

GOING GLOBAL

SATS is the leading provider of integrated ground handling and inflight catering services at Singapore Changi Airport. With more than 50 years' experience, SATS has a reputation for service excellence. With its base at one of the world's busiest aviation hubs, it is in an ideal position to tap the vast potential in growing markets around the region. SATS has already replicated its success at Singapore Changi Airport in nine other international airports through the establishment of ground handling and catering joint ventures.

Our initial focus for joint ventures was in the Asia Pacific which has been, and will continue to be, the fastest growth region for aviation. This, coupled with Singapore Airlines' operations, was the impetus for SATS' entry into the ground handling and inflight catering ventures in China (Beijing, Hong Kong and Macau), India, Japan, Maldives, the Philippines, Taiwan and Vietnam.

With the recovery of the Asian economies from the currency crisis in 1998, SATS and its overseas joint ventures are well positioned to take advantage of the growth opportunities. The most recent projections from the International Civil Aviation Organisation suggest that the number of passengers on trans-Pacific routes will increase from 26 million in 1998 to 72 million in 2014. Intra-Asia Pacific traffic is expected to grow from 67 million to 145 million over the same period. The increases represent an average annual growth rate of 6.6% for the trans-Pacific sector and 4.9% for intra-Asia Pacific.

While most of our joint ventures are in the early stages of development, some are already thriving. Our joint venture in

Hong Kong, Asia Airfreight Terminal, was profitable in its first year of operations.

Beijing Aviation Ground Services added All Nippon Airways, Xiamen Airlines and China Southwest Airlines to its list of clients, which now number 22. These new clients provide an additional 248 flights per week. In the first quarter of 2000, MacroAsia-Eurest Catering Services started providing inflight meals for passengers of China Airlines and Qatar Airways, in addition to servicing 11 other clients. Royal International Air-Catering also secured two new customers - French Polynesia's Air Tahiti Nui and New Caledonia's Air Calin International.

Beijing Airport Inflight Kitchen added to its 27 international and domestic carrier clients by providing on-board meals to Turkish Airlines' twice weekly flights and pastry items to Beijing Mei Da Coffee Company - the Starbucks licensee. Other non-airline contracts include catering for Pizza Hut's local operations, Tricon China, and Beijing Aviation Ground Services' Premier Lounges in the new Beijing Airport Terminal.

Business has been good and expansion has been necessary to cope with the additional demand. The Chinese authorities have forecast double-digit growth for air cargo traffic in Beijing. With the opening of the new 160,000-tonne cargo terminal in September 1999, Beijing Aviation Ground Services is positioned to capitalise on the anticipated growth. Asia Airfreight Terminal in Hong Kong also commissioned an additional material handling system in January 2000, which will increase its handling capacity from 420,000 tonnes to 450,000 tonnes a year. MacroAsia-Eurest Catering Services is also expanding. It held a ground breaking ceremony in February this year to add 1,200 sqm of floor space to its current facility.

Our latest joint venture, Taj Madras Flight Kitchen, commenced catering services in July 1999. Within eight months of operations it was producing an average 1,300 meals per day. We expect the strong growth to continue.

In addition, Maldives Inflight Catering started foundation work on its planned 4-star airport hotel. A study done by JMW Transact revealed a growing need for transit accommodation at the airport island as there is rapid development of the outer islands into resorts. We expect that there will be a niche market for a hotel at Male Airport to cater to transit passengers, airline crew and commercial travellers. Maldives Inflight Catering will provide meals to the hotel.

SATS plans to expand beyond Asia Pacific into other parts of the world, especially North America and Europe. Airlines around the world are divesting their stakes and control on ground handling and inflight catering, but their need for high quality and reliable service will remain. Therein lies SATS' opportunities for growth. We wish to be a preferred partner for our airline customers, ensuring that their passengers have a pleasant flying experience from the moment they check-in to the time they leave the airport at their destination.

Joint ventures

THE 3 GROUND HANDLING
AND 7 INFLIGHT CATERING
JOINT VENTURES PRODUCED
A COMBINED TOTAL OF

9.8 MILLION
MEALS

HANDLED

480,000
TONNES OF CARGO

AND SERVED

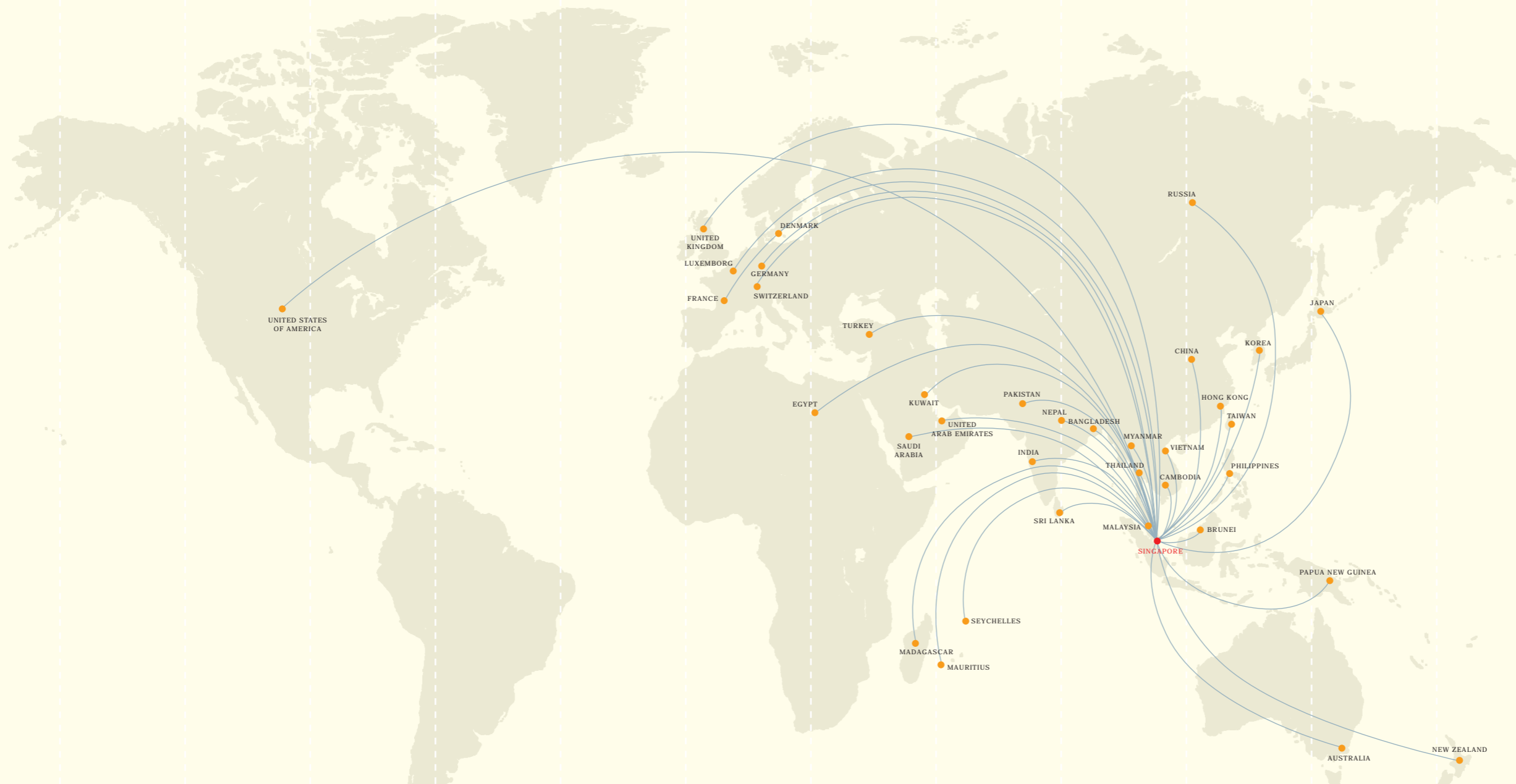
1.4 MILLION
PASSENGERS

FOR THE YEAR



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clients Worldwide



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Clientele

The SATS Group served a total of

48

scheduled airlines

The Names Speak For Themselves

Our Clients in Singapore Changi Airport

- Aeroflot Russian International Airlines
- Air China International
- Air France
- Air India
- Air Madagascar
- Air Mauritius
- Air Micronesia
- Air New Zealand
- Air Niugini
- Air Seychelles
- All Nippon Airways
- Asiana Airlines
- Biman Bangladesh Airlines
- British Airways
- Cargolux Airlines International S A
- Cathay Pacific Airways
- China Eastern Airlines
- China Southern Airlines
- China Southwest Airlines
- China Yunnan Airlines
- Egypt Air
- Emirates
- EVA Airways
- Evergreen International Airlines
- Indian Airlines
- Japan Airlines
- Korean Air
- Kuwait Airways
- Lufthansa German Airlines
- Malaysia Airlines System
- Myanmar Airways International
- Nippon Cargo Airlines
- Pakistan International Airlines
- Philippine Airlines
- Qantas Airways
- Royal Air Cambodge
- Royal Brunei Airlines
- Royal Nepal Airlines
- Saudi Arabian Airlines
- Scandinavian Airlines System
- SilkAir
- Singapore Airlines
- SriLankan Airlines
- Swissair
- Thai Airways International
- THY Turkish Airlines
- United Airlines
- Vietnam Airlines