Tan Soo Nan

Jessica Tan Soon Neo

Deborah Tan Yang Sock (Deborah Ong)

Detlef Andreas Trefzger

Yap Kim Wah

Board Committees

Audit Committee

Deborah Ong (Chairman)
Tan Soo Nan
Jessica Tan Soon Neo
Yap Kim Wah

Board Executive Committee

Euleen Goh Yiu Kiang (Chairman)
Kerry Mok Tee Heong
Achal Agarwal
Vinita Bali

Board Risk and Safety Committee

Yap Kim Wah (Chairman)
Chia Kim Huat
Deborah Ong
Tan Soo Nan
Detlef Andreas Trefzger

Nominating Committee

Euleen Goh Yiu Kiang (Chairman)
Chia Kim Huat
Jessica Tan Soon Neo

Remuneration and Human Resource Committee

Euleen Goh Yiu Kiang (Chairman)
Achal Agarwal
Eng Aik Meng

Company Secretary

Ian Chye

Assistant

Company Secretary

Low Siew Tian

Share Registrar

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Auditors

KPMG LLP

Public Accountants and
Chartered Accountants
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961

Audit Partner: Malcolm Ramsay
(Appointed since FY2022-23)

Group Management Board

Kerry Mok Tee Heong

President and Chief Executive Officer

Manfred Seah Kok Khong

Chief Financial Officer

François Mirallié

Deputy Chief Executive Officer,
WFS, A Member of the SATS Group

Tan Chuan Lye

Chairman, Food Solutions

Stanley Goh

Chief Executive Officer, Food Solutions

Bob Chi Cheng Bock

Chief Executive Officer, Gateway Services

Michael Simpson

Chief Executive Officer, Americas
WFS, A Member of the SATS Group

John Batten

Chief Executive Officer, EMEAA
WFS, A Member of the SATS Group

Tan Chee Wei

Chief Human Capital Officer
(as of 15 June 2023)

Henry Low

Global Head, Special Projects

Véronique Crémadès-Mathis

Chief Strategy and Commercial Officer

Spencer Kin-Ming Low

Chief Data and Sustainability Officer

Ian Chye

Chief Legal Officer

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