

**SATS LTD.**

**MINUTES OF THE 48<sup>TH</sup> ANNUAL GENERAL MEETING  
HELD ON THURSDAY, 22<sup>ND</sup> JULY 2021 AT 10 AM  
BY WAY OF ELECTRONIC MEANS**

**PRESENT**

Board of Directors

*In Attendance:*

Ms. Euleen Goh (Chairman)

Mr. Alexander Charles Hungate (President and Chief Executive Officer)

*Via live webcast:*

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

Mr. Yap Chee Meng

Mr. Yap Kim Wah

Shareholders who attended via live webcast or audio-conference

As set out in the attendance records maintained by the Company

Chief Financial Officer (Via live webcast)

Mr. Manfred Seah

Company Secretary (In Attendance)

Ms. S. Prema

**By Invitation (Via live webcast or audio-conference)**

Mr. Quek Shu Ping, Ms. Tan Chia Chee, Mr. Chin Han Liang and Mr. Tay Li Yang, KPMG LLP

Ms. Yap Lune Teng and Mr. Daniel Tan Cheng Hiong, Allen & Gledhill LLP

Mr. Jacob Tan, AON Hewitt

Mr. Raymond Ang, RHT Governance, Risk & Compliance (Singapore) Pte Ltd

**1. WELCOME ADDRESS**

1.1 Chairman, Ms. Euleen Goh, welcomed the shareholders to the Annual General Meeting (“**AGM**”) of SATS Ltd. (“**SATS**” or “**Company**”).

1.2 Chairman informed the shareholders that due to the COVID-19 situation in Singapore, the AGM is being conducted by electronic means. She thanked shareholders for taking the time to join the Meeting and for the questions they had submitted.

1.3 Chairman updated the shareholders that the performance of SATS in the financial year ended 31 March 2021 (“**FY20-21**”) had been severely impacted by travel restrictions. While conditions were challenging, the leadership team, employees and the Board of Directors have been working hard to resize costs, whilst retaining core capabilities in

order to be ready for the rebound and to accelerate the Company's transformation towards its strategic future. The effect of all the actions taken saw SATS improve in financial performance quarter on quarter, with the fourth quarter returning to profit, albeit with much needed government support.

- 1.4 Chairman assured shareholders that the Company has been working towards being independently profitable, although much would depend on the uncertainty of the continuing impact of the pandemic on travel conditions. She added that the President and Chief Executive Officer ("**PCEO**"), Mr. Alex Hungate, would share more on what had transpired in the past year and the outlook of the Company's future during his presentation.
- 1.5 Chairman informed the Meeting that a quorum was present and called the Meeting to order at 10.03 am.
- 1.6 Chairman introduced the Board of Directors, the PCEO, the Chief Financial Officer and the Company Secretary.
- 1.7 Chairman informed the Meeting that representatives from the Company's auditors, KPMG LLP, the Company's legal advisors, Allen & Gledhill LLP, the Company's remuneration consultant, AON Hewitt and the scrutineers of this Meeting, RHT Governance, Risk & Compliance (Singapore) Pte Ltd have also joined the Meeting via webcast.
- 1.8 Chairman added that the Company has responded to all substantial and relevant questions on the resolutions to be proposed at this Meeting which have been submitted by shareholders prior to this Meeting. The Company has also responded to all the questions raised by the Securities Investors Association (Singapore) ("**SIAS**") in relation to the Company's Annual Report for FY20-21. The questions and responses were published on the Company's website and on SGXNET on 20 July 2021.
- 1.9 Shareholders were invited to submit questions by text via the audio-visual webcast platform. Questions submitted would be answered in line with the resolutions concerned.

## **2. VOTING**

- 2.1 Chairman informed that she has been appointed by the shareholders as their proxy to vote on their behalf at this AGM. She would be voting or abstaining from voting, in accordance with shareholders' specified instructions on each resolution. She added that voting would be conducted by poll and there would be no live voting during the Meeting.
- 2.2 As all proxy forms have been submitted 72 hours before the AGM, the number of votes for and against each motion had been computed, checked and verified by the scrutineers. The verified results of the poll for each resolution will be announced during the course of this Meeting.
- 2.3 As Chairman of the AGM and proxy for shareholders, she advised that she would be proposing all the resolutions to be tabled for shareholders' approval at this Meeting, with the exception of Ordinary Resolution 7, which relates to the Directors' fees for the

financial year ending 31 March 2022, which would be proposed by Mr. Alex Hungate who is also a shareholder.

### 3. PRESIDENT AND CHIEF EXECUTIVE OFFICER'S PRESENTATION

- 3.1 Chairman invited the PCEO to give his presentation. PCEO reviewed the progress of the Company during FY20-21 and shared the measures that Management has taken to protect the Company and the community during this COVID-19 pandemic. He also discussed the development of new revenue streams and the efforts made to accelerate the Company's transformation. Details of the PCEO's presentation can be found in the PCEO's Presentation for AGM 2021 Transcript which was published on the Company's website and on SGXNET on 22 July 2021.

### 4. RESPONSES TO QUESTIONS OF COMMON INTEREST

- 4.1 Chairman thanked PCEO for his presentation. To allow shareholders time to submit their questions, Chairman briefed shareholders on the Company's responses to three questions of common interest that had been raised by shareholders and/or SIAS.
- 4.2 PCEO addressed the first question on how Management is reprioritising the Group's capital expenditure to balance the need to maintain a healthy level of liquidity/cash flow and the need to develop capabilities and increase productivity. He explained that three key actions have been taken by Management.
- (a) The first was to reprioritise the Group's capital expenditure ("**CAPEX**") by reducing all non-essential spending. However, the Company continued CAPEX investments for transformational projects that would increase efficiency and productivity in the future and improve services for customers. The Company had a CAPEX spend of S\$63 million in FY20-21, which was much lower than the CAPEX spend of S\$83 million in FY19-20 and S\$90 million in FY18-19.
  - (b) The second action which Management took was to maintain healthy liquidity throughout the crisis. The Company had a net cash position of about S\$200 million at the end of FY20-21 and managed to generate positive EBITDA (earnings before interest, taxes, depreciation, and amortisation) for each of the last three quarters. The debt-equity ratio was 0.56 times, but would have been 0.44 times if we had excluded the impact of adopting the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 16 accounting standard. He added that this ratio is very low compared to peers in the same industry.
  - (c) Finally, as discussed during the PCEO's presentation, Management also managed to execute the growth strategy by ring-fencing key capabilities that would allow the Company to increase productivity in the future and to improve customer service. The Company successfully integrated Nanjing Weizhou, a central kitchen serving aviation food across 85 airports in mainland China, which was acquired in the prior financial year. The acquisition of Monty's Bakehouse, the leader in the aviation industry for sustainably packaged snacks, was also integrated and the Company has built on this acquisition and launched new services for sustainable packaging for our airline customers across Asia during the pandemic.

- 4.3 The next question was on whether the Board has evaluated the Group's financial position and set a limit to the Group's leverage. Chairman assured shareholders that besides closely monitoring financial ratios and implied target credit ratings, the Board also reviewed and scrutinised the balance sheet to ensure alignment with the strategic direction of the Company. PCEO highlighted the criticality of cash and added that the Board has been closely monitoring the Company's net cash balance and debt-equity ratio. He added that the debt-equity ratio has been further reduced in the current quarter to 0.34 times, down from 0.44 times in FY20-21 (excluding the impact of adopting SFRS(I) 16), after the Board and Management became more confident about the Company's cash flows and proceeded to reduce liabilities by paying down a term loan of S\$150 million.
- 4.4 With regard to question three on whether SATS declared dividends for 2021, Chairman replied that the Company was not able to declare dividends due to the uncertainties and significant challenges faced in the operating environment caused by the pandemic. The Board has decided that the Company should conserve cash in order to preserve more jobs and capabilities to support its customers, and to pursue strategic opportunities for future growth.

## 5. NOTICE OF ANNUAL GENERAL MEETING

Chairman informed the Meeting that the Notice of the AGM had been published on the Company's website and on SGXNET on 30 June 2021 and proposed that the Notice be taken as read.

## ORDINARY BUSINESS

6. **RESOLUTION 1: To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2021 and the Auditors' Report thereon**
- 6.1 Chairman informed the shareholders that the first item on the Agenda was to receive and adopt the Directors' Statement and Audited Financial Statements for FY20-21 and the Auditors' Report thereon.
- 6.2 Chairman proposed the motion and proceeded to address the questions which were submitted by shareholders in relation to the resolution.
- 6.3 A shareholder asked if SATS had ignored the non-aviation food sectors over the years. Chairman highlighted that the Company has actually been developing the non-aviation food sector for some time and the traction gained from the development helped to contribute to the revenue growth this year, even during the pandemic. PCEO added that SATS has been investing in growing non-travel-related revenues even before the pandemic. This has allowed the Company to have a certain amount of momentum to compensate for the drop-off in revenues from travel-related services, even with the onset of the pandemic.
- 6.4 PCEO elaborated that the Company had built its first kitchen dedicated to non-travel related catering services in Kunshan, China three years ago. Revenues from this kitchen have continued to grow during the pandemic and it is now cash flow positive. It has been serving large customers like YUM China. The Company has also used the

knowledge gained in operating Kunshan kitchen across aviation kitchens in Singapore and around the region, including those owned by its associates. This has allowed SATS to generate a 38% growth in non-travel related revenues in the year, which showed the good traction being generated from the non-travel related food segment. He further elaborated that currently almost half of the Company's revenue was non-travel related, as SATS was able to accelerate the momentum of growth in these new segments much faster than other industry players whose businesses were less diversified.

- 6.5 A shareholder asked when SATS would start paying dividends again. Chairman replied that SATS would continue to follow the policy of paying progressive dividends on a sustainable basis. The Board will consider this carefully, taking into account the financial capacity of the Company, and more importantly, when there are clear insights on how the uncertainties and challenges arising from the pandemic would turn out. Chairman assured shareholders that the Board would like to start paying dividends as soon as it is possible, but at the current stage it would be difficult to determine this with any certainty. PCEO added that the Company would consider paying dividends when the Company is making profit and cash flow is positive without support from government reliefs.
- 6.6 A shareholder enquired on the length of time SATS could sustain itself before it needs to raise cash from investors, like what Singapore Airlines Limited and SembCorp Marine Ltd have done. Chairman suggested that while it would be difficult to predict the vagaries of the pandemic, the Board believed that the Company could sustain itself without needing to raise cash from investors. As the PCEO has reported earlier, SATS is cash flow positive. PCEO agreed with the Chairman and expressed confidence that SATS could sustain itself without requiring equity injections from investors. He emphasised that SATS has maintained a very flexible and strong capital structure, and has plenty of capacity to raise debt, if required, but the Company has instead reduced its debt. He reported that SATS has established a S\$2 billion medium term note programme, of which only S\$300 million has been drawn down. SATS has also repaid a S\$150 million term loan in April 2021, because it has managed to get its cash flow into a relatively strong position despite the reduction in aviation volumes.
- 6.7 A shareholder asked how the uncertainty in global travel demand would impact SATS' business and the international cruise business in Singapore, and what strategy would the Management undertake to ensure that the cruise business remains viable in the longer term. PCEO replied that SATS has actually been operating the cruise centre for Singapore-based passengers, i.e. there are no stops at overseas ports. The ships leave and return to Marina Bay Cruise Centre. This turned out to be a very popular type of vacation during the pandemic, and so the demand for the cruise business has been strong since it was reopened for domestic use. Hence, under the current operating status, the cruise business has been viable and cash flow positive. PCEO added that the demand for cruises would increase when cruises are allowed to visit other countries, and this would allow the cruise business to return to the point where it would make a strong contribution.

- 6.8 As there were no further questions relevant for Resolution 1, Chairman put the motion to the vote. The result of the poll vote on this motion was as follows: -

Results	For	Against	Total
Vote	712,684,515	310,171	712,994,686
Percentage	99.96%	0.04%	100 %

- 6.9 Chairman declared Ordinary Resolution 1 carried.

## 7. **RESOLUTIONS 2 TO 4**

- 7.1 Chairman explained that Resolutions 2 to 4 involved the re-election of Directors retiring by rotation under Article 90 of the Company's Constitution, namely, Mr. Alexander Charles Hungate, Mr. Tan Soo Nan and Mr. Michael Kok. They were all eligible for re-election and were willing to be re-elected as Directors of the Company. She added that all Directors who were standing for re-election have recused themselves from determining their independence and would abstain from voting on their respective re-elections.

### 8. **RESOLUTION 2: To re-elect Mr. Alexander Charles Hungate, 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**

- 8.1 Chairman sought shareholders' approval for the re-election of Mr. Alexander Charles Hungate as a Director of the Company. If re-elected, he would continue to serve as the PCEO and a member of the Board Executive Committee.
- 8.2 Chairman added that the Nominating Committee and the Board (with Mr. Hungate recusing himself from such determination) consider Mr. Hungate to be a non-independent Director.
- 8.3 The motion was proposed by Chairman. There being no questions, Chairman put the motion to the vote. The result of the poll vote on this motion was as follows:-

Results	For	Against	Total
Vote	717,702,662	222,570	717,925,232
Percentage	99.97%	0.03%	100 %

- 8.4 Chairman declared Ordinary Resolution 2 carried.

**9. RESOLUTION 3: To re-elect Mr. Tan Soo Nan, 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**

9.1 Chairman sought shareholders' approval for the re-election of Mr. Tan Soo Nan as a Director of the Company. If re-elected, Mr. Tan would continue to serve as a member of the Board Risk and Safety Committee and a member of the Audit Committee.

9.2 Chairman added that the Nominating Committee and the Board (with Mr. Tan recusing himself from such determination) consider Mr. Tan to be an independent Director.

9.3 The motion was proposed by Chairman. There being no questions, Chairman put the motion to the vote. The result of the poll vote on this motion was as follows:-

Results	For	Against	Total
Vote	676,071,576	20,989,010	697,060,586
Percentage	96.99%	3.01%	100 %

9.4 Chairman declared Ordinary Resolution 3 carried.

**10. RESOLUTION 4: To re-elect Mr. Michael Kok Pak Kuan, 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**

10.1 Chairman proposed the re-election of Mr. Michael Kok Pak Kuan as a Director of the Company. If re-elected, Mr. Kok would continue to serve as a member of the Board Executive Committee and a member of the Remuneration and Human Resource Committee.

10.2 Chairman added that the Nominating Committee and the Board (with Mr. Kok recusing himself from such determination) consider Mr. Kok to be an independent Director.

10.3 There being no questions, the motion was put to the vote. The result of the poll vote on this motion was as follows -

Results	For	Against	Total
Vote	720,474,908	1,362,878	721,837,786
Percentage	99.81%	0.19%	100 %

10.4 Chairman declared Ordinary Resolution 4 carried.

**11. RESOLUTIONS 5 AND 6**

11.1 Chairman explained that Resolutions 5 and 6 involved the re-election of Directors retiring pursuant to Article 96 of the Company's Constitution, namely, Mrs. Deborah Ong and Ms. Vinita Bali. They were both eligible for re-election and were willing to be re-elected as Directors of the Company.

**12. RESOLUTION 5: To re-elect Ms. Deborah Tan Yang Sock (Mrs. Deborah Ong), who will retire in accordance with Article 96 of the Constitution of the Company and who, being eligible, offers herself for re-election as a Director of the Company**

12.1 Chairman sought shareholders' approval for the re-election of Mrs. Deborah Ong as a Director of the Company.

12.2 Chairman added that the Company had announced before trading hours on the morning of the AGM that Mrs. Ong, if re-elected at the AGM, would be appointed as the Chairman of the Audit Committee and a member of the Board Risk and Safety Committee with effect from 23 July 2021.

12.3 Chairman added that the Nominating Committee and the Board (with Mrs. Ong recusing herself from such determination) consider Mrs. Ong to be an independent Director.

12.4 The motion was proposed by Chairman. There being no questions, the motion was put to the vote. The result of the poll vote on this motion was as follows:-

Results	For	Against	Total
Vote	696,869,338	234,748	697,104,086
Percentage	99.97%	0.03%	100 %

12.5 Chairman declared Ordinary Resolution 5 carried.

**13. RESOLUTION 6: To re-elect Ms. Vinita Bali, who will retire in accordance with Article 96 of the Constitution of the Company and who, being eligible, offers herself for re-election as a Director of the Company**

13.1 Chairman proposed the re-election of Ms. Vinita Bali as a Director of the Company.

13.2 Chairman added that the Company had announced before trading hours on the morning of the AGM that Ms. Bali, if re-elected at the AGM, would be appointed as a member of the Board Risk and Safety Committee with effect from 23 July 2021.

13.3 Chairman added that the Nominating Committee and the Board (with Ms. Bali recusing herself from such determination) consider Ms. Bali to be an independent Director.

13.4 There being no questions, the motion was put to the vote. The result of the poll vote on this motion was as follows:-

Results	For	Against	Total
Vote	718,214,598	3,638,488	721,853,086
Percentage	99.50%	0.50%	100 %

13.5 Chairman declared Ordinary Resolution 6 carried.

**14. RETIREMENT OF DIRECTOR**

14.1 Chairman informed shareholders that Mr. Yap Chee Meng, who joined the Board on 1 October 2013, would be retiring after the conclusion of the AGM. Mr. Yap has served as a non-executive independent Director for close to eight years and has contributed immensely in guiding the Company as a Board member, the Chairman of the Audit Committee and a member of the Board Risk and Safety Committee. The Board and the Management would like to express their thanks and gratitude to Mr. Yap for all of his contributions to SATS and wished him well in his future endeavours.

**15. RESOLUTION 7: To approve payment of Directors' fees of up to \$1,300,000 for the financial year ending 31 March 2022**

15.1 Chairman informed the Meeting that Resolution 7 was to seek the approval of shareholders to reinstate Directors' fees to the same level that was approved for the financial year ended 31 March 2020, of up to S\$1.3 million. The proposed fees were considered to be commensurate with the time and effort of each Board member, especially during this challenging time.

15.2 It was noted that shareholders' approval was sought and obtained for the payment of a reduced aggregate sum of up to S\$1.2 million as Directors' fees for the non-executive Directors for the financial year ended 31 March 2021, after the Directors took a voluntary 15% reduction in Directors' fees with effect from 1 March 2020, as part of a series of cost-saving measures taken in view of the impact of the COVID-19 pandemic on the business. More details regarding the Directors' fees could be found in the Annual Report.

15.3 It was also noted that the non-executive Directors who have shares in the Company would abstain from voting on this Resolution.

15.4 Chairman invited Mr. Hungate to propose the motion. The motion was proposed by Mr. Hungate. There being no questions, the motion was put to the vote. The result of the poll vote on this motion was as follows:-

<b>Results</b>	<b>For</b>	<b>Against</b>	<b>Total</b>
Vote	721,442,834	267,888	721,710,722
Percentage	99.96%	0.04%	100 %

15.5 Chairman declared Ordinary Resolution 7 carried.

**16. RESOLUTION 8: 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**

16.1 Chairman proposed the re-appointment of Messrs KPMG LLP as the Company's Auditors, and for Directors to be authorised to fix their remuneration. She added that Messrs KPMG LLP have expressed their willingness to continue in office.

- 16.2 There being no questions, the motion was put to the vote. The result of the poll vote on this motion was as follows:-

Results	For	Against	Total
Vote	720,984,598	886,488	721,871,086
Percentage	99.88%	0.12%	100 %

- 16.3 Chairman declared Ordinary Resolution 8 carried.

### **SPECIAL BUSINESS**

17. **RESOLUTION 9: To grant authority to the Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act**

- 17.1 Chairman proposed Resolution 9 (the full text of which was set out in the Notice of AGM dated 30 June 2021), which would give flexibility and discretion to Directors to issue shares at short notice, for the benefit of the Company and its shareholders, for example, to raise funds, or to facilitate an equity exchange with a strategic party, or as consideration for an acquisition.

- 17.2 Chairman added that the authority given to Directors under this share issue mandate would expire at the conclusion of the next AGM.

- 17.3 There being no questions, the motion was put to the vote. The result of the poll vote on this motion was as follows:-

Results	For	Against	Total
Vote	686,022,546	33,890,149	719,912,695
Percentage	95.29%	4.71%	100%

- 17.4 Chairman declared Ordinary Resolution 9 carried.

18. **RESOLUTION 10: To grant authority to the Directors to grant awards and issue shares in accordance with the provisions of the SATS Performance Share Plan and/or the SATS Restricted Share Plan**

- 18.1 Chairman proposed Resolution 10 (the full text of which was set out in the Notice of AGM dated 30 June 2021), which would empower the Directors to grant awards under the SATS Performance Share Plan and/or the SATS Restricted Share Plan (collectively, the “Share Plans”), as well as to allot and issue shares pursuant the Share Plans.

- 18.2 Chairman added that all Directors who were eligible to participate in the Share Plans would abstain from voting on this resolution.

- 18.3 There being no questions, the motion was put to the vote. The result of the poll vote on this motion was as follows:-

Results	For	Against	Total
Vote	676,706,092	38,419,592	715,125,684
Percentage	94.63%	5.37%	100%

- 18.4 Chairman declared Ordinary Resolution 10 carried.

**19. RESOLUTION 11: To approve the proposed renewal of the Mandate for Interested Person Transactions**

- 19.1 Chairman informed the Meeting that Resolution 11 (the full text of which was set out in the Notice of AGM dated 30 June 2021) was to renew the Mandate for Interested Person Transactions (“**IPT Mandate**”) with Temasek Holdings (Private) Limited (“**Temasek**”) and its associates. Chairman highlighted that more details of the IPT Mandate were set out in the Company’s Letter to Shareholders.

- 19.2 Chairman added that Temasek and its associates are regarded as Interested Persons under the IPT Mandate, and would abstain from voting on this Resolution.

- 19.3 Chairman proposed the motion. There being no questions, the motion was put to the vote. The result of the poll vote on this motion was as follows:-

Results	For	Against	Total
Vote	250,298,893	25,430,035	275,728,928
Percentage	90.78%	9.22%	100%

- 19.4 Chairman declared Ordinary Resolution 11 carried.

**20. RESOLUTION 12: To approve the proposed renewal of the Share Purchase Mandate**

- 20.1 Chairman proposed Resolution 12 (the full text of which is set out in the Notice of AGM dated 30 June 2021), which was to renew the mandate from shareholders to acquire or purchase the Company’s issued shares. Chairman highlighted that more details of the share purchase mandate were set out in the Company’s Letter to Shareholders.

- 20.2 There being no questions, Chairman put the motion to the vote. The result of the poll vote on this motion was as follows:-

Results	For	Against	Total
Vote	696,310,598	25,320,388	721,630,986
Percentage	96.49%	3.51%	100%

20.3 Chairman declared Ordinary Resolution 12 carried.

**21. CONCLUSION OF MEETING**

21.1 Chairman declared that the formal business of the Meeting had concluded and declared the AGM closed. Chairman thanked the shareholders who joined the AGM.

The Meeting concluded at 10.47 am.

Approved by:

Euleen Goh  
Chairman  
SATS Ltd.