Renewed Vigour

SATS LTD. Annual Report 2020-21

Contents

Online Version

For more information, please visit
sats.com.sg/AGM2021

All values in the tables, graphs and charts are expressed in Singapore currency unless otherwise stated. Any discrepancies in the tables, graphs and charts included in this report between the listed amounts and total thereof are due to mathematical rounding. Where applicable, measurements in square metres ("sq m") are converted to square feet ("sq ft") and vice versa based on the conversion rate of 1 sq m = 10.7639 sq ft.

Venue courtesy of Gardens By The Bay, Singapore

SATS marked a watershed year in FY2020-21 where we accelerated our transformation in the face of challenges precipitated by the COVID-19 crisis.

It was a season of change that saw the expansion of new pathways for business growth,

buttressing of our core business and capabilities, and our people branching out to feed and connect communities.

Harnessing food technologies and resilient supply chains, SATS continuously germinates fresh ways of creating tasty, quality food and makes it accessible to more people. We serve communities and customers in and beyond aviation with heartfelt service and advanced technology, connecting people and businesses seamlessly through our comprehensive gateway services.

Driven by a passion to delight our customers through innovation, we continue our transformation with renewed vigour.

"These megatrends have paved the way for SATS to leverage its capabilities to help its customers and stakeholders in these industries to meet demand and grow sustainably.

01. Plant-based proteins

One of the biggest food trends today is plant-based proteins, which are projected to grow in market size from US$10.3 billion in 2020 to US$14.5 billion by 2025[1]. SATS is well-positioned to capture a share of the market by acquiring distribution rights for plant-based brands such as Growthwell, Tyson First Pride, and Impossible Foods through its subsidiary, Country Foods.

[1] The New Protein Diet, Business Times, 30 April 2021

02. eCommerce

The demand for eCommerce has surged during the COVID-19 pandemic, as consumers shifted their disposable spending from services to products, driving the online share of global retail up to 17% in 2020 from 14% in 2019[2]. SATS is tapping on the advantageous airside locations of its digitalised cargo terminal operations (CTO) network across 10 countries in Asia Pacific and the Middle East to bring added value to its customers. From enhancing its CTO facilities to enable more automated track & trace piece-level handling to obtaining IATA CEIV certifications, SATS is scaling efficiency to keep supply chains running smoothly.

[2] How COVID-19 Triggered the Digital and eCommerce Turning Point, UNCTAD, 15 March 2021

03. Travel

In anticipation of air travel's rebound, SATS is proactively working with its airline customers to explore innovative solutions to create a safe and improved travel experience for passengers. These prolific efforts range from enhancing demand planning and reducing waste, to promoting sustainable food packaging and boosting sanitisation, as well as harnessing data insights from digital menus to help airlines better predict customer demand and refresh buy-on-board offerings more often to feature the latest F&B trends.

SATS Story

Who We Are

"SATS is Asia's leading provider of food solutions and gateway services with 13,000* employees delighting customers in over 55 locations and 13 countries across the Asia Pacific, UK, and the Middle East."

* This refers to the Group's average headcount for FY2020-21.

Our Stakeholders Include

- Customers
- Employees
- Partners
- Investors
- Regulators

For more detailed discussions around our context and stakeholders

See "Corporate Governance Report" pages 50-97

See "Building a Sustainable Future" pages 98-102

Our Purpose

"Feed and Connect Communities."

For more details on our refreshed purpose

See "Purpose and Brand" page 90

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.

Our Core Values

- Passion to delight
- Safety
- Innovation
- Trust
- Teamwork

SATS' core values, Corporate Governance principles, Code of Conduct, and Ethics and Compliance Framework help to guide everyone at SATS to act in line with these values and comply with relevant laws and regulations.

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

See "Corporate Governance Report" pages 50-97

Key Business Metrics

For more detailed information, please refer to page 36

Revenue FY2019-20 S$ 1,941.2M

S$ 970M

EBITDA# FY2019-20 S$ 355.6M

S$ 72.3M

Share of results of associates/joint ventures, net of tax FY2019-20 S$ 11.8M

S$ (48)M

(Loss)/profit attributable to owners of the company FY2019-20 S$ 168.4M

S$ (78.9)M

Return on equity

(5)%

FY2020-21

FY2016-17	FY2017-18	FY2018-19	FY2019-20
16.7%	16.2%	15.1%	10.3%

We measure our success by tracking key performance indicators that reflect our operational and financial performance.

Operating statistics*

* Operating statistics cover SATS and its subsidiaries, but does not include associates and joint ventures.

Cargo/Mail Processed	Passengers Handled	Gross Meals Produced	Flights Handled	Ship Calls Handled
1.2M (tonnes)	4.1M	43.7M	55.1K	96
FY2019-20 1.8M	FY2019-20 84.6M	FY2019-20 82.5M	FY2019-20 351.4K	FY2019-20 258

Combined revenue*

	FY2018-19	FY2019-20	FY2020-21
Combined Revenue	S$ 2,587.3M	S$ 2,621.7M	S$ 1,263.6M
Consolidated Revenue	S$ 1,828M	S$ 1,941.2M	S$ 970M

* 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))

EBITDA refers to earnings (including share of results of associates/joint ventures) before interest, tax, depreciation and amortisation; and excluding one-off items.

Staff costs & revenue per employee

	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Revenue per Employee	S$ 125,882	S$ 131,182	S$ 127,780	S$ 113,157	S$ 74,749
Staff Costs per Employee	S$ 54,102	S$ 53,803	S$ 52,304	S$ 44,279	S$ 27,307

Average number of employees

Resizing of manpower to manage lower aviation volumes contributed to the decrease in average number of employees

FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
13,738	13,147	14,306	17,155	12,977

Earnings per share (Basic)

(7.1)¢

FY2016-17	FY2017-18	FY2018-19	FY2019-20
23.2¢	23.4¢	22.3¢	15.1¢

Dividends per share

NIL

FY2016-17	FY2017-18	FY2018-19	FY2019-20
17¢	18¢	19¢	6¢

Net asset value per share

138.1¢

FY2016-17	FY2017-18	FY2018-19	FY2019-20
143.9¢	146.4¢	148¢	144.7¢

Free cash flow

FY2020-21	S$ 56.2M
FY2019-20	S$ 168.3M
FY2018-19	S$ 208M
FY2017-18	S$ 146.3M
FY2016-17	S$ 220.8M

Debt-equity ratio

0.56 times

FY2019-20	FY2018-19	FY2017-18	FY2016-17
0.39	0.06	0.07	0.07

Increase in debt to strengthen the Group's liquidity position. Excluding the impact of adopting SFRS (I) 16, debt-equity ratio will be 0.44 times (FY2019-20: 0.26 times)

Reinforce Capabilities

Feed Communities

Going Digital

Together with our partners, SATS is helping airlines such as Scoot to make the switch to digital menus, enabling us to better predict customer demand to refresh buy-on-board offerings more often to feature the latest food & beverage trends.

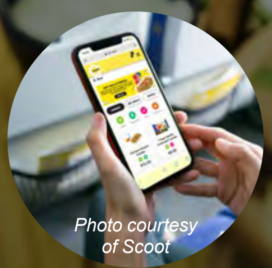


Photo courtesy of Scoot

Harnessing Capacity and Food Technologies

SATS continues to sow and reap the benefits of our investments in large-scale kitchens and ambient and frozen food technologies that enable us to scale production, while consistently maintaining food quality with a high degree of customisation in locations spanning Greater China, India, Japan, and Southeast Asia.

Lending a Hand

TajSATS' flight kitchens have supported corporations such as World Central Kitchen, Deutsche Bank, and Taj Public Welfare Trust to supply over two million meals to healthcare workers in hospitals and stranded migrant communities in Bangalore, Mumbai, and New Delhi during the nation's COVID-19 lockdown.

Providing Low-touch Food Packaging

SATS is introducing low-touch, individually packaged meals with personal protection packs for a full onboard meal service to airlines, ensuring safety without compromising the travel experience.

Redefine Productivity

Connect Communities

Backing the eCommerce Wave

SATS is creating added value for its customers by enhancing its eHub facility to enable more automated track & trace piece-level handling for eCommerce across its cargo terminal operations network.

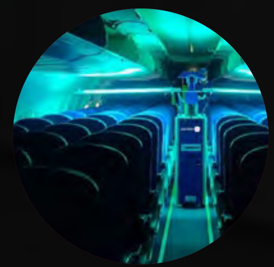
Investing in Smart Systems

SATS adopts a command-centre approach towards building intelligent teams, improving processes, and driving data analytics for actionable insights.

Handling COVID-19 Vaccines

SATS associate, PT JAS, is boosting cold storage facilities by over 4,100 sqm with Refrigerated Q-Lanes (RQLs) to maintain cold-chain integrity for pharmaceuticals and e-facilitation of goods for onward distribution.

Enhancing Sanitisation



In India, SATS associate, AISATS, was the first ground handler to provide robotic UV-C aircraft interior disinfection services to airlines like Air India Express.

Nurture People

Upskill Workers

Caring for Frontliners

Monty's Bakehouse cared for key workers and vulnerable communities by donating over 75,000 free hot snacks and meals to National Health Service workers and local community projects across London and the South East of the country.

Giving Back from a Distance

141 SATS employees ran 4,000 km to raise donations for the Asian Women Welfare Association Singapore's Legacy of Love and Build a School charity campaigns through its first global virtual run.

Imparting Skills for the Future

The SATS Academy paved the way for 11,000 aviation workers to deepen their knowledge and skills under the SkillsFutureSG Enhanced Training Support Package (ETSP), and 4,000 SATS employees were reskilled, multiskilled and redeployed under Workforce Singapore's Place and Train and Professional Conversion Programmes.

Going Virtual

In FY2020-21, SATS Academy achieved 3.8 million learning hours across the Group, with employees embracing virtual learning on platforms such as LinkedIn Learning, which commended the company for its higher user and course completion rates against global benchmarks.

Chairman and PCEO's Statement

from left to right

Euleen Goh
Chairman

Alex Hungate
President and
Chief Executive Officer

We look to the future with renewed vigour, ready to support the rebound of aviation and accelerate the company's growth into new segments.

Dear Shareholders,

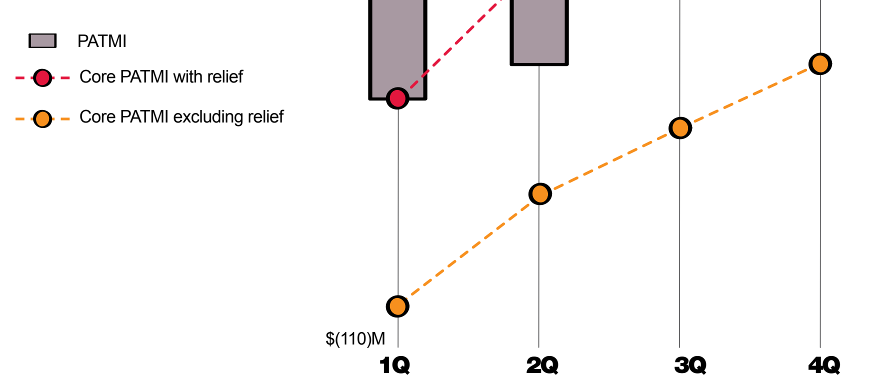
This has been one of the most challenging years in the history of SATS, as the global COVID-19 pandemic restricted international travel for the entire twelve months. During this crisis, our customers and our communities have recognised SATS as an essential service provider, highlighting the importance of our company's purpose to feed and connect communities.

We started on our transformation prior to COVID-19 and were reshaping our organisation and targeting our unique capabilities at new growth opportunities. In the wake of the pandemic, we accelerated our pace of transformation, and today, we are seeing results from some of the early initiatives, bringing about quarterly improvement in revenue, profitability, and cash flows. We are grateful for the government support we have received to mitigate the decline in aviation volumes, but part of the quarterly improvements was contributed by growth in revenue from non-travel segments of the business and management initiatives in reshaping the company. We look to the future with renewed vigour, ready to support the rebound of aviation and also accelerate the company's growth into new segments.

Challenging Year

The year began with the almost complete grounding of the world's commercial airline fleets. Even now, despite the ongoing rollout of vaccines around the world, new COVID-19 variants continue to create uncertainty over the reopening of international borders, delaying the rebound of international air travel. As a result, volumes in all of the Group's aviation-related business declined. Operating statistics of the combined volume of the company and its subsidiaries showed that flights handled declined by 84.3%,

Quarterly PATMI trend for FY2020-21



Chairman and PCEO's Statement

Photo courtesy of Singapore Airlines

SATS is working closely with our customers and suppliers to develop more sustainable food packaging solutions that are biodegradable, as well as substrates that can be broken down to provide a closed-loop solution to reduce packaging waste.

and ship calls by 62.8%. We have repurposed the resulting capacity in our flight kitchens to serve new customers in market segments like food services and retail, resulting in a net decline of 47.1% in aviation and non-aviation meals. Only cargo remained relatively resilient with a decrease of 35.5%, buttressed by the demand for essential food, medical supplies and the growth in eCommerce. As a result of this dramatic fall in aviation volumes, Group revenue declined 50% from the prior year to S$970 million, despite the growth in revenue from customers in new segments. PATMI fell to a net loss of S$78.9 million despite the helpful benefit of various Government support schemes. EBITDA dropped 79.7%, but remained positive at S$72.3 million. Return on equity fell to minus 5% from 10.3% the year before. While conditions were challenging in FY2020-21, SATS saw strong sequential improvements in revenue and profitability each quarter, with the fourth quarter back in profit.

As our new financial year begins, many countries are now exploring ways to reopen borders safely. The world economy is projected to rebound with growth of 6%[1] in 2021, with global passenger traffic numbers forecast to recover to 52%[2] of pre-COVID-19 levels by the end of the year. However, the lingering effects of the pandemic are expected to curtail mobility and impact the recovery of travel for several years, so it is important that SATS continues its strategy of building new revenue streams from new market segments while it supports the rebound in aviation.

Reshaping SATS

We are working with our airline customers to reimagine travel by digitising touch points and developing innovative food packaging to minimise physical contact during the journey. Our goal is to enable the aviation industry to operate safely, efficiently and sustainably, both in the current restricted travel environment as well as when volumes recover. With this in mind, we made the decision to protect, rather than cut back on, investments in the digitalisation of our business. Innovations we have implemented include the use of a robotic device, UV Vector Air, by AISATS for more efficient aircraft interior cleaning to enhance safety; digital menus with Scoot to provide passengers with a safe, low-touch opportunity to order food, drinks and shopping at any time; a new digital cargo system in the cloud to help us to navigate through difficult conditions safely and efficiently; and digital integrated supply chain capabilities to support a diversification of our global food sources.

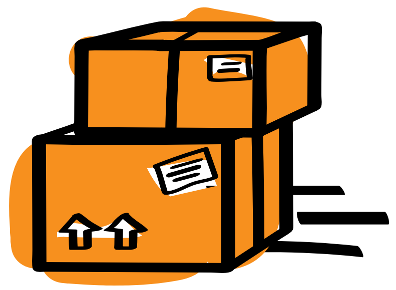
However, we have had to undergo some painful cost reductions in line with the dramatic fall in aviation volumes during the year. We did not undertake these actions lightly. We ensured the retention of valuable core competencies and capabilities, and tried our best to treat all those impacted fairly and respectfully. In this regard, we are particularly grateful to our unions for their cooperation, and also the board and management for volunteering to lead from the top by taking pay cuts. As a result of all these actions, SATS was able to reduce operating expenses by 42.9% to $980.1 million for the year.

Growth Opportunities

Demand has increased for temperature-sensitive supplies like perishable food, vaccines, and other medical equipment that have proven to be so important during this global health crisis. To ensure the highest possible handling standards, we have invested in new equipment like cool dollies, and have continued to achieve CEIV certification across our network of cargo terminals to enhance the reputation of SATS in handling temperature-sensitive cargo. SATS has played a significant role in facilitating the transportation of vaccines and other essential medical supplies like oxygen concentrators to India. Our associate in China, Beijing Aviation Ground Services, facilitated the transport of the Sinovac vaccine from Beijing to Jakarta. In India, AISATS has shipped over 45,000 tonnes of medical supplies to remote parts of India through the Lifeline Udaan flights.

The demand for eCommerce has also surged during the crisis, as consumers switched their disposable spending from services to products, driving the online share of global retail up to 17% in 2020 from 14% in 2019[3]. The airside location of our digitalised cargo facilities puts us in a unique position to support this growth, as online shopping takes a larger and larger market share.

We are also seeing good results from the expansion of our food business into new, non-travel related market segments across Asia. To serve our growing base of customers across our network from airlines to foodservice and retail, we started product development with Food City, a frozen food producer in Thailand, prior to acquiring an 85% shareholding in the company in a



The advantageous airside locations of SATS' digitalised cargo terminal operations in 10 countries across Asia Pacific and the Middle East puts us in a unique position to support the growth in demand for eCommerce. SATS is continuously enhancing its CTO facilities to enable more automated track & trace piece-level handling and bring added value to customers.

1 World Economic Outlook, Managing Divergent Recoveries, IMF, April 2021

2 Optimism When Borders Reopen, IATA, 26 May 2021

3 How COVID-19 Triggered the Digital and eCommerce Turning Point, UNCTAD, 15 March 2021

Chairman and PCEO's Statement

recent deal. This acquisition will strengthen our culinary capabilities from fresh to cook-chill, ambient and frozen. SATS Food City will have the capacity to produce 90,000 meals a day and will tap on the established food ecosystem in Thailand to produce frozen meals that will be distributed across our network of 32 kitchens. Scaling up our food production capability in this way gives us greater operating leverage to compete effectively across both the aviation and non-aviation segments to support the growth that we are seeing in non-travel related food channels. SATS Kunshan in China, for example, has seen double-digit growth from key customers such as YUM, Hema and Aldi. In Singapore, we are gaining share of the retail market with the launch of new products such as Home Chef ready-to-eat meals in 7-11 stores and Dots doughnuts in Cheers.

The biggest food trend today is plant-based protein, projected to grow in market size from US$10.3 billion in 2020 to US$14.5 billion by 2025[4]. Singapore is poised to be the region's plant-based innovation and development hub, and SATS is well-positioned to capture a share of the market by acquiring distribution rights for plant-based brands such as Growthwell and Impossible Foods through Country Foods and working with our customers to develop products made from plant-based proteins. For example, our subsidiary in the United Kingdom, Monty's Bakehouse, has also partnered with Fable Foods to develop plant-based meat products for the UK market.

[4] The New Protein Diet, Business Times, 30 April 2021

Dividend

In light of the significant uncertainties in the operating environment, the Board of Directors believes that it would be prudent not to pay a dividend for FY2020-21. This decision will allow the company to preserve more jobs and capabilities to support SATS' customers as aviation volumes resume and to pursue opportunities outside of aviation.

Acknowledgements

We thank Mr Yap Chee Meng for his service as an independent non-executive Director for close to eight years. The Company has benefitted greatly from his guidance and dedicated service as a Board member, the Chairman of the Audit Committee and a member of the Board Risk and Safety Committee.

SATS subsidiary, Country Foods, is fast-becoming a key integrator in the alternative protein ecosystem, helping global foodtech start-ups to scale and expand across Asia through our digital integrated supply chain and turnkey solutions.

SATS and its associate AISATS have supported the transportation of over 600 oxygen concentrators and medical supplies to connect local communities with the means to fight the second wave of COVID-19 in India.

At the same time, we welcome Mrs Deborah Ong and Ms Vinita Bali as Independent Non-Executive Directors of the Company. Mrs Ong and Ms Bali joined the Board on 16 November 2020 and 10 May 2021, respectively. Mrs Ong recently retired as a partner of PricewaterhouseCoopers LLP. She has over 30 years of public accounting experience, and is a Board member of a number of Government Agencies, including the Monetary Authority of Singapore. Ms Bali brings leadership experience from Britannia Industries Ltd., The Coca-Cola Company and Cadbury Schweppes PLC in various CEO, General Management and Marketing roles in India, the UK, Nigeria, South Africa, Latin America and the USA. She is currently serving on the board of various companies, including public companies listed on NASDAQ and BSE/NSE.

The past year was not business as usual. We are grateful for the support of our customers, business partners and government agencies. We thank you, our shareholders, for your faith and trust in the ability of SATS to ride through this storm and the Board of Directors for their guidance and sound advice. Above all, we appreciate the dedication of our staff, who stayed committed to our company's purpose to feed and connect communities despite all the risks and uncertainties. Thanks to them, SATS is established as an essential service provider by keeping supply chains open, supporting efforts to protect public health, and keeping airports across Asia operating safely, even during these most difficult of circumstances.

Euleen Goh
Chairman

Alex Hungate
President & Chief Executive Officer

1 June 2021

Geographical Presence

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
Surrey

over
55
Locations

in
13
Countries

across Asia Pacific, the UK and Middle East

Integrating innovative use of technology with a culture of collaboration, SATS is the partner of choice for foodservice chains, institutions, airlines and airports around the region.

in FY2020-21

Passengers Handled
(million)
17.5M

Flights Handled
('000)
232.2K

Meals Served
(million)
61.4M

Cargo Tonnage Handled
3.8M

Based on FY2020-21 operating statistics for the Group, including international joint ventures and associates.

Board of Directors

1. Euleen Goh
2. Alex Hungate
3. Achal Agarwal
4. Vinita Bali
5. Chia Kim Huat
6. Michael Kok

7. Jenny Lee
8. Deborah Ong
9. Jessica Tan
10. Tan Soo Nan
11. Yap Chee Meng
12. Yap Kim Wah

Board of Directors

As at 1 June 2021

Euleen Goh Yiu Kiang

Age 66

**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
18 July 2019

Length of service as a Director
7 years 10 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, Royal Dutch Shell plc

Present principal commitments

- Chairman, DBS Foundation Ltd.
- Non-Executive Director, Singapore Health Services Pte. Ltd.
- Trustee, Singapore Institute of International Affairs Endowment Fund
- Chairman, Singapore Institute of Management Group Limited
- Member, Future Economy Council
- Member, Public Service Commission Singapore

Past directorships in other listed companies held over the preceding three years

- Non-Executive Director, CapitaLand Limited
- 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)

- Associate, 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

Alexander Charles Hungate

Age 55

**Executive Director,
President and Chief Executive Officer**

Date of first appointment as a Director
27 July 2011

Date of appointment as President and Chief Executive Officer
1 January 2014

Date of last re-election as a Director
19 July 2018

Length of service as a Director
9 years 10 months

Board committee(s) served on

- Member, Board Executive Committee

Present directorships in other listed companies

- Non-Executive and Independent Director / Chairman of Remuneration and Human Capital Committee, United Overseas Bank Limited

Present principal commitments

- Member, Singapore Economic Development Board
- Member, Future Economy Council
- Co-Chairman, Connectivity, Sub-Committee of The Future Economy Council
- Member, National Youth Achievement Award Association Advisory Board
- Chairman, Asia Airfreight Terminal Company Limited
- Chairman, TFK Corporation
- Chairman, SATS China Co., Ltd.
- Director, Mumbai Cargo Service Center Airport Private Limited
- Director, SATS (India) Co. Private Limited
- Director, SATS Investments Pte. Ltd.
- Director, SATS Investments (II) Pte. Ltd.

Past directorships in other listed companies held over the preceding three years

Nil

Academic and professional qualification(s)

- Master of Arts in Engineering, Economics and Management, Oxford University, UK
- Master of Business Administration (Baker Scholar), Harvard Business School, USA

Achal Agarwal

Age 62

**Non-Executive and
Independent Director**

Date of first appointment as a Director
1 September 2016

Date of last re-election as a Director
24 September 2020

Length of service as a Director
4 years 9 months

Board committee(s) served on

- Member, Board Executive Committee
- Member, Remuneration and Human Resource Committee

Present directorships in other listed companies

Nil

Present principal commitments

- Chairman, World-wide Fund Singapore (WWFS)
- Director, Clear Thought Advisors Pte. Ltd.

Past directorships in other listed companies held over the preceding three years

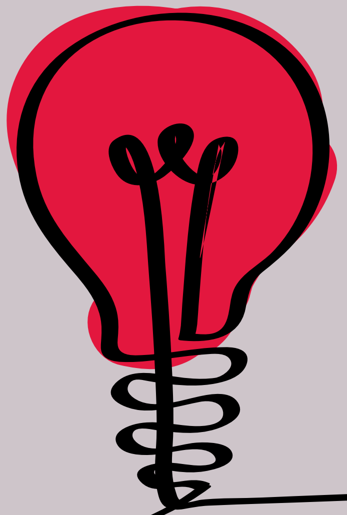
Nil

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 66

**Non-Executive and
Independent Director**

Date of first appointment as a Director
10 May 2021

Date of last re-election as a Director
–

Length of service as a Director
–

Board committee(s) served on

Nil

Present directorships in other listed companies

- Independent Director, Cognizant Technology Solutions Corporation (NASDAQ)
- Non-Executive Director, CRISIL Ltd. (BSE/NSE)
- Non-Executive Director, Syngene International Ltd. (BSE/NSE)

Present principal commitments

- Member, Board of Governors, Indian Institute of Management, Bangalore
- Non-Executive Director, Fabindia Overseas Pvt Ltd.

Past directorships in other listed companies held over the preceding three years

- Non-Executive Director, Bunge Ltd (NYSE)
- Non-Executive Director, Smith & Nephew plc. (LSE)

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 55

**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
4 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, Ascott Residence Trust Management Limited and Ascott Business Trust Management Pte. Ltd. (The Managers of Ascott Residence Trust)

Present principal commitments

- Partner, Rajah & Tann Singapore LLP

Past directorships in other listed companies held over the preceding three years

- Non-Executive and Independent Director, Ascendas Hospitality Fund Management Pte. Ltd. and Ascendas Hospitality Trust Management Pte. Ltd. (The Managers of Ascendas Hospitality Trust)

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
- Who's Who Legal: Capital Markets (Debt & Equity)

Academic and professional qualification(s)

- LLB (Hons), National University of Singapore
- Advocate & Solicitor, Supreme Court of Singapore

Michael Kok Pak Kuan

Age 70

**Non-Executive and
Independent Director**

Date of first appointment as a Director
6 March 2015

Date of last re-election as a Director
18 July 2019

Length of service as a Director
6 years 2 months

Board committee(s) served on

- Member, Board Executive Committee
- Member, Remuneration and Human Resource Committee

Present directorships in other listed companies

- Non-Executive and Independent Director / Chairman of Remuneration Committee, Jardine Cycle and Carriage Limited
- Non-Executive and Independent Director, Mapletree North Asia Commercial Trust Management Ltd. (formerly known as Mapletree Great China Commercial Trust Management Limited) (The Manager of Mapletree North Asia Commercial Trust)

Present principal commitments

Nil

Past directorships in other listed companies held over the preceding three years

- Non-Executive Director, Dairy Farm International Holdings Limited

Achievements

- Outstanding Chief Executive Officer (Overseas) 2008 by the Singapore Business Awards
- Lifetime Achievement Award from the World Retail Congress, and inducted into World Retail Hall of Fame in 2013

Academic and professional qualification(s)

- Senior Executive Programme, London Business School, UK
- Advanced Management Program, Harvard Business School, USA

Board of Directors

As at 1 June 2021

Jenny Lee Hong Wei

Age 49

Non-Executive and Independent Director

Date of first appointment as a Director
25 January 2019

Date of last re-election as a Director
18 July 2019

Length of service as a Director
2 years 4 months

Board committee(s) served on

Nil

Present directorships in other listed companies

- Director, Agora, Inc (NASDAQ)

Present principal commitments

- Director, Cashshield Pte. Ltd.
- Director, GGV Capital Pte. Ltd.
- Director, Shanghai Luodingsen Automated Equipment Co., Ltd.
- Director, Shenzhen Chengzi Automation Co., Ltd.
- Director, LongWin Investment Management Co. Ltd.
- Director, Yodo1 Holding Ltd
- Director, Petkit Technology Inc.
- Director, Xiaozhan Limited
- Director, Zuoyebang Education Limited
- Director, Clobotics Holdings Limited
- Director, Xiaobu Holdings Inc
- Director, Beijing Xiangyue Education Technology Co,. Ltd.
- Director, JH Limited
- Director, FLT Holding Limited
- Director, GGV (CS) LLC
- Director, GGV (Immotor) Limited
- Director, GGV (Koala) Limited
- Director, GGV (WPS) Limited
- Director, GGV (Xcharge) Limited
- Director, GGV Capital LLC
- Director, GGV China Limited
- Director, Granite Global Ventures II LLC
- Director, Granite Global Ventures III LLC
- Director, GGV Capital IV LLC
- Director, GGV Capital V LLC
- Director, GGV Capital VI LLC
- Director, GGV Capital VI Plus LLC
- Director, GGV Discovery I LLC
- Director, GGV Capital Select LLC
- Director, Jiwei Enterprise Management Consulting (Shanghai) Co., Ltd.
- Director, GGV Capital (Shanghai) Co., Ltd.
- Director, ISENSORO Limited
- Director, GGV (Petkit) Limited
- Director, Geekplus Corporation
- Director, Spark Education Limited
- Director, GGV Capital VII LLC
- Director, GGV, Capital VII Plus LLC
- Director, GGV Discovery II LLC
- Director, GGV Capital VI Entrepreneurs Fund LLC
- Director, GGV Capital VII Entrepreneurs Fund LLC

Past directorships in other listed companies held over the preceding three years

- Director, YY Inc. (NASDAQ)
- Director, 21 Vianet Group Inc. (NASDAQ)
- Director, LAIX Inc. (NYSE)
- Director, NIU Technologies (NASDAQ)
- Director, EHang Holdings Limited (NASDAQ)

Achievements

- Recognised by the Forbes Global 100 VC Midas Annually (Ranking #1 Woman and #10 Overall in 2015)
- Named to the Vanity Fair New Establishment list, Fast Company Most Creative People in Business List
- Recognised by The New York Times and CB Insights Among the Top 100 Venture Capital Investors Worldwide (Ranking #17)

Academic and professional qualification(s)

- Master and Bachelor of Science in Electrical Engineering, Cornell University
- Master of Business Administration from Kellogg School of Management, Northwestern University

Deborah Ong

Age 62

Non-Executive and Independent Director

Date of first appointment as a Director
16 November 2020

Date of last re-election as a Director
–

Length of service as a Director
0 year 6 months

Board committee(s) served on

- Member, Audit Committee

Present directorships in other listed companies

Nil

Present principal commitments

- Board Member, Monetary Authority of Singapore
- Board Member, Lee Kong Chian School of Medicine Governing Board at Nanyang Technological University
- Council Member, Council for Estate Agencies
- Board Member, Workforce Singapore
- Board Member, SkillsFuture Singapore
- Member, Legal Service Commission

Past directorships in other listed companies held over the preceding three years

Nil

Achievements

- Public Service Medal at the Singapore National Day awards 2015
- Public Service Star at the Singapore National Day awards 2020

Academic and professional qualification(s)

- Bachelor of Accountancy (Honours), National University of Singapore
- Fellow, Institute of Singapore Chartered Accountants
- Fellow, Certified Practising Accountants (CPA) Australia

Jessica Tan Soon Neo

Age 55

Non-Executive and Independent Director

Date of first appointment as a Director
17 April 2017

Date of last re-election as a Director
24 September 2020

Length of service as a Director
4 years 1 month

Board committee(s) served on

- Member, Audit Committee
- Member, Nominating Committee

Present directorships in other listed companies

- Non-Executive and Independent Director, Ascendas Property Fund Trustee Pte. Ltd. (The Manager of Ascendas India Trust)

Present 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
- Chairman, Information Technology Advisory Committee of Nanyang Polytechnic
- Board Member and Deputy Chairman, Nanyang Polytechnic Board of Governors
- Group Commercial Director, Raffles Medical Group Ltd
- Director, RM Network Pte Ltd
- Member, Board of Advisory, The School of Information Systems, Singapore Management University
- Member, SingHealth Fund-Changi General Hospital Institution Fund Committee

Past directorships in other listed companies held over the preceding three years

- Non-Executive and Independent Director, CapitaLand Commercial Trust Management Limited (The Manager of CapitaLand Commercial Trust)

Achievements

- 2015 Singapore Computer Society IT Leader Award
- Received Two Times Gold Star Awards, Microsoft
- Achieved Eight Hundred Percent Clubs, IBM
- 1992 Golden Circle Award, IBM

Academic and professional qualification(s)

- Bachelor of Social Sciences (Honours), National University of Singapore
- Bachelor of Arts (Economics and Sociology), National University of Singapore

Tan Soo Nan

Age 73

Non-Executive and Independent Director

Date of first appointment as a Director
25 April 2016

Date of last re-election as a Director
19 July 2018

Length of service as a Director
5 years 1 month

Board committee(s) served on

- Member, Board Risk and Safety Committee
- Member, Audit Committee

Present directorships in other listed companies

- Executive and Non-Independent Director, Raffles Medical Group Ltd.
- Non-Executive and Independent Director, Engro Corporation Limited

Present principal commitments

- Executive and Non-Independent Director, Raffles Health Insurance Pte. Ltd.
- Director, ICE Futures Singapore Pte. Ltd.
- Director, ICE Clear Singapore Pte. Ltd.
- Director, ICE Singapore Holdings Pte. Ltd.
- Director, Temasek Foundation Ltd. (formerly known as Temasek Foundation Management Services CLG Limited)
- Director, Woh Hup Trust
- Director, TF IPC Pte. Ltd.

Past directorships in other listed companies held over the preceding three years

Nil

Achievements

- Lottery Industry Hall of Fame 2014

Academic and professional qualification(s)

- Bachelor of Business Administration, University of Singapore
- Associate, IFS School of Finance (formerly the Chartered Institute of Bankers)
- Program for Management Development, Harvard Business School

Yap Chee Meng

Age 66

Non-Executive and Independent Director

Date of first appointment as a Director
1 October 2013

Date of last re-election as a Director
18 July 2019

Length of service as a Director
7 years 8 months

Board committee(s) served on

- Chairman, Audit Committee
- Member, Board Risk and Safety Committee

Present directorships in other listed companies

- Lead Independent and Non-Executive Director, ARA Trust Management (Suntec) Limited (The Manager of Suntec REIT)

Present principal commitments

- Chairman, Non-Executive and Independent Director, AXA Insurance Pte. Ltd.
- Chairman, Non-Executive and Independent Director, RHB Asset Management Group*
- Non-Executive and Independent Director, The Esplanade Co Ltd
- Non-Executive and Independent Director, Keppel Land Limited
- Non-Executive and Independent Director, Pavilion Energy Singapore Pte. Ltd. (Formerly known as Pavilion Gas Pte. Ltd.)
- Non-Executive and Independent Director, Pavilion Energy Trading & Supply Pte. Ltd.
- Non-Executive and Independent Director, RHB Investment Bank Berhad
- Member, Charity Council of Singapore

Past directorships in other listed companies held over the preceding three years

Nil

Academic and professional qualification(s)

- Fellow, Institute of Chartered Accountants in England & Wales
- Fellow, Institute of Singapore Chartered Accountants

* RHB Asset Management Group comprises the following companies: -

a. RHB Asset Management Sdn Bhd (Chairman, Independent and Non-Executive Director)
b. RHB Islamic International Asset Management Berhad (Chairman, Independent and Non-Executive Director)
c. RHB Asset Management Pte Ltd (Chairman, Independent and Non-Executive Director)
d. RHB International Investments Pte Ltd (Chairman, Independent and Non-Executive Director)
e. PT RHB Asset Management Indonesia (President / Independent Commissioner)

Yap Kim Wah

Age 73

Non-Executive and Independent Director

Date of first appointment as a Director
20 July 2016

Date of last re-election as a Director
24 September 2020

Length of service as a Director
4 years 10 months

Board committee(s) served on

- Chairman, Board Risk and Safety Committee
- Member, Audit Committee

Present directorships in other listed companies

Nil

Present principal commitments

- Non-Executive and Independent Director, SMRT Corporation Ltd.
- Non-Executive and Independent Director, SMRT Trains Ltd.
- Vice Chairman and Director, RTS Operations Pte. Ltd.

Past directorships in other listed companies held over the preceding three years

Nil

Academic and professional qualification(s)

- Bachelor of Engineering (First Class Honours), University of Singapore
- Registered Engineer (Mechanical), Professional Engineers Board, Singapore
- Fellow Member, The Institution of Engineers, Singapore
- Executive Development Program, Houston University
- Advanced Management Program, Harvard Business School

Food Solutions

> SATS sees new shoots across the region with a budding customer base beyond aviation in foodservice and retail.

Revenue

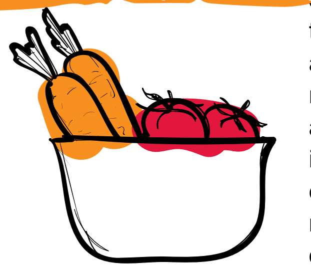
S$573.8M

for FY2020-21

SATS' continuing foray into foodservice and retail distribution saw the launch of Singapore's first artisanal bakery store-in-store concept for convenience stores, at the FairPrice Xpress on Sixth Avenue through Country Foods. It has launched ready-to-serve pastries in nearly 100 Cheers and FairPrice Xpress convenience stores island-wide.

Operations Review
Food Solutions

Driven by evolving consumer preferences amid the pandemic and rapid urbanisation, Asia's ready-to-eat meals market is expected to grow annually by 5% (CAGR 2021-2025).



In anticipation of air travel's rebound, SATS is continuously delivering innovative food solutions and working closely with airlines to proactively create fresh menu offerings, improve demand planning, reduce waste, and promote sustainable food packaging.

SATS has been planting the seeds for sustainable growth in our food solutions business by investing in large-scale kitchens and innovative food technologies to increase productivity and reduce waste over the last five years. By harnessing our central kitchen capabilities, we were able to scale production while consistently maintaining tasty, quality food in new food segments beyond aviation.

From catering meals for essential workers in healthcare and logistics, patients in hospitals and students in schools, to helping airlines develop low-touch packaged meals and launching a new F&B concept and ready-to-eat meals in retail chains, SATS' efforts are starting to bear fruit. Our early investments formed the bedrock of our expansion into new non-travel related revenue streams. In the fourth quarter of FY2020-21, SATS grew non-travel related revenue organically by 32% year-on-year, with a significant share coming from non-aviation food.

[1] Source: Statista

SATS Food Solutions revenue fell 46.4% to S$573.8 million, precipitated by sharp reductions in aviation volumes. The volume of meals served, including SATS subsidiaries, joint ventures and associates, decreased 62.8% to 61.4 million.

Gaining Momentum in New Food Segments

Driven by evolving consumer preferences amid the pandemic and by the long-term trend of rapid urbanisation, Asia's ready-to-eat meals market is expected to grow annually by 5% (CAGR 2021-2025)[1]. SATS recognised this emerging opportunity early, and was able to capture it through wholly-owned subsidiaries Country Foods, SATS Kunshan, and Monty's Bakehouse, in addition to associates like TajSATS in India. The latter ventured into home delivery meals in 2020 via its new brand, Anuka, a multi-cuisine virtual restaurant on Qmin, Taj Hotels' food delivery app in Mumbai.

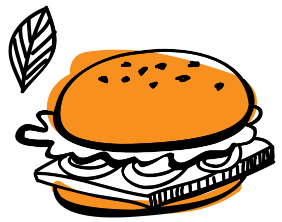
Over in China, SATS Kunshan attained double-digit growth from key customers such as Yum China, Alibaba's Hema, ALDI and new customers such as online grocer Dingdong Maicai and Costa Coffee. Its associate Beijing Airport Inflight Kitchen Co., Ltd has also started serving customers beyond aviation such as 7-Eleven, Hema, and JD's 7Fresh. In addition, SATS China is establishing a product development & customer experience centre in Shanghai to offer a wider range of innovative products in cook-chilled, ready-to-eat and frozen form at a faster rate to more customers across the country in the near future. On the other hand, SATS' joint venture company, Nanjing Weizhou Airline Food Corp., Ltd. (NWA), is maintaining its market leadership in providing frozen meals to aviation customers. Through its investments in Ganzhou and Huizhou, NWA will continue to expand its footprint into other third and fourth tier cities.

In Singapore, Country Foods is gaining ground in the retail market through the distribution of new brands such as Europastry and Growthwell, alongside launching Home Chef ready-to-eat meals in 7-Eleven, as well as new products in Cheers and FairPrice Xpress convenience stores. Similarly, SATS' Food Solutions ventures team is collaborating with SMEs such as Kek Seafood to create co-branded offerings to meet growing demand and support local businesses.

Country Foods is also fast becoming a key integrator in the alternative protein ecosystem, helping global foodtech start-ups to scale and expand across Asia through our digital integrated supply chain and turnkey solutions. In March 2021, Country Foods teamed up with Temasek's Ecosperity as a strategic partner for their #ARecipeForChange campaign to make plant-based dining accessible to the community by working with over 100 restaurants in Singapore to serve up menus using plant-based ingredients. In the United Kingdom, Monty's Bakehouse has partnered with Fable Foods to develop plant-based meat products for the UK market.

Spearheading New Experiences and Solutions

In tandem with the expansion into new food segments, SATS continues to deliver innovative food solutions for existing customers by drawing on its culinary expertise and data analytics capabilities. For example, SATS works closely with its airline customers to proactively improve demand planning, reduce waste, and promote sustainable food packaging in anticipation of air travel's rebound. These efforts culminated in the introduction of low-touch packaged meals for airlines, switching to a digital menu for Scoot, and launching a new range of environmentally friendly food packaging as part of Singapore



The sky is the limit at SATS' first direct-to-consumer contactless F&B concept, which combines its culinary expertise, tiered kitchen and data analytics capabilities to curate tasty menus featuring the latest food trends at a moment's notice.

Airlines' (SIA) more sustainable tableware for selected short-haul flights. Making the switch to digital menus helps airlines to better predict customer demand, refresh buy-on-board offerings more often and feature the latest food and beverage trends.

On the operations front, SATS is actively exploring initiatives to improve waste management and reduction responsibly. From trialling biodigesters that convert waste into refuse-derived fuel (RDF) or a self-sufficient energy waste conversion system that enables electricity and heat extraction which can be redirected into operations, to adapting and adopting high-frequency wave technology to boost food preparation processes for better demand fulfilment, SATS is working hard to achieve its sustainability goals.

Beyond air travel, SATS enabled airlines to expand their customer touchpoints through novel experiences such as serving Japan Airlines' inflight meals at Japan Rail Café in Singapore's central business district, as well as SIA's A380 restaurant pop-up and SIA@Home concepts.

In addition to creating new solutions for its customers, SATS unveiled its first direct-to-consumer contactless dining concept at Singapore's largest healthcare hub, the Singapore General Hospital (SGH) Campus. At SGH Housemen's Canteen, meals are served through lockers and an extensive menu is curated by combining SATS' culinary expertise and tiered kitchen capabilities with data analytics derived from the online ordering system. In a similar vein, SATS' healthcare catering arm also rolled out online menus featuring healthier hawker fare for Sengkang General Hospital's in-patient meals to promote wellness in the community.

Awards and Certifications

In FY2020-21, SATS was accorded Pax International's 'Airline Caterer of the Year – Asia' award for the third consecutive year. Monty's Bakehouse also commenced the process of obtaining its B Corporation or "B Corp" certification, which measures a company's entire social and environmental performance to meet higher standards of transparency and accountability.

Operations Review
Gateway Services

As the COVID-19 pandemic persists, SATS' cargo entities continue to boost their cold-chain capabilities and handle vaccine shipments across our cargo terminal operations (CTO) network spanning 10 countries in Asia Pacific and the Middle East.

"During the year in review, our Cargo Terminal Operations network which spans more than 10 major cities, performed a vital role in keeping global supply chains moving, ensuring that critical medical and food supplies reach countries that need them most.

Revenue

S$389.7M

for FY2020-21

Operations Review
Gateway Services

More than a year since COVID-19 first disrupted lives and businesses, governments continue to maintain stringent travel restrictions amidst a resurgence in COVID-19 cases. Global passenger movements measured by revenue passenger kilometres (RPKs) improved but remained significantly below pre-COVID levels with a year-on-year drop of 70.7%[1] in March 2021. However, global air cargo demand reached a new high against an improving macroeconomic backdrop in the same month.

Despite the global capacity crunch faced by freighter aircrafts, SATS' cargo businesses across our network steadily improved and contributed to more than a third of SATS' gateway business in FY2020-21 with 3.8 million tonnes of cargo handled, albeit a 25.7% drop in tonnage year-on-year. During the year in review, our CTO network which spans more than 10 major cities, performed a vital role in keeping global supply chains moving, ensuring that critical medical and food supplies reach countries that need them most. As countries gradually roll out COVID-19 vaccination programmes, SATS continues to handle vaccine shipments across geographies, while facilitating aid to others, with its team in Singapore and associates such as AISATS handling flights transporting over 600 oxygen concentrators to alleviate India's oxygen shortage during its second COVID-19 wave.

"SATS Gateway Services revenue contracted $479.1 million or 55.1% to S$389.7 million in FY2020-21, significantly impacted by the steep fall in demand for air travel caused by border restrictions since the onset of the COVID-19 outbreak. Operating volumes, including SATS subsidiaries, joint ventures and associates, for passengers handled was down 88.9%, flights handled dropped 71.3%, cargo tonnage dipped 25.7%, while ships calls decreased 62.8%.

Buttressing Cold-chain Capabilities

SATS' early investment in building capacity and capabilities have come to fruition, even as it continues to build up a network of cold-chain handling facilities with similar standards of excellence. The strong air connectivity of key airports in SATS' CTO network also helped to boost Singapore's status as a key pharmaceutical and regional vaccine distribution hub. Since the onset of the COVID-19 pandemic, SATS has handled multiple shipments of various types of COVID-19 vaccines in Singapore to countries in the Asia Pacific region.

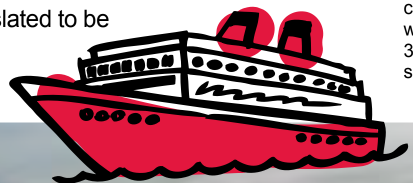
SATS associate, Beijing Aviation Ground Services (BGS), proactively established a partnership with leading cold-chain solutions company, Envirotainer, to handle more pharmaceutical and vaccine shipments, extending our partnership with them in other hubs. BGS is also trialling automated forklifts that will stack and retrieve shipments in its cold rooms, as part of an Intelligent Cold-chain project in collaboration with the municipal authorities, slated to be completed by end-2021.

Demand for cold-chain and pharmaceutical storage is also growing in Indonesia, so PT JAS has built a refrigerated enclosed area of around 4,100 sqm at the import terminal with precision temperature zones ranging between 15°C to 25°C to ensure cold-chain integrity.

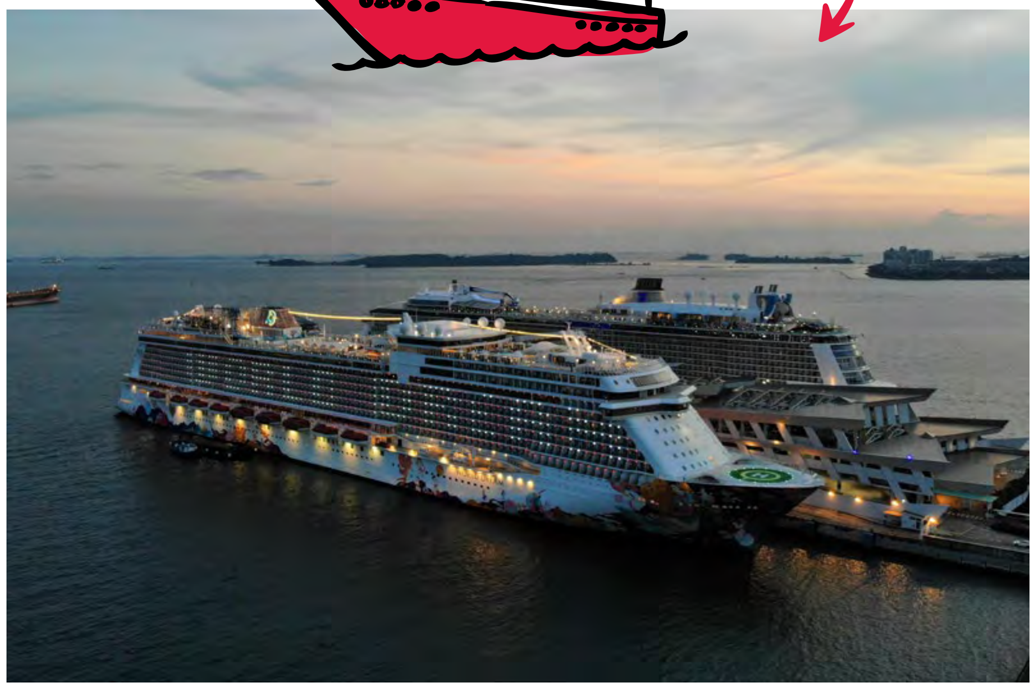
Pursuing eCommerce Opportunities

At Beijing's Daxing International Airport, joint venture Beijing CAH SATS Aviation Services (BCS), has secured contracts with SF Airlines and China Post Airlines, China's top two domestic freighter service providers for eCommerce and express delivery and the only airlines currently operating freighter

[1] Source: IATA Economics using data from IATA Monthly Statistics



In FY2020-21, SATS-Creuers Cruise Services was integral in supporting the resumption of safe cruises in Singapore, welcoming more than 360,000 passengers since November 2020.



flights at the airport. Over in Malaysia, GTR has established a partnership with Cainiao and YTO Cargo Airlines to handle air cargo and eCommerce shipments at Kuala Lumpur International Airport (KLIA). The Cainiao Aeropolis eWTP Hub in KLIA is a joint venture between Malaysia Airports and Alibaba Group, and a major project under the electronic World Trade Platform (eWTP) partnership entered between the Malaysian government and Alibaba Group in 2017. The partnership has given GTR a foothold in the fast-growing eCommerce logistics business with its presence at Cainiao Aeropolis eWTP hub that has a dedicated facility capable of handling 50,000 tonnes of eCommerce shipments annually. SATS is taking a lead role in Enterprise Singapore's eCommerce Supply Chain Challenge 2020, working with start-ups to innovate solutions that will optimise operations and catalyse growth in a sustainable manner.

Automation and Digitalisation

SATS continued to accelerate digital transformation initiatives in its operations to enhance service delivery and solutions for customers, while enhancing productivity and safety across the business. Its cargo operating system, which now operates on a cloud-based architecture, is fully operational in Singapore Changi and Beijing Daxing airports, with work underway to extend its link to other cargo hubs in its network.

In Singapore, SATS continues to raise the bar to reinforce Changi Airport as a trusted hub. From various multiskilling and job enlargement projects that were accelerated in FY2020-21, to initiating solutions such as a safe travel application and digitalising the handling of dangerous goods, SATS plays a key role in preparing for air travel recovery. For example, SATS Ground Commanders, who lead ground operations on the apron, are now equipped with a new data application to help them coordinate all ground activities to meet precise flight timings, while maintaining world-class levels of safety performance. In conjunction with Singapore Airlines, SATS is also piloting a digitalised system that monitors the special handling services rendered to passengers with special needs or reduced mobility.

AISATS also provided UV-C (Ultraviolet-C Band) disinfection services to its customer airlines for aircraft interior cleaning. The robotic device, UV-VECTOR Air, is able to eliminate up to 99.99% of all germs, bacteria and viruses that are airborne or on solid surfaces in the aircraft cabin while minimising wastage of cleaning chemicals.

The Group has implemented a series of technology projects across the Group that focus on productivity improvement. For example, GTR introduced digital rostering for more efficient manpower deployment across shifts. In addition, SATS Security has digitalised the inflight meal cart security screening process, and rolled out remote surveillance capabilities to monitor sensitive facilities and aircraft access.

In the Middle East, SATS has established a start-up cargo terminal in Riyadh's King Khalid International Airport, forming a cold-chain connected corridor between Dammam and Riyadh in Saudi Arabia. Oman SATS LLC developed and launched a self-service kiosk for cargo agents to process their own shipments via the kiosk at its cargo terminal in Muscat International Airport.

Awards and Certifications

SATS was honoured to be named 'Best Cargo Terminal Operator – Asia' at the 2020 Asian Freight, Logistics and Supply Chain (AFLAS) Awards in recognition of our air cargo handling capabilities. In addition, SATS clinched the 'Best Cargo Handling Operation Award' at GHI's Pride of Ground Handling Awards 2020, alongside Ms Li Jia Meng representing BGS who won the 'Unsung Hero Award'. Payload Asia also accorded SATS the 'Ground Handler of the Year' Award in 2020.

We also brought home the titles of 'Omni-Experience Innovator' for the second consecutive year and 'Information Visionary' at the IDC Digital Transformation Awards 2020 Singapore for using A.I. to facilitate decision-making during flight disruptions to ensure seamless connectivity for travellers. In our India hub, joint venture AISATS secured its Good Distribution Practices (GDP) and Hazard Analysis and Critical Control Points (HAACP) certifications in October 2020. PT JAS in Indonesia has also successfully completed its GDP recertification. In the Middle East, Oman SATS LLC obtained its IATA CEIV Pharma and Fresh certifications, while SATS Hong Kong completed its IATA CEIV Pharma and IATA ISAGO re-certifications in early 2021.

In the cruise sector, Marina Bay Cruise Centre Singapore, operated by SATS-Creuers Cruise Services, continued its winning streak as Travel Weekly Asia voted it Asia's Best Cruise Port for the third year running in 2020.

SATS associate, Beijing Aviation Ground Services (BGS), has secured the ground handling contract for Air China at Beijing Capital International Airport for the first time. The national flag carrier will become its largest domestic airline customer, as it progressively ramps up flights to over 100 daily arrivals and departures, from Summer 2021 onwards.

Five-year Group Financial and Operational Summary

	FY2020-21	FY2019-20	FY2018-19	FY2017-18	FY2016-17
		(Restated*)			
Income Statement ($ million)					
Total revenue	**970.0**	1,941.2	1,828.0	1,724.6	1,729.4
Operating (loss)/profit	**(10.1)**	226.2	247.0	226.4	230.6
Share of results of associates/joint ventures, net of tax	**(48.0)**	11.8	58.9	71.2	65.2
(Loss)/Profit after tax	**(109.3)**	175.6	256.2	265.5	260.8
(Loss)/Profit attributable to owners of the Company	**(78.9)**	168.4	248.4	261.5	257.9
Core/Underlying net (loss)/profit	**(23.9)**	180.3	241.4	236.1	234.3
Statement of Financial Position ($ million)					
Equity holders' funds	**1,546.3**	1,617.5	1,649.2	1,634.1	1,603.5
Non-controlling interests	**152.5**	188.0	167.9	132.5	87.7
Total Equity	**1,698.8**	1,805.5	1,817.1	1,766.6	1,691.2
Property, plant and equipment	**519.7**	602.3	579.2	560.1	538.7
Investment properties	**0.5**	1.0	7.6	8.9	10.4
Other non-current assets	**1,248.9**	1,378.8	1,111.4	1,044.3	873.8
Current assets	**1,322.7**	1,028.4	710.2	735.0	856.5
Total assets	**3,091.8**	3,010.5	2,408.4	2,348.3	2,279.4
Non-current liabilities	**827.7**	643.7	202.0	179.1	193.1
Current liabilities	**565.3**	561.3	389.3	402.6	395.1
Total liabilities	**1,393.0**	1,205.0	591.3	581.7	588.2
Net Assets	**1,698.8**	1,805.5	1,817.1	1,766.6	1,691.2
Financial Ratios					
Return on equity (%)	**(5.0)**	10.3	15.1	16.2	16.7
Return on total assets (%)	**(3.6)**	6.5	10.8	11.5	11.9
Net margin (%)	**(11.3)**	9.0	14.0	15.4	15.1
Debt-equity ratio (times)	**0.56**	0.39	0.06	0.07	0.07
Economic Value Added (EVA) ($ million)	**(185.4)**	72.7	111.1	101.1	92.4
Productivity and Employee Data					
Value added ($ million)	**350.9**	1,113.1	1,163.3	1,125.6	1,142.0
Value added per employee ($)	**27,041**	64,885	81,316	85,620	83,127
Value added per $ employment cost (times)	**0.99**	1.47	1.55	1.59	1.54
Revenue per employee ($)	**74,749**	113,157	127,780	131,182	125,882
Staff costs per employee ($)	**27,307**	44,279	52,304	53,803	54,102
Average number of employees	**12,977**	17,155	14,306	13,147	13,738

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

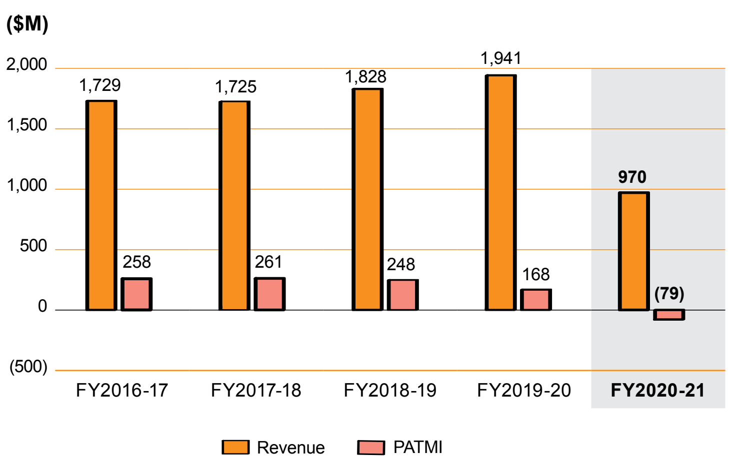
	FY2020-21	FY2019-20	FY2018-19	FY2017-18	FY2016-17
		(Restated*)			
Per Share Data (cents)					
Earnings after tax					
- Basic	**(7.1)**	15.1	22.3	23.4	23.2
- Diluted	**(7.0)**	15.0	22.2	23.2	23.0
Net asset value per share	**138.1**	144.7	148.0	146.4	143.9
Dividends					
Interim dividend per share (cents)	**0.0**	6.0	6.0	6.0	6.0
Final and special dividends per share (cents)	**0.0**	0.0	13.0	12.0	11.0
Dividend cover (times)	**0.0**	2.5	1.2	1.3	1.4
Dividend payout (%)	**0.0**	39.8	85.5	76.9	73.7
Cash Flows ($ million)					
Cash flows from operations	**159.4**	304.6	344.2	298.4	351.8
Free cash flow	**56.2**	168.3	208.0	146.3	220.8
Capital expenditure	**61.5**	75.6	87.6	99.2	88.1
Operating Statistics					
Cargo/mail processed (million tonnes)	**1.15**	1.79	1.86	1.83	1.72
Passengers handled (million)	**4.12**	84.62	59.87	54.30	51.53
Gross meals produced (million)	**43.65**	82.46	76.05	70.51	67.61
Flights handled (thousand)	**55.12**	351.44	213.16	165.94	171.38
Ship calls handled	**96**	258	312	189	147

Notes:

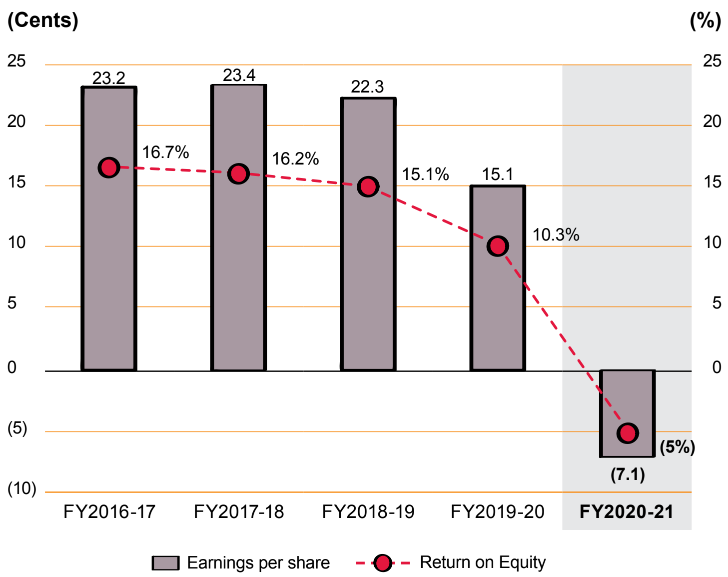
1 SATS' financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars, unless otherwise stated.
2 Core/Underlying net profit refers to (loss)/profit attributable to owners of the Company excluding one-off items.
3 Return on equity is (loss)/profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds.
4 Debt-equity ratio is gross debt divided by equity attributable to owners of the Company 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.
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 and joint ventures.
13 Passengers handled comprise full service and low cost carrier as well as cruise ship passengers.
14 Gross meals include both inflight and institutional catering meals.

Financial Review

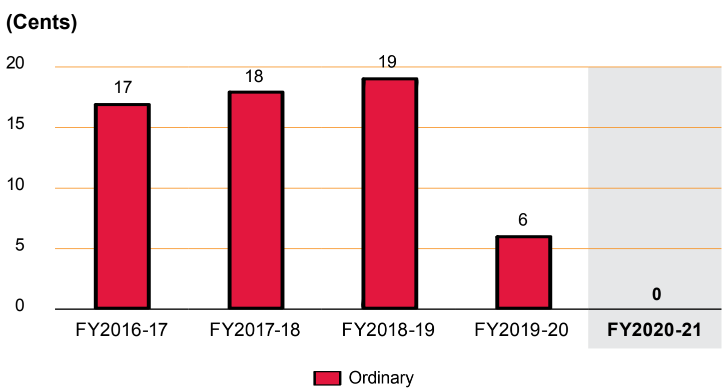
Revenue and Profitability



Earnings Per Share and Return on Equity



Dividend Per Share



Highlights

The COVID-19 pandemic has adversely affected the Group's businesses in a material way as airlines suffered a sharp decline in air travel demand following widespread travel bans and restrictions. Consequently, Group revenue for the year declined $971.2 million or 50% to $970 million. With the significant drop in aviation volumes, revenue from Food Solutions decreased $496.7 million or 46.4% to $573.8 million while Gateway Services' revenue decreased $479.1 million or 55.1% to $389.7 million. This was mitigated by revenue from newly consolidated entities, namely Country Foods Pte. Ltd. ("CFPL"), Nanjing Weizhou Airline Food Corp., Ltd. ("NWA") and Monty's Bakehouse UK Limited ("MBUK"), amounting to $118.9 million.

Despite comprehensive cost controls and large scale redeployment of staff, operating profit for the Group decreased $236.3 million or 104.5% to an operating loss of $10.1 million, compared with an operating profit of $226.2 million in the last financial year.

Profit contribution from associates/joint ventures was similarly impacted by the pandemic, decreasing $59.8 million from a profit of $11.8 million to a loss of $48 million.

Other non-operating loss increased $51.3 million attributed mainly due to impairments made for investment in associates, long-term investment, intangible assets and property, plant and equipment due to the COVID-19 pandemic. This was partly offset by the write back of deferred consideration of $13.7 million.

Group net (loss)/profit attributable to owners of the Company ("PATMI") fell $247.3 million or 146.9% to net loss of $78.9 million year-on-year. Excluding one-off items, core PATMI was reduced to net loss of $23.9 million. Without government reliefs, Group PATMI would have been a net loss of $320.8 million.

Return on equity dipped to negative 5.0%, 15.3 points lower than the year before attributed to losses recorded for the year.

As at 31 March 2021, the Group's total assets were $3,091.8 million with aggregate cash and short-term deposits of $879.8 million, while free cash flow generated during the year amounted to $56.2 million. Debt-to-equity ratio was 0.56 times compared to 0.39 times a year ago.

Earnings Per Share

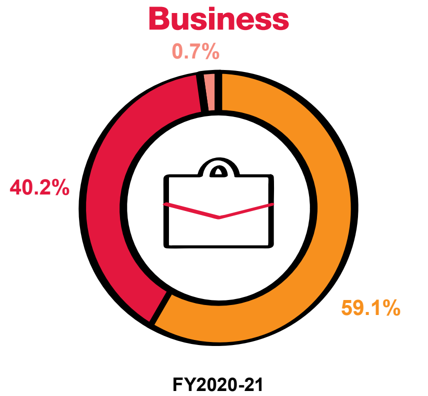
The Group's earnings per share dropped 147% year-on-year to negative 7.1 cents compared to 15.1 cents due to the net loss reported for the year.

Dividends

In light of the significant uncertainties in the operating environment, the Board of Directors believes that it would be prudent not to pay dividend for FY2020-21.

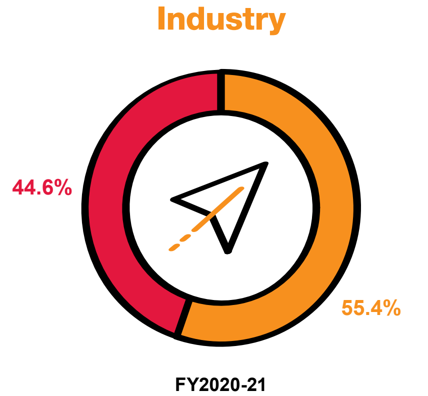
Consolidated Revenue – By Business, Industry and Geographical Location

Business



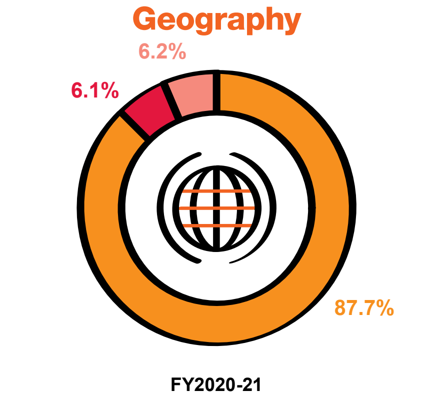
Food Solutions	59.1%
Gateway Services	40.2%
Others	0.7%

Industry

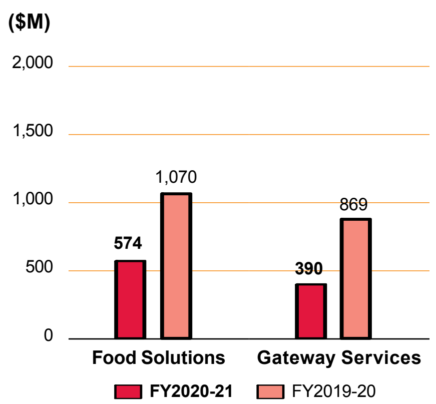


Aviation	55.4%
Non-aviation	44.6%

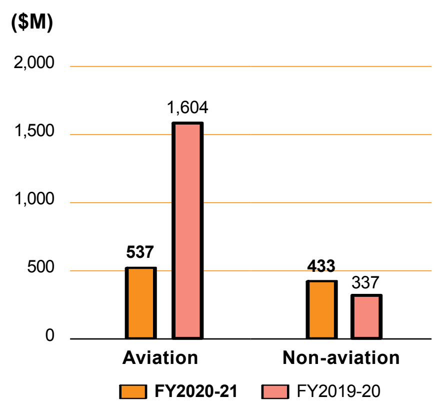
Geography



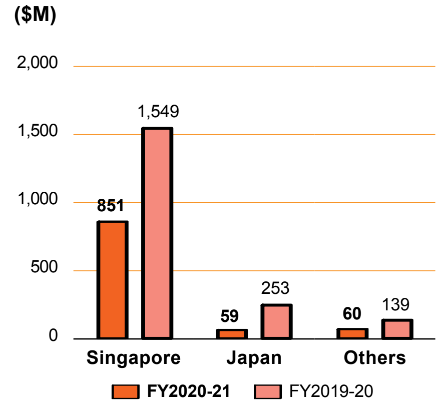
Singapore	87.7%
Japan	6.1%
Others	6.2%



Notes:
- Food Solutions: revenue from inflight catering, 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.

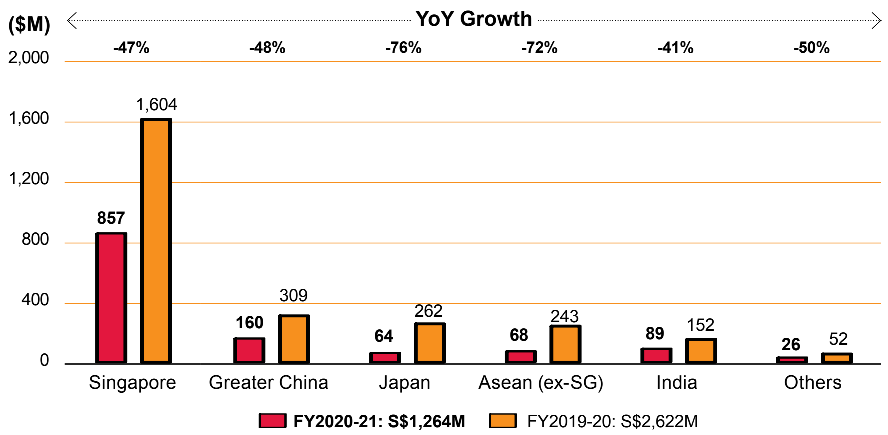


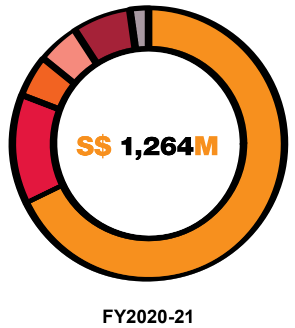
Notes:
- Aviation: revenue from aviation-related businesses in Food Solutions and Gateway Services.
- Non-aviation: revenue from SATS Food Services group, SATS-Creuers Cruise Services, SATS China Group and corporate services.



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, SATS China Group, MBUK and SATS Saudi.

Combined Revenue by Geographical Location*





Singapore	68%
Greater China	13%
Japan	5%
Asean (ex-SG)	5%
India	7%
Others	2%

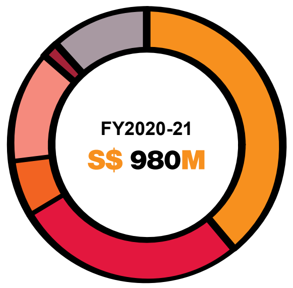
* Combined revenue is the sum of the consolidated revenue of the Group and its proportionate share of revenue from its associates/joint ventures (Aggregated Revenue – Non-SFRS(I)).

The Group's combined revenue fell sharply by 51.8% year-on-year with overseas contribution dropped from 39% to 32%.

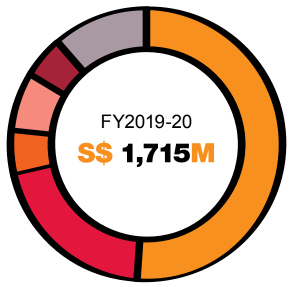
Financial Review

Expenditure

The Group's operating expenditure was lower by $734.9 million or 42.9% year-on-year at $980.1 million after accounting for government reliefs, lower aviation volumes as well as comprehensive actions taken to reshape the cost base of the Group. Staff costs decreased $497.2 million due to lower salary related costs from reduced workforce, lower contract services as well as government reliefs. The reduction in cost of raw materials was due to the decrease in aviation volume, partly offset by the consolidation of CFPL, MBUK and NWA. Licence fees dropped $64.6 million in tandem with the lower aviation revenue recorded for the year. Depreciation and amortisation rose $12.8 million mainly due to new investments and systems acquired last year. Group-wide cost containment measures have resulted in a decrease in company premises and utilities expenses. Other costs were also lower, partly offset by the higher provision for doubtful debts of $9.7 million made in the financial year.

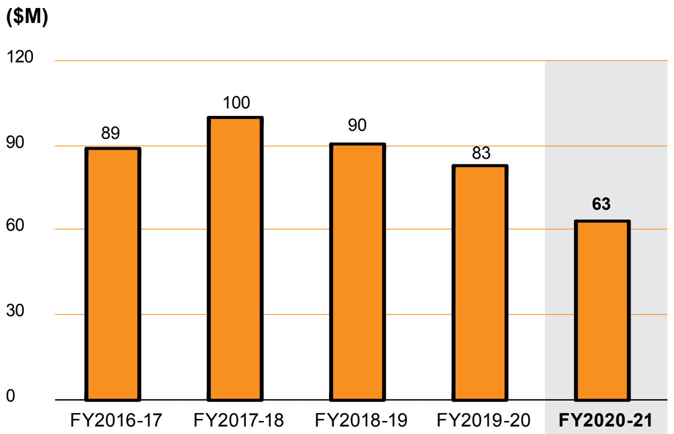


Staff costs	39%
Cost of raw materials	27.5%
Company premise and utilities	6.7%
Depreciation and amortisation	13.3%
Licence fees	2%
Other costs	11.5%

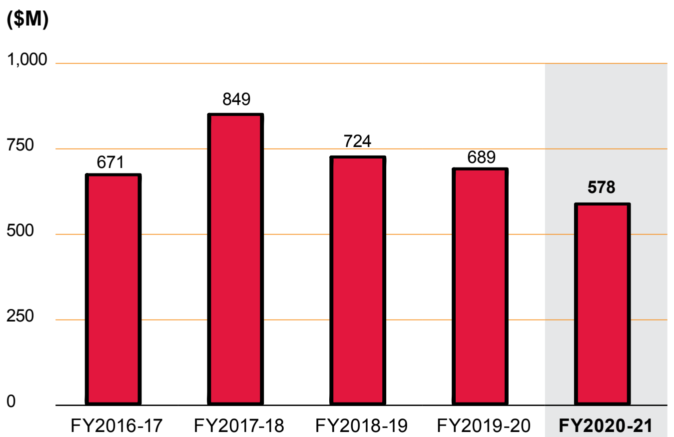


Staff costs	51.3%
Cost of raw materials	20.2%
Company premise and utilities	5.4%
Depreciation and amortisation	6.9%
Licence fees	4.9%
Other costs	11.3%

Investment in Capital Expenditure



Carrying Value of Investment in Associates /Joint Ventures



Balances as at end of financial year

Financial Position

Total equity attributable to the owners of the Company decreased 4.4% to $1,546.3 million as at 31 March 2021. Total equity reduced by $106.7 million largely attributed to the loss after tax for the financial year of $109.3 million.

Total assets increased $81.3 million to $3,091.8 million, primarily due to higher cash and cash equivalents and inventories, partly offset by lower property, plant and equipment, investment in associates, joint ventures and long-term investments. Property, plant and equipment was lower mainly due to depreciation and impairment made in the year. The lower investment in associates and joint ventures was mainly due to lower share of results from associates/joint ventures and impairments recorded. A total impairment charge of $92.8 million was made to property, plant and equipment, investment in associates and long-term investment in the current year.

Capital expenditure of $62.6 million was $20.2 million, or 24.4% lower compared to last year while the Group's net asset value per share as at end of current financial year was $1.38, 4.6% lower compared to last year.

The Group's cash and cash equivalents was $879.8 million as at 31 March 2021, mainly attributed to drawdown of credit facilities and lower investing activities.

Net cash from operating activities was $117.8 million, $126.2 million lower than the last corresponding period mainly due to operating loss in FY2020-21.

Net cash used in investing activities decreased $88.9 million to $28.4 million mainly due to the absence of investment in subsidiaries and and associates/joint ventures in the current financial year.

Net cash from financing activities was $239.5 million, $173 million higher compared to $66.5 million last year, largely due to further drawdown of credit facilities (including Notes) of $482.7 million in the current financial year. This was partly offset by the repayment of term loans of $209.1 million during the year.

Free cash flow generated for the year was $56.2 million, a drop of $112.1 million as compared to prior year.

Value Added

The value added of the Group was $350.9 million, a decrease of $762.2 million or 68.5% compared to the preceding financial year. The distribution for FY2020-21 is reflected in the chart below.

Value Added Statement ($ million)	FY2020-21	FY2019-20	FY2018-19	FY2017-18	FY2016-17
Total Revenue	**970.0**	1,941.2	1,828.0	1,724.6	1,729.4
Less: Purchase of goods and services	**495.3**	837.7	747.8	712.4	682.0
	474.7	1,103.5	1,080.2	1,012.2	1,047.4
Add/(less):					
Interest income	**4.8**	3.9	4.1	4.2	4.6
Share of (loss)/profits before tax of associates/joint ventures	**(56.9)**	26.1	80.5	88.5	80.1
Gain/(loss) on disposal of property, plant and equipment	**0.0**	(1.8)	(0.5)	0.4	0.6
Gain on disposal of assets held for sale	**–**	–	–	15.5	9.3
Write-back of earn-out consideration	**13.7**	–	11.6	4.5	–
Impairment loss on investment in associates, long-term investment and intangible assets	**(68.8)**	(11.9)	(11.6)	–	–
Impairment loss on property, plant and equipment (net of grant)	**(16.6)**	(6.8)	–	–	–
Gain on sale of investment	**–**	–	–	0.3	–
Income from long-term investments	**–**	–	–	–	0.7
Other non operating income/(loss)	**–**	0.1	(1.0)	–	–
Exceptional items	**–**	–	–	–	(0.7)
Total value added available for distribution	**350.9**	1,113.1	1,163.3	1,125.6	1,142.0
Applied as follows:					
To employees					
- Salaries and other staff costs	**354.4**	759.6	748.3	707.3	743.3
To government					
- Corporate taxes *	**(45.1)**	52.7	73.1	73.4	63.3
To supplier of capital					
- Dividends	**–**	212.5	200.9	190.3	178.2
- Interest on borrowings	**20.5**	7.6	0.8	0.8	1.2
Retained for future capital requirements					
- Depreciation and amortisation	**130.4**	117.6	84.9	78.5	73.5
- Non-controlling interests	**(30.4)**	7.2	7.8	4.1	2.8
- Retained (loss)/profits	**(78.9)**	(44.1)	47.5	71.2	79.7
Total value added	**350.9**	1,113.1	1,163.3	1,125.6	1,142.0
Value added per $ revenue	**0.36**	0.57	0.64	0.65	0.66
Value added per $ employment cost	**0.99**	1.47	1.55	1.59	1.54
Value added per $ investment in fixed assets	**0.18**	0.59	0.70	0.70	0.75

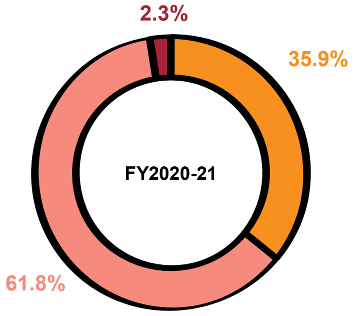
Note:
* Includes share of tax of associates and joint ventures.

Financial Review

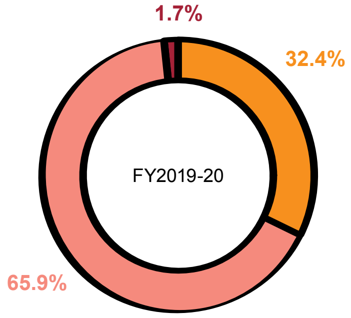
Staff Strength and Productivity

The average number of full-time equivalent employees in the Group for current financial year was 12,977. The 24.4% decrease was due to cost management initiatives to navigate through the pandemic.

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



Food Solutions	4,654
Gateway Services	8,024
Others	299
Total	12,977



Food Solutions	5,565
Gateway Services	11,305
Others	285
Total	17,155

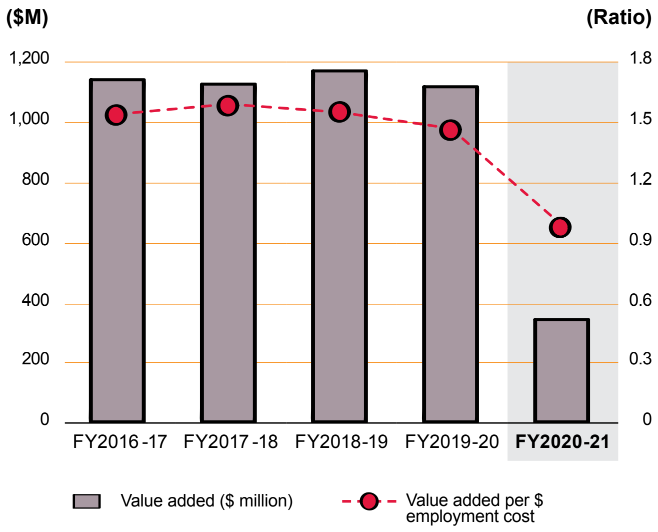
Staff productivity achieved during the year, measured by value added per employment cost, decreased 33% from 1.47 times to 0.99 times mainly due to lower revenue coupled with impairment losses during the year.

Productivity Analysis	FY2020-21	FY2019-20	FY2018-19	FY2017-18	FY2016-17
Value added ($ million)	**350.9**	1,113.1	1,163.3	1,125.6	1,142.0
Value added per employee ($)	**27,041**	64,885	81,316	85,620	83,127
Value added per $ employment cost (times)	**0.99**	1.47	1.55	1.59	1.54
Revenue per employee ($)	**74,749**	113,157	127,780	131,182	125,882
Staff costs per employee ($) **	**27,307**	44,279	52,304	53,803	54,102

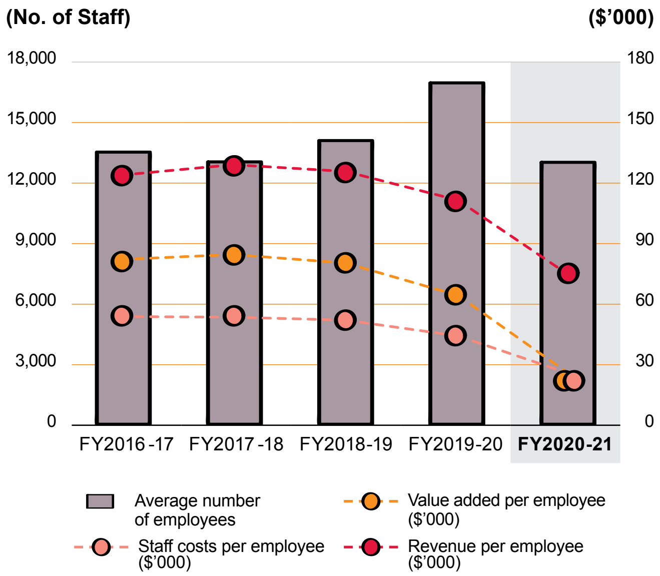
Note:

** 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 negative $185.4 million, a drop of $258.1 million from the preceding financial year attributed to lower net operating profit after tax (NOPAT).

Financial Calendar

Financial year ended 31 March 2021

2020

24 AUG

Announcement of 1Q FY2020-21 business update

Business update conference call with live webcast

26 AUG

Published Notice of Annual General Meeting to shareholders on SGXNET and the Company's website

Digital Annual Report went live

24 SEP

47th Annual General Meeting was convened by electronic means

12 NOV

Announcement of 2Q FY2020-21 results

Results conference call with live webcast

2021

10 FEB

Announcement of 3Q FY2020-21 business update

Business update conference call with live webcast

27 MAY

Announcement of 4Q FY2020-21 results

Results conference call with live webcast

30 JUN

Publishing of Notice of Annual General Meeting to shareholders on SGXNET and the Company's website

Digital Annual Report to go live

22 JUL

48th Annual General Meeting by way of electronic means

Financial year ended 31 March 2022

2021

22 JUL

Announcement of 1Q FY2021-22 business update

Business update conference call with live webcast

12 NOV

Proposed announcement of 2Q FY2021-22 results

Capital Markets Day for investors and analysts

2022

FEB

Proposed announcement of 3Q FY2021-22 business update

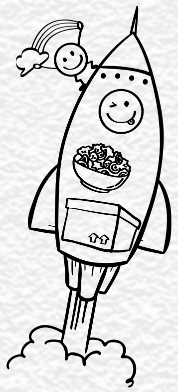
MAY

Proposed announcement of 4Q FY2021-22 results

Group Management Board

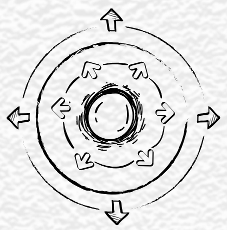
As we continue our journey to feed and connect communities with renewed vigour, our group management board shares how they each envision SATS' future through their sketches and perspectives.

Alex Hungate
President and
Chief Executive Officer

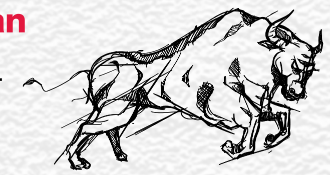


Manfred Seah
Chief Financial Officer

Spencer Low
Chief Executive Officer
Consumer Services
Chief Strategy &
Sustainability Officer



Tan Li Lian
Chief Human
Capital Officer

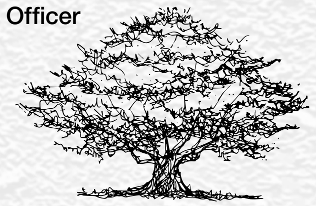


Tan Chuan Lye
Chairman
Food Solutions

Kerry Mok
Chief Executive Officer
Food Solutions

Yacoob Piperdi
Chief Executive Officer
Gateway Services

Denis Marie
Chief Executive Officer
SATS India



Donny Cheah
Chief Executive Officer
SATS Greater China

Group Management Board

Alexander Charles Hungate

Mr Hungate is the President and Chief Executive Officer of SATS, with overall responsibility for leading the SATS Group. He is a Board Director and a member of the Board Executive Committee. Mr Hungate joined SATS as Executive Director in July 2013 and assumed his current role on 1 January 2014.

Prior to that, Mr Hungate was the Chief Executive Officer of HSBC Singapore. He joined HSBC in 2007 as Group Managing Director of Personal Financial Services and Marketing, based in London. With over 25 years of global leadership experience, Mr Hungate also served as the Managing Director, Asia Pacific for Reuters, based in Hong Kong, and Co-Chief Executive Officer, Americas and Global Chief Marketing Officer for Reuters, based in New York.

Mr Hungate first joined the SATS board as an Independent Director in July 2011.

He serves as a Board Member of the Singapore Economic Development Board (EDB), member of the Future Economy Council, and Independent Director of United Overseas Bank (UOB) Limited.

Mr Hungate holds a Masters degree in Engineering, Economics and Management from Oxford University and graduated as a Baker Scholar from the Master of Business Administration (MBA) programme at Harvard.

Manfred Seah Kok Khong

Mr Seah joined SATS as Chief Financial Officer in September 2017. He oversees the group's finance operations which includes strategic investment management and monitoring, group treasury, insurance and investor relations.

Mr Seah 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, Mr Seah 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, Mr Seah 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.

Mr Seah sits on various Boards of SATS subsidiaries and associate companies. Mr Seah 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 London – 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).

Spencer Low Kin-Ming

Spencer Low joined SATS in January 2020 as CEO, Consumer Services and Chief Strategy & Sustainability Officer. He is responsible for travel retail and digital marketing, group strategy, as well as public affairs and branding.

Prior to this, Mr Low 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, mergers & acquisitions/post-merger integration, and global customer acquisition.

Mr Low brings more than 20 years of professional experience spanning corporate strategy, online retail travel services, and management consulting. He previously held management positions at Holt Renfrew (Selfridges Group Canada), Sears Canada, and Maple Leaf Foods. Mr Low 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

Mr Low holds a Master's degree in International Affairs from Institut d'Etudes Politiques de Paris (Sciences Po) in France, and graduated from the Master of Business Administration (MBA) programme at Ivey Business School, Western University, Ontario, Canada.

Tan Li Lian

Ms Tan is the Chief Human Capital Officer of SATS. She joined the company in August 2010 as Vice President, Human Capital and was promoted to her current position in April 2012.

Ms Tan leads the SATS Group Human Capital team, SATS Academy, SATS Foundation, as well as the SATS Shared Services Centre. She is also responsible for driving the company's sustainability initiatives on Skills for the Future.

Before joining SATS, Ms Tan held various senior Human Capital appointments in KPMG Consulting Asia Pacific, Singapore Computer Systems Limited and Singapore Telecommunications Ltd.

Ms Tan has a wealth of experience in the field of human capital and is currently the Treasurer in the Human Capital Board of Singapore. She is a member of Singapore's Institute of Technical Education's Business & Services Academic Advisory Committee and was a recipient of the SHRI Leading HR Leader Award in 2015 and 2019.

Ms Tan sits on various boards of SATS' subsidiaries. She graduated from Texas A&M University with a Bachelor's degree in Business Administration, majoring in Finance.

Tan Chuan Lye

Mr Tan 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.

Mr Tan 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.

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

Mr Tan 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.

Group Management Board

Kerry Mok Tee Heong

Mr Kerry Mok is the CEO, Food Solutions of SATS and joined the company in June 2018. Prior to this, he was the CEO of YCH Group since August 2017.

Mr Mok is a seasoned executive with more than two decades of experience in supply chain management and logistics, he has held various senior appointments prior to his move to YCH Group, including his role in Goodpack Limited 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 for Accenture. Mr Mok 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.

He has been an active contributor to tripartite initiatives, having served on the Future Economy Council's Trade & Connectivity Sub-Committee, and on the Ministry of Communication and Information's Infocomm Media Master Plan 2025 working group.

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

Yacoob Bin Ahmed Piperdi

Mr Piperdi is SATS' CEO, Gateway Services and joined the company in April 1981. He has assumed various positions including Executive Vice President, Food Solutions; Senior Vice President, Cargo Services; Vice President, Apron Services; Vice President, Cargo Services; and Vice President, Inflight Catering Centre 2. He also held other managerial positions in apron and baggage, passenger services, marketing, and SIA Ground Services, where he was responsible for network procedures and ground handling contracts. During his terms in Food Solutions and Gateway Services, he spearheaded the Group's entry into an airside perishable handling centre, an automated eCommerce facility within the airfreight terminal complex and the sports catering, cruise terminal management and inflight duty-free and duty-paid retail sales businesses.

Mr Piperdi sits on various Boards of SATS' subsidiaries and associate companies. He is the Chairman of SATS-Creuers Cruise Services Pte Ltd, Chairman of GTRSG Pte Ltd, Chairman of Ground Team Red Holdings Sdn Bhd and the Vice President Commissioner of PT Jasa Angkasa Semesta Tbk. Mr Piperdi is a member of Saudi Arabia's private sector logistics advisory team.

He graduated from the National University of Singapore with a Bachelor of Arts (Honours) degree, majoring in English.

Denis Suresh Kumar Marie

Mr Marie is the CEO of SATS (India) Co. Private Limited. He is currently based in Mumbai and undertakes the operational planning of new ventures and seeks out business opportunities in aviation and non-aviation food, cargo and ground handling in line with SATS' expansion plans in India. He concurrently also oversees the operations of SATS Security Services Pte Ltd.

Mr Marie joined SATS in October 2001 as General Manager of SATS Security Services and assumed various management positions. He held the position of Senior Vice President, Apron Services from June 2012 to July 2018. Prior to that, he was Senior Vice President, Passenger Services.

In addition to airport business knowledge, Mr Marie has a wealth of experience in security and law enforcement. Before joining SATS, he held senior positions in training, command and security management.

Mr Marie sits on various Boards of SATS' subsidiaries. He graduated from the Oklahoma City University in the US with a Bachelor of Science, majoring in Business Administration.

Donny Cheah Chi Choy

Mr Donny Cheah joined SATS as CEO of Greater China on 19 September 2019. Based in China, Mr Cheah is responsible for spearheading the operational planning of new ventures and business opportunities, as well as driving operations to enhance customer experience in Greater China, and works closely with business division heads on strategy, platforms and business development to propel growth in the region.

Mr Cheah brings with him 25 years of experience in the technology and telecommunications industries with roles based across the Asia Pacific region, including China, Hong Kong, Japan and Singapore. Most recently, he was Regional Vice President and General Manager, China, for Panasonic Avionics Corporation. Prior to this, Mr Cheah was the President & CEO at Sumitomo Drive Technologies and spent almost 15 years at Singtel, where he gained significant commercial and management experience, including Managing Director of China, Japan, Senior Director of Global Accounts, and Regional Head of Australia, India, Middle East, and subsequently Europe and the U.S.

Mr Cheah holds a Master's Degree in Business Administration from the University of Strathclyde in Glasgow, Scotland and a Bachelor of Business Degree from Monash University in Melbourne, Australia.

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 2021 (FY2020-21), 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 of SATS' commitment to best practices in corporate governance received in 2020:

- Ranked No. 1 Singapore Public Listed Company under the ASEAN Corporate Governance Scorecard (ACGS) 2019
- Ranked No. 1 in the Singapore Governance and Transparency Index 2020
- Country Top 3 Publicly Listed Companies 2019 (Singapore) under the ACGS 2019
- ASEAN Top 20 Publicly Listed Companies 2019 under the ACGS 2019
- Categorised as an ASEAN Asset Class Publicly Listed Company under the ACGS 2019

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
- None of our independent non-executive Directors have served for more than eight years as at the end of FY2020-21
- 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 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
- Overseeing the business, financial performance and affairs of the Group, and 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 (e.g., the ongoing COVID-19 pandemic)
- 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)
- Putting in place policies, structures and mechanisms to ensure compliance 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 Board Executive Committee and the Management for investments, purchases, disposals, selection of vendors, write-offs, etc.

Board's Guidance during the ongoing COVID-19 Pandemic

With the outbreak of the Coronavirus Disease 2019 ("**COVID-19**") which resulted in an unprecedented drop in demand for air travel globally and a correspondingly substantial adverse impact on revenue and profitability of the Company, the Board spent a significant amount of time reviewing the major disruption to our business operations, our financial resilience and the health and safety of our people.

Voluntary Reductions in Directors' Fees and Management Pay

The Company, under the guidance of the Board, responded swiftly to the impact of COVID-19 on its business with a series of cost reduction measures, including a reduction in pay for the senior management team. With the spread of the COVID-19 virus around the world, the Company had announced on 9 March 2020 that the Board and Management of the Company had decided to effect further cuts in executive pay and to reduce Directors' remuneration. Retroactively from 1 March 2020, the non-executive Directors and the executives received cut in pay or fees in the following quantum:

– 15% cut in non-executive Directors' fees
– 15% pay cut for the PCEO
– 12% pay cut for Executive Vice Presidents and Senior Vice Presidents
– 10% pay cut for Vice Presidents
– effective 1 April 2020, all Managers to Assistant Vice Presidents also took a 5% pay cut

Financial Management – Since the start of the pandemic, the Board has paid particular attention to the financial impact of COVID-19 on the Company. The Board and its sub-committees met regularly with Management to review the COVID-19 situation as well as to assess the impact and disruption that the pandemic has caused to the Company's business, both in Singapore and overseas. A key imperative of the Board was in ensuring that the Company continues to have adequate liquidity and resources to operate sustainably and survive the pandemic. This entailed the Company securing necessary debt financing for its operating needs and contingency purposes. All non-critical investments were re-prioritised, including non-essential capital expenses and business activities, and taking into consideration the various scenarios on how COVID-19 would evolve and its impact on the Company.

Corporate Governance Report

The Board together with Management heightened the review of credit risks, monitoring the risks and financial condition of its investments and tracking the utilisation of assets and resources of the Group. The Company released a profit warning on 30 April 2020 to brief shareholders that the Company was expected to record a material decline in profit for the Fourth Quarter of the Financial Year 2020. Management also prioritised its merger and acquisition pipeline to ensure prudent use of funds while continuing to invest in critical capabilities and growth opportunities. Since the onset of the pandemic, the Board has continued to advise Management in the implementation of appropriate measures to ensure that the Company remains financially resilient.

Reshaping and Strengthening the Business – The Company reshaped the business to prepare for the new normal post COVID-19. With reduced aviation volumes, Management looked at new opportunities arising from the crisis, as well as new ways of engaging our people to preserve capabilities for the future.

The Company continues to invest in expertise and capabilities to implement its twin-engine growth strategy of strengthening the core businesses and growing in adjacent markets and sectors. Capabilities such as: CEIV-certified pharma handling expertise, dedicated cold chain handling facilities, shelf-life extension food technologies, e-Acceptance (a one-stop online system to simplify the process of lodging export cargo at the airfreight terminals) have become critical during the pandemic. They have enabled the Company to play a vital role in helping trade and essential travel to continue safely and efficiently, despite the restrictions. Leveraging these capabilities, the Company supported customers with new products and services that are needed to overcome challenges imposed by travel restrictions. For example, the development of passenger aircraft carrying cargo (PACC) flights that are helping shippers and airlines to carry critical medical and food supplies.

As the Company continues to strengthen its operations in each of our operating sites, it is systematically linking these sites with cloud computing networks and common processes and standards. The pandemic validated the wisdom of enhancing connectivity between cargo terminal operations in key cities. At a time when passenger travel is significantly reduced, SATS' cargo businesses in the network are contributing more than a third of SATS' gateway business. SATS Saudi Arabia, for example, started handling cargo for FLYNAS from Dammam to Riyadh in Saudi Arabia from 1 May 2021. FLYNAS is one of Saudi Arabia's leading low-cost carrier. With a fleet of 30 aircraft, operating more than 1,200 weekly flights to 35 domestic and international destinations (prior to the pandemic), winning the cargo handling contract will improve the profitability of SATS' operations in Saudi Arabia and further, its ambition to grow its network in the region.

In Singapore, SATS partnered the Singapore Food Agency (SFA) in 2020 to diversify their sourcing network and strengthen Singapore's food supply resilience to expedite the shipment of essential food supplies. Following Singapore and New Zealand's Joint Declaration to keep trade lanes open for essential items amidst COVID-19, essential food such as eggs and meat were sent to Singapore on a chartered Air New Zealand flight, which was serviced by SATS.

Technology – Digital transformation is key to enabling the Company to strengthen its core businesses while adapting its systems and processes to expand beyond travel. The Company adopts an insights-driven approach to innovation. As consumer touchpoints evolve to become more contactless, SATS preserved its unique blend of "passion to delight" hospitality by implementing technology-driven, people-led innovations. These innovations were designed with consumer challenges in mind, from packaging to usage and touchpoints. Contactless dining in SGH Housemen's Canteen demonstrates how SATS integrates technology with culinary expertise to offer a new dining experience for healthcare workers and the public.

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, 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.

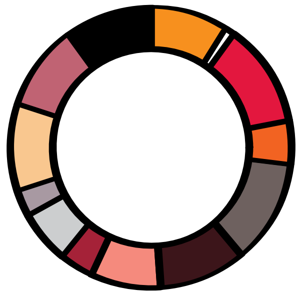
Our Directors are business leaders and professionals with financial, banking, sales and marketing, branding, consumer business, human resource, operational, IT/technology, legal, venture capital investing, mergers and acquisitions, compliance and accounting backgrounds. In particular, one of our non-executive independent Directors, Mr Yap Kim Wah, has prior working experience in worldwide airport and reservation services and operations, in-flight services and catering, in-flight entertainment, customer servicing and cargo services. The Directors also have extensive 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.

Mrs Deborah Ong and Ms Vinita Bali were appointed as non-executive independent Directors on 16 November 2020 and 10 May 2021 respectively. Mrs Deborah Ong 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. Ms Vinita Bali is a business leader with extensive experience in successfully leading large companies both in India and overseas. She brings a global perspective to strategy, marketing, innovation and operations, having worked across countries and continents, with responsibility for global and regional roles. Both Mrs Ong's and Ms Bali's wealth of experience will enhance and complement the competencies and skills of the Board.

Mr Yap Chee Meng, who has served for close to eight years as a non-executive independent Director and who will be retiring by rotation at the forthcoming Annual General Meeting (2021 AGM), has notified the Board that he will not be seeking re-election as a Director of the Company at the 2021 AGM.

Corporate Governance Report

Directors' Expertise and Experience Matrix



Finance & Accounting	9%
Legal	1%
Strategy & Analytics	12%
Information Technology	4%
Sales & Marketing	11%
Human Resource	11%
Risk Management	9%
Food Solutions	4%
Economics	6%
Supply Chain Management & Logistics	3%
Branding	10%
Mergers & Acquisitions	10%
Others: Consumer Marketing, Banking, Customer Service	10%

Directors' Expertise and Experience by Geography

India/Middle East	14%
Greater China	16%
ASEAN	18%
Local - Singapore	18%
US/UK/Europe	11%
Japan	9%
Others: Australia, Egypt, Korea, Latin America, Mongolia, New Zealand, Nigeria, Pakistan	14%

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 the new external perspectives and insights from the more recent appointees. None of our independent non-executive Directors have served for more than nine years as at the end of FY2020-21.

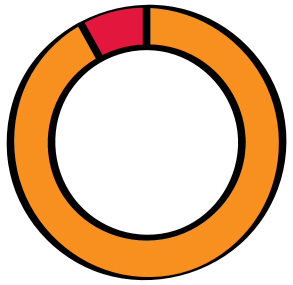
Board Diversity

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, age, industry and geographic knowledge 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, 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 and also to appoint Directors who are from diverse ethnic and age groups. All Board appointments will be based on merit of candidates, 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.

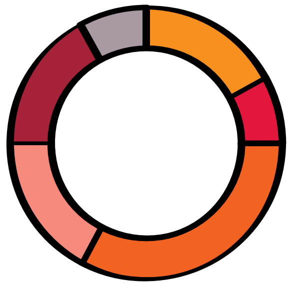
The current make-up of our Board reflects our commitment to the relevant diversity in gender, age, nationality, ethnicity, skills and knowledge. The Nominating Committee will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions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

Independence



Independent Non-Executive Director	92%
Executive Director/PCEO	8%

Length of Service

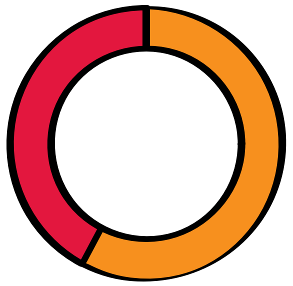


0 - 1 year	17%
1 - 3 years	8%
3 - 5 years	33%
5 - 7 years	17%
7 - 9 years	17%
9 - 10 years	8%

Age of Directors

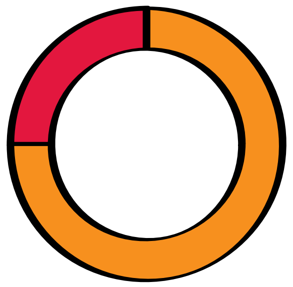
46 - 50	8%
51 - 55	25%
56 - 60	0%
61 - 65	17%
66 - 70	33%
71 - 75	17%

Gender Diversity



Male Directors	58%
Female Directors	42%

Ethnicity



Chinese	75%
Other Ethnic Groups	25%

The current Board composition reflects the Company's commitment to Board diversity, especially in terms of female representation, age range and ethnicity. We are committed to implementing the Board Diversity Policy, and any progress made towards the implementation of such policy will be disclosed in our Corporate Governance Report, as appropriate. In particular, since the publication of our last Corporate Governance Report on 26 August 2020, Mrs Deborah Ong and Ms Vinita Bali have been appointed as non-executive independent Directors. These appointments increased female representation on our Board from 30% at the end of the last financial year to 41.7% as at the date of this report. With the retirement of Mr Yap Chee Meng at the conclusion of the 2021 AGM, the female representation on our Board will increase to 45.5%. Apart from gender representation, the appointments of Mrs Ong and Ms Bali also augmented other aspects of Board diversity in terms of professional qualifications, ethnicity, industry and geographic knowledge and skills and experience.

Corporate Governance Report

Role of the Chairman and the PCEO

The roles of our Chairman (Ms Euleen Goh) and PCEO (Mr Alex Hungate) 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 ongoing 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 management team, 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 Group Management Board (GMB) are usually invited and are present at meetings of the Board and the Board Executive Committee
- The Board and Board Committees may invite any other member of the Management team 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 Director 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 the Management of specific business areas or geographies where they have significant experience and 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 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 will 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 up about four times a year for informal discussions prior to 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 2022 (FY2021-22) remains unchanged since the last revision in FY2018-19, and is set out below:

Types of Appointment	Scale of Directors' fees (FY2021-22) S$
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 Board believes that the existing fee structure for the non-executive Directors, which is referenced against comparable benchmarks, is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities.

In FY2019-20, shareholders' approval was sought and obtained for the payment of an aggregate sum of up to S$1,300,000 as Directors' fees for the non-executive Directors and an aggregate amount of S$1,161,667.50 was paid to the non-executive Directors.

Corporate Governance Report

In FY2020-21, shareholders' approval was sought and obtained for the payment of a reduced aggregate sum of up to S$1,200,000 as Directors' fees for the non-executive Directors. This was because, as announced on 9 March 2020, the Board took a voluntary 15% reduction in Directors' fees with effect from 1 March 2020 as part of a series of cost-saving measures taken due to the impact of the COVID-19 pandemic on the Company's business. The aggregate amount of Directors' fees paid and/or to be paid to the non-executive Directors for FY2020-21 is S$980,405.14 (breakdown given below), after taking into account the voluntary 15% reduction in Directors' fees.

For FY2021-22, approval of the shareholders will be sought, at the forthcoming AGM, for the payment of an aggregate sum of up to S$1,300,000 as Directors' fees for the non-executive Directors. The voluntary 15% reduction of Directors' fees ceased with effect from 1 April 2021, in line with the cessation of the salary cuts of the PCEO and Management of the Company. With the cessation of the 15% reduction of Directors' fees for the non-executive Directors, the Company intends to reinstate the Directors' fees to the same level as in FY2019-20.

The amount of Directors' fees has been computed on the basis of the anticipated number of Board and Board Committee meetings for FY2021-22, 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 additional Board or Board Committee members being appointed in the course of FY2021-22. If approved, the proposed fees for FY2021-22 will facilitate the payment of Directors' fees during or soon after the financial year in which such fees are incurred.

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 FY2021-22 in cash and approximately 30 percent in the form of SATS shares (FY2020-21: 70 percent in cash and 30 percent in shares).

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 FY2021-22 to be paid after the 2022 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 2022 AGM, rounded down to the nearest hundred shares, and any residual balance will be settled in cash.

As disclosed above, Mr Yap Chee Meng will retire from the Board at the conclusion of the forthcoming AGM. As such, his Director's fees for FY2020-21 and FY2021-22 (calculated on a pro-rated basis) will be paid fully in cash. Ms Vinita Bali, who was appointed to the Board on 10 May 2021, will not receive any Directors' fees for FY2020-21.

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 FY2020-21.

Details on the Directors' fees for FY2020-21, date of first appointment to the Board, date of last re-election, membership on Board Committees and attendance at Board and Board Committee meetings and at the last AGM, in respect of the Directors who held office during FY2020-21, are set out below.

Name of Director	Date of first appointment to the Board	Date of last re-election to the Board	Board Meeting (including BSM)	Board Committee Meetings					2020 AGM	Total Directors' fees for FY2020-21 (SGD)
			Attendance rate (1 April 2020 to 31 March 2021)							
			BOD[1]	NC[2]	EXCO[3]	AC[4]	BRSC[5]	RHRC[6]		
			No. of meetings held (1 April 2020 to 31 March 2021)							
			8	3	6	6	4	5		
a) Executive Director										
Mr Alex Hungate	27 Jul 2011	19 Jul 2018	8	–	6	–	–	–	1	No Fee*
b) Non-Executive and Independent Director										
Ms Euleen Goh	1 Aug 2013 (Director) 19 Jul 2016 (Chairman)	18 Jul 2019	8	3	6	–	–	5	1	$214,795.00
Mr Achal Agarwal	1 Sep 2016	24 Sep 2020	8	–	6	–	–	5	1	$97,580.00
Mr Chia Kim Huat	15 Mar 2017	24 Sep 2020	8	3	–	–	4	–	1	$86,190.00
Mr Michael Kok	6 Mar 2015	18 Jul 2019	8	–	6	–	–	5	1	$97,580.00
Ms Jenny Lee	25 Jan 2019	18 Jul 2019	7	–	–	–	–	–	1	$52,700.00
Mrs Deborah Ong[7]	16 Nov 2020	–	2/2	–	–	2/2	–	–	–	$30,190.14
Mr Tan Soo Nan[8]	25 Apr 2016	19 Jul 2018	8	–	–	6	4	–	1	$98,857.79
Ms Jessica Tan	17 Apr 2017	24 Sep 2020	8	3	–	5	–	–	1	$95,710.00
Mr Yap Kim Wah[8]	20 Jul 2016	24 Sep 2020	8	–	–	6	4	–	1	$103,017.21
Mr Yap Chee Meng[9]	1 Oct 2013	18 Jul 2019	8	–	–	6	4	–	1	$103,785.00

Notes:
(1) Board of Directors (BOD) meetings included a 3-day Board Strategy Meeting (BSM) held from 19 to 21 August 2020 in Singapore
(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) Mrs Deborah Ong was appointed as a non-executive independent Director on 16 November 2020 and a member of the AC on 1 December 2020. She attended 2 out of 2 BOD meetings and 2 out of 2 AC meetings held during her term as a member of the Board and AC respectively in FY2020-21.
(8) Mr Yap Kim Wah was appointed as the Chairman of the BRSC on 25 September 2020, replacing Mr Tan Soo Nan who remained a member of the BRSC.
(9) Mr Yap Chee Meng will retire from the Board at the conclusion of the forthcoming 2021 AGM and his Director's fees for FY2020-21 will be paid fully in cash.
* No Directors' fees were paid or are payable to the PCEO, Mr Alex Hungate.

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

Corporate Governance Report

The 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 Alex Hungate • Mr Achal Agarwal • Mr Michael Kok
Audit Committee	• Five members • All IDs	• Mr Yap Chee Meng (Chairman) • Mrs Deborah Ong • 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 Michael Kok
Board Risk and Safety Committee	• Four members • All IDs	• Mr Yap Kim Wah (Chairman) • Mr Chia Kim Huat • Mr Tan Soo Nan • Mr Yap Chee Meng

Board Executive Committee (EXCO)

The EXCO is chaired by Ms Euleen Goh and its members are Mr Alex Hungate, Mr Achal Agarwal and Mr Michael Kok.

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
- 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
- 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 six times in FY2020-21. 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.

Audit Committee (AC)

The AC is chaired by Mr Yap Chee Meng, and its members are Ms Jessica Tan, Mr Tan Soo Nan, Mr Yap Kim Wah and Mrs Deborah Ong. All the AC members (including the AC Chairman) are independent. Mrs Deborah Ong was appointed as a member of the AC on 1 December 2020.

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 four members of the AC (including the AC Chairman), namely, Mr Yap Chee Meng, Mr Tan Soo Nan, Ms Jessica Tan and Mrs Deborah Ong, have recent and relevant accounting or related financial management expertise or experience.

Mr Yap Chee Meng, the AC Chairman, has extensive and practical accounting and financial management expertise and experience and is well qualified to chair the AC. He was a senior partner of KPMG Singapore, the Chief Operating Officer of KPMG International for the Asia Pacific Region and a member of its Global Executive Team during the period between 1 October 2010 and 30 September 2013. He is a Fellow of the Institute of Singapore Chartered Accountants and the Institute of Chartered Accountants in England and Wales.

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 an independent Director and AC 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 Committees (GPCs) 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 Finance; Trade and Industry; and Communications and Information GPCs.

Mrs Deborah Ong 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. She has a proven record of accomplishments in managing audits of large listed companies outside of Singapore. She is currently a board member and the chairperson of the Audit and Risk Committee of the Lee Kong Chian School of Medicine Governing Board at Nanyang Technological University, Workforce Singapore and SkillsFuture Singapore; a board member and chairperson of Audit Committee of the Council for Estate Agencies and a member of the Legal Service Commission of Singapore. She has recently been appointed as a Board member of the Monetary Authority of Singapore.

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.

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 and tax reporting and other financial and tax 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' 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.

Corporate Governance Report

The AC's key responsibilities include the review of:

Financial and Tax 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 and tax reporting, accounting and other financial and tax 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 whistle-blowing 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

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 and our mandate for interested person transactions

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 of the SGX-ST, 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.

In view of the global effect of the COVID-19 pandemic and the uncertainties on the recovery, SATS continued to closely assess 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 effect assumptions on the current market condition, the industry's recovery from the COVID-19 pandemic impact, the long-term viability of the customers and cost initiatives. Sensitivity analysis 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 Matters are set out below:

Key Audit Matters (KAM)	AC commentary on the KAMs, how the matters were reviewed and what decisions were taken
Impairment of goodwill	The AC reviewed the outcomes of the goodwill impairment process and discussed the details of the review with Management, focusing on the key assumptions applied in the determination of the value-in-use of the cash generating units (CGUs). The value-in-use is highly dependent on the duration and severity of the economic downturn as a result of the COVID-19 pandemic and the recovery assumptions relating to the pandemic. The AC has also reviewed publicly available aviation industry reports relating to the impact of the COVID-19 pandemic on the global aviation industry, to understand the possible recovery scenarios. 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 assessment that S$24.7 million of impairment charge relating to goodwill was required at this time.
Impairment of associates and joint ventures	The AC considered Management's approach and methodology applied to the impairment of associates and joint ventures, focusing on those 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 duration and severity of the economic downturn as a result of the COVID-19 pandemic and the recovery assumptions relating to the pandemic. In view of the COVID-19 pandemic, 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, including the impact of the COVID-19 pandemic on the global aviation industry, to understand the possible recovery scenarios. The AC was also periodically briefed on the developments in the key associates and joint ventures. The AC received detailed reporting from the external auditors on their assessment of the value-in-use of the associates and joint ventures with indicators of impairment. The AC was satisfied with the impairment review process, the approach and methodology used, and the assessment that S$31.5 million of impairment charge relating to associates and joint ventures was required at this time.

Corporate Governance Report

AC Meetings

The AC is required under its terms of reference to meet at least four times a year. The AC met six times in FY2020-21.

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, Chapter 2 of Singapore. It has also reviewed the nature and volume of non-audit services provided by the external auditors to the Group during FY2020-21, 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 FY2020-21, and the breakdown of fees for audit and non-audit services, are as follows:

Fees for FY2020-21	S$(m)
For audit services	0.9
For non-audit services	0.3
Total	1.2

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 forthcoming AGM. In compliance with the requirements of Rule 713 of the Listing Manual of the SGX-ST, a different audit engagement partner from KPMG LLP has been assigned to the SATS Group for FY2020-21.

The Company has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST in relation to its auditing firms.

Accountability

With effect from FY2020-21, the Company has adopted half-yearly reporting of its financial results. 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.

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, most relevant information they require to make informed decisions about the value of SATS and our long-term prospects. During the course of the pandemic, we have kept shareholders informed on the industry outlook as well as financials through the 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 during the pandemic.

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

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 of the SGX-ST 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 (IAD) 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 IAD is adequately resourced, effective and independent of the activities it audits. IAD does not undertake any operational responsibility or authority over any of the activities within its audit scope.

IAD serves to provide the AC with reasonable assurance that the Group maintains adequate and effective internal controls and risk management systems, through assessing the design and operating effectiveness of key internal controls and procedures that govern key business processes and risks identified in the overall risk framework of the Group.

IAD 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 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.

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 IAD has appropriate standing within the Group to perform its function effectively.

Audit reports containing identified issues and corrective action plans are reported to the AC and Senior Management[1]. Progress of the corrective action plans is monitored and past due action plans are included in regular reports to Senior Management and the AC. IAD works closely with the external auditors to coordinate audit efforts and updates the external auditors of all relevant audit matters.

IAD is headed by Vice President, Internal Audit, and staffed by suitably qualified and experienced executives. Internal auditors report to the Head of Internal Audit, who reports functionally to the AC. In the execution of its audit activities, IAD is authorised to obtain the assistance of specialist or specialised services (such as technology audits) from within or outside 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 IAD 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 of Internal Audit are subject to the approval of the AC. Under the Group's Internal Audit Charter, IAD 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 or management of the Group, which prevents IAD from performing its duties, will be reported immediately to PCEO or directly to the AC, based on circumstances as determined by the Head of Internal Audit.

IAD 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. Training and development opportunities are provided for IAD staff to ensure their technical knowledge and skill sets remain current and relevant. Support is also given to IAD 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 IAD staff. IAD 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 Accounts, Singapore Accountancy Commission and ISACA.

Review of Interested Person Transactions

The Group has established policies and procedures for reviewing and approving interested person transactions in accordance with the general mandate from shareholders that such transactions are made on normal commercial terms and will not be prejudicial to the interests of SATS and its minority shareholders.

The Group also complies with the provisions on interested person transactions under the Listing Manual of the SGX-ST.

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

Corporate Governance Report

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.

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 diversity of skills, experience, gender, age, knowledge, size and composition of the Board
- 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 carrying out their duties as Directors of SATS, especially those who hold other listed company directorships and principal commitments
- Make recommendations to the Board on the evaluation process and the objective performance criteria, and develop and carry out the process, for assessing the effectiveness of the Board as a whole and the effectiveness of the Board Committees, and assessing the contributions made by the Chairman and each individual Director of the Board. The assessment of each individual Director's contribution to the effectiveness of the Board is a joint responsibility of the NC Chairman and the Board Chairman
- Review and make recommendations to the Board on the training and professional development programmes for the Board and its Directors, and ensuring that new Directors are aware of their duties and obligations
- Save as otherwise disclosed below, such other authorities and duties as provided in the 2018 Code

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 the CEO and key management personnel. This function is, however, under the purview of our Remuneration and Human Resource Committee (RHRC) instead of our NC. Any recommendations made by the RHRC on the review of succession plans for the PCEO and Relevant Key Management Personnel[2] 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 and 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 non-executive independent Directors.

NC Meetings

The NC met three times in FY2020-21, which exceeded the requirement under its terms of reference. 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 diversity of skills, experience, gender, age, knowledge, size and composition of the Board. The NC has developed a set of principles to guide it in carrying out its responsibilities of reviewing and determining an appropriate Board size and 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.

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

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 eight to twelve members, with independent Directors making up at least one-third of the Board. No individual or small groups of individuals dominate the Board's decision-making.

No alternate Directors were appointed during FY2020-21. The Board will generally avoid approving the appointment of alternate Directors, 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 for independent 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 chart on "Directors' Expertise and Experience Matrix" set out above. 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. The current Directors' Expertise and Experience Matrix reflects that the Directors have the expertise in the requisite areas identified by the Board as described under the heading "Board Composition" above. 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 composition and the need for progressive renewal of the Board. A Directors' Experience and Expertise Matrix is prepared, which 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 in charge of 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 FY2020-21. 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.

During FY2020-21, the NC reviewed and considered the succession plans for the Board and Board Committee members. Following such review and consideration, Mrs Deborah Ong and Ms Vinita Bali were each identified as suitable candidates for directorship and they were subsequently appointed as non-executive independent Directors on 16 November 2020 and 10 May 2021, respectively. The NC also reviewed the composition of the Board Committees and appointed Mrs Deborah Ong as a member of the AC on 1 December 2020. With respect to the BRSC, on 25 September 2020, Mr Yap Kim Wah was appointed as the Chairman of the BRSC in place of Mr Tan Soo Nan who stepped down as the Chairman but remained as a member of the BRSC.

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 of the SGX-ST, 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 of the SGX-ST, 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 it related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the RHRC.

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.

Corporate Governance Report

The NC and the Board have determined that the independent Directors 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, Mr Yap Chee Meng and Mr Yap Kim Wah.

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 Alex Hungate 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 FY2020-21, 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 six out of seven Board meetings and has contributed substantially to the discussions at such meetings.

The role of the Chairman, in particular, requires significant time commitment. As 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 currently serves on the board of another listed company, 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 FY2020-21, except for Ms Jenny Lee who attended six out of seven Board meetings and Ms Jessica Tan who attended all Board and relevant Board Committee meetings save for one AC meeting, 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.

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 Director's performance is carried out annually through evaluation questionnaires. No external consultant was engaged for the Board performance assessment process in FY2020-21. 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, Board processes, information management, investor relations and corporate social responsibility, oversight of strategy and performance, support and recognition of Management, effectiveness of the Board in fulfilling its role of creating and delivering sustainable value to shareholders (while also keeping other stakeholders' interests in balance), benchmarking with industry peers, effectiveness of Board Committees, PCEO performance and succession planning, Directors' development and management and risk management are covered. For the peer evaluation contained in such 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. In FY2020-21, the assessment on the Company's readiness to react and respond to the evolving COVID-19 situation and ensuing pandemic as well as the Company's preparedness to deal with longer-term disruptions based on pandemic risk events were included in the evaluation questionnaire.

Feedback from Senior Management regarding the Board's performance was not conducted in FY2020-21. This exercise is usually conducted once in every three years when NC appoints an external consultant to facilitate such exercise.

The results from the questionnaires and the feedback obtained from the Directors 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:

- Good Board composition and competence of Directors
- Openness between non-executive Directors, PCEO and Management
- Active and open engagement amongst Directors
- Positive and constructive relationship between Board and Management
- The Board worked well with Management to support key initiatives
- Adept communication with stakeholders including the media

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, apron and cargo terminals, abattoirs, 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 of the SGX-ST. 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. Mrs Deborah Ong and Ms Vinita Bali have been provided with briefings from members of Management virtually on the Group's objectives, strategic plans, business, operations and processes. Mrs Deborah Ong had visited the various operational sites of the Group in Singapore. However, due to the COVID-19 situation, newly appointed Director, Ms Vinita Bali was unable to travel to Singapore to visit the various operational sites of the Group. Such visits will be separately arranged when the situation improves.

Corporate Governance Report

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.

Mrs Deborah Ong and Ms Vinita Bali, who were appointed as Directors on 16 November 2020 and 10 May 2021 respectively, have no prior experience as a Director of a company listed on the SGX-ST. Mrs Deborah Ong has completed her training on the roles and responsibilities of a Director of a listed issuer as prescribed by the SGX-ST ("**Prescribed Training**"). Although Ms Vinita Bali has no prior experience as a Director of a company listed on the SGX-ST, she has considerable experience sitting on the boards of companies listed on the London Stock Exchange, New York Stock Exchange, NASDAQ, Bombay Stock Exchange and India's National Stock Exchange. In light of Ms Bali's relevant experience, the NC was of the view that she is not required to attend the Prescribed Training. She was instead, briefed by an external counsel on the roles and responsibilities of a Director of a company listed on the SGX-ST which covered areas such as continuing disclosure obligations, interested person transactions, significant transactions, penalties for non-compliance with Listing Manual, disclosure of interests in securities and disclosure of conflicts of interests and interests in transactions with the Company. The Company will also advise and sponsor Ms Bali for other relevant and useful seminars conducted by external organisations.

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 of the SGX-ST, Securities and Futures Act, etc. 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 and seminars attended by some of the Directors during FY2020-21 included "How to Avoid Being Another "Data Breach" Statistic" and the ACRA-SGX-SID Audit Committee Seminar 2021.

In view of the COVID-19 situation, no arrangements were made for Directors to visit our local and overseas operations during FY2020-21, save for Mrs Deborah Ong who had visited our local operations during her orientation programme.

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 Constitution of the Company and standing for re-election at the forthcoming AGM are Mr Alex Hungate, Mr Tan Soo Nan and Mr Michael Kok. Mrs Deborah Ong and Ms Vinita Bali, who were both appointed after the last AGM, will be retiring under Article 96 of the Constitution of the Company 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.

As disclosed above, Mr Yap Chee Meng is also due to retire by rotation at the forthcoming AGM and has notified the Board that he will not be seeking re-election as a Director at the forthcoming AGM. The Board would like to thank Mr Yap for his invaluable contributions to the Company during his tenure as a Director of the Company, Chairman of the AC and a member of the BRSC. The Board and Management are grateful for his wise counsel and guidance and wish him well in his future endeavours. Upon his retirement as a Director of the Company, he will also step down as the Chairman of the AC and a member of BRSC.

Remuneration and Human Resource Committee (RHRC)

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

The RHRC has access to expert advice from external consultants on remuneration. In FY2020-21, 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
- 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. The RHRC had various succession planning discussions over the financial year with the Board
- 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 five times in FY2020-21.

Corporate Governance Report

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:

		Remuneration Components	Remuneration Vehicle
Total Remuneration	**Total Direct Compensation**	Fixed Pay	Basic Salary
			Annual Wage Supplement
			Cash Allowances
		Variable Bonus	Performance Bonus
			Economic Value Added (with claw back mechanism)
		Long-Term Incentive	Restricted Share Plan
			Performance Share Plan
	Benefits & Provident		

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.

(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 make employees regular shareholders.

Corporate Governance Report

(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 as a form of retention.

Performance conditions were impacted by COVID-19, resulting in lower RSP awards granted in FY2020-21.

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.

Due to the impact of the pandemic, FY2017-18 PSP awards granted for the performance period of FY2017-18 to FY2019-20 lapsed with no vesting in FY2020-21.

In FY2020-21, a total of 1,102,500 shares and 1,282,500 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, the PCEO or the Relevant Key Management Personnel of the Company (who are not Directors or the PCEO) during FY2020-21.

The Board and the RHRC adhered to the Company's remuneration policies, applying them consistently despite the impact of COVID-19 pandemic on the Company's customers in the aviation industry. Although the impact of COVID-19 cannot be entirely isolated from other factors affecting performance, the Board and the RHRC set clear, quantifiable targets that are challenging considering the uncertainty for the Company created by the pandemic. The Board and the RHRC did not retrospectively revise the performance criteria for the payment of incentives, despite the significant impact of the COVID-19 on the aviation industry. The Board, the RHRC and the Management volunteered to take reductions in base pay during the year. There was no such base pay cut for non-management employees who have a lower average base pay and who therefore are less able to afford such reductions.

The aggregate compensation paid to or accrued to the PCEO, the Chief Financial Officer and the Business Heads for FY2020-21 is set out below:

President and Chief Executive Officer (PCEO)	Salary[2] (S$)	Bonuses[3] (S$)	Benefits (S$)	Total (S$)
Alex Hungate	926,368	1,373,090	80,460	2,379,918

- Total SATS RSP shares of 180,000 awarded and to be vested equally over a three-year period provided terms and conditions of the plan are met.
- Total SATS PSP shares of 340,000 granted and 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] (S$) %	Bonuses[3] (S$) %	Benefits (S$) %	Total (S$) %	Award under SATS RSP[4]	Award under SATS PSP[4]
Mok Tee Heong Kerry	$1,000,001 to $1,250,000	61	33	6	100	72,500	85,000
Yacoob Bin Ahmed Piperdi	$1,000,001 to $1,250,000	50	44	6	100	72,500	85,000
Seah Kok Khong, Manfred	$750,001 to $1,000,000	62	31	7	100	72,500	60,000
Denis Suresh Kumar Marie	$750,001 to $1,000,000	45	29	26	100	50,000	60,000
Cheah Chi Choy Donny	$750,001 to $1,000,000	55	10	35	100	50,000	60,000

Notes:

1 Remuneration band as indicated do not include the value of any awards granted under the SATS RSP and/or SATS PSP.

2 Salary includes AWS and employer's CPF for the year ended 31 March 2021.

3 Variable bonus comprises both actual performance bonus and economic value added (EVA) bonus which were paid out in respect of Company and individual performance of FY2020-21.

4 RSP shares will vest equally over a three-year period provided terms and conditions of the plan are met. The final number of PSP award 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.

5 The above table reflects 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 FY2020-21 was S$4,332,673.

No immediate family members of any Director or of the PCEO were employed by the Company or any of its related companies during FY2020-21.

Learning and Development Programmes for Employees

The Company's People vision is to engage and develop employees in an open environment of learning and sharing, led by managers who lead by example. The objectives are to harness the potential of its people and bring out the best in them. To do this, we seek to enhance employee experience and engagement to strengthen their sense of belonging to the organisation, and to maximise employee productivity to help its business grow and thrive. We want to create a purpose-driven environment for our people.

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. SATS is recognised internationally for our ground handling, inflight catering and central kitchen expertise, and our operational know-how and training curriculum is valuable intellectual property. We established SATS Academy in 2018 as the umbrella organisation to consolidate and professionalise this knowledge. Hence, we can accelerate our expansion overseas through deploying standardised programmes.

In anticipation of the changing market landscape and an increase in customer sophistication, SATS invests in employee training and technology to fuel sustainable business growth. In line with our strategy of "Technology Driven, People Led", it is critical to have our people on board this journey of change, in order for our investments in technology to be truly fruitful. The success formula we adopt in SATS is "BE – DO – HAVE". We believe that we can only HAVE the business outcome if we develop the "BEING" of each individual to DO their jobs in a committed and purposeful manner. 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.

Corporate Governance Report

Learning and development is part of our DNA at SATS. We put great emphasis on people development because we believe that a workforce that is well-trained with the necessary competencies coupled with the adaptability to change is the critical success factor to the growth of the business. The SATS Academy was appointed by SkillsFuture Singapore to deliver the Pilot Enhanced Training Support Package for the air transport sector. The package, which was announced on 2 March 2020, is intended for employees in the aviation community who are affected by the disruptions and economic downturn caused by the COVID-19 pandemic. Under this support package, SATS Academy offered 115 training programmes covering topics such as ground handling support technical skills, culinary skills, critical core skills such as Managing Conflicts, Leading through People, Flying with Wellness etc. SATS Academy also extended its programmes to about 20 other key players in the air transport sector, including value chain partners. Over the past one year, more than 50,000 training seats were filled by more than 10,000 trainees in the aviation sector.

Only with this focus on people development, will SATS be able to achieve its vision to be the market leader by delighting customers with innovative food and seamless connections and 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.

Annual Performance Assessment of the PCEO and Succession Plan for the PCEO and Relevant Key Management Personnel

The RHRC reviews the performance of the PCEO and Relevant Key Management Personnel annually and submits its assessment of their performance level to the Board for approval.

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 RHRC instituted a rigorous process for the PCEO's succession plan and conducted an annual succession planning review of senior management and other selected key positions including PCEO, taking into account current needs and future strategic capabilities. An annual discussion is held with the Board to review the potential successors and their corresponding development plan. The potential successors and high performing employees are put through a structured talent development programme based on the development assessment centre methodology.

The RHRC also reviews the talent development framework and processes to build deep bench strength and a strong talent pipeline. Critical jobs are identified and a total of nine potential successors are identified for each position. Human Capital engages the PCEO and the business leaders to review the list of critical jobs and the potential successors annually based on current and future business needs.

Board Risk and Safety Committee (BRSC)

The BRSC is chaired by Mr Yap Kim Wah, and its members are Mr Yap Chee Meng, Mr Tan Soo Nan and Mr Chia Kim Huat. All of the BRSC members (including the BRSC Chairman) are independent Directors. Mr Yap Kim Wah was appointed as the Chairman of the BRSC on 25 September 2020 in place of Mr Tan Soo Nan who remained as a member of the BRSC.

Key Responsibilities of the BRSC

The BRSC oversees and reviews the adequacy and effectiveness of the Group's risk and safety management systems and programmes. Its key responsibilities include review of:

- The Group's operational and information technology risks (including cyber security risks)
- The adequacy of resources for the risk management functions and that they have appropriate standing within the Group
- The risk management policies and practices and the types and level of risks faced by the Group
- The activities of the SATS Group Risk and Safety Committee (SGRSC), which is responsible for putting in place risk management processes and methodologies, identifying risks and instilling mitigation plans, updating risk registers and profiles
- Reports on any material breaches of risk limits and the adequacy of proposed action
- The Board's Risk Management and Internal Controls Statement in conjunction with the Audit Committee
- The Group's safety system and programmes for effectiveness and compliance with regulatory requirements and best industry practices for food safety, workplace safety and health
- The regular reports on safety, initiation of remedial actions and assessment of level of compliance with the safety management plan
- Food safety and accident investigation findings and implementation of recommendations by Management
- The adequacy of insurance coverage for the Group

BRSC Meetings

The BRSC is required by its terms of reference to meet at least four times a year. The BRSC met four times in FY2020-21.

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 and reviews at least annually 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 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

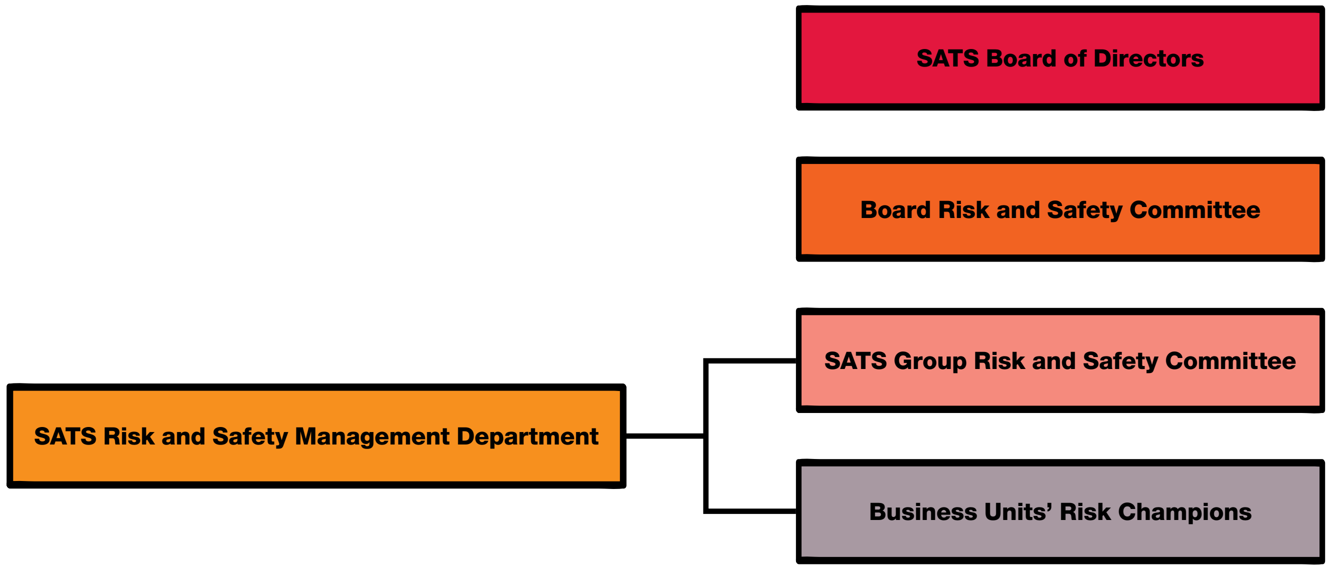
Risk Management Organisational Structure

The BRSC assists the Board in reviewing the adequacy and effectiveness of the systems of safety and risk management. 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 reviews the activities of the SGRSC, including regular risk management reports, initiatives, processes and exercises. The SGRSC, chaired by the PCEO, meets on a quarterly basis to review the risk management system and mitigation measures.

The Risk and Safety Management 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 Enterprise Risk Management framework with Strategy and Performance to manage the risks involved with investments.

SATS has three main risk areas – financial, strategic and operational risk.

Category	Risk Areas	What are the risks?
Financial	**Credit**	Risk of not being able to raise funds due to poor credit rating; unhealthy D/E ratio.
	Credit – Counterparty	Risk of potential financial loss resulting from customer/counterparty/business partners' failure to meet their financial obligations, i.e. default payment.
	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/ service finance obligations from maintaining 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	**Talent Attraction**	Risk of not being able to attract and develop adequate key personnel and talent with skills, knowledge and expertise to allow proper deployment.
	Talent Retention	Risk of not being able to maintain a working environment which supports current staff in remaining with the Company.
	Market Competition	Risk of competitive forces eroding the Company's market share/negatively impacting the business e.g. suppressed profits/reduced revenues due to competitive pricing, increasing operating costs, declining margins, loss of key customers or employees. This also includes: • failure to identify and respond to trends/landscape in a timely manner; • poor contract/project/supply chain management; • increased insurance premiums for business liabilities; • over-reliance on single supplier; and • underperforming vendors.
	Customer Demand	Failure to keep up with customers' (B2B) expectations and demands and/or end-consumers' (B2B4C) shifts in preferences/consumption trends. Includes delivery delay, poor product or service quality from outsourced services.

Category	Risk Areas	What are the risks?
Strategic (con't)	**Innovation**	Failure to continuously improve and differentiate the Company's products, processes, people and systems.
	Country Concentration	Risk of potential losses which is specifically attributed to events in a specific country (or group of countries); where the Group is unable to receive payments or generate revenue from customers/investments in a specific country as a result of political or economic events in the country.
	Investment Management	Failure to manage uncertainties arising from entering/operating in new markets that may lead to loss of shareholders value, revenue, reputation. Includes failure to manage concentration of investments in new/unfamiliar markets, as well as failure to: • adapt to the regulatory environment; • adapt to political regimes; • establish control over JV partners; • align strategic interests and business practices with those of our JVs; and • set, communicate and execute strategic directions in investment decisions.
	Customer Concentration	Risk where there is a concentration of customers/services/products where risk diversification is not maintained at an acceptable level.
	Environmental Responsibility	Adverse impact on living and non-living natural systems, including land, air and water ecosystems e.g. effluents, emissions, resource depletion arising from the Company's activities.
Operational	**Food Safety Incident**	Risk that food is prepared under unhygienic conditions or not compliant with acceptable practices, intentional or otherwise, leading to food poisoning/loss of licenses, customers, reputation (this includes reputational impact to our stakeholders such as customers and authorities).
	Major Accident	Failure to protect the physical and mental well-being of stakeholders e.g. employees, customers, authorities, resulting in injury/fatality/loss of operating licenses/assets/customers/financial penalties/sanctions/persecution/reputation damage (includes reputational impact to our stakeholders such as customers and authorities) due to: • failure to conform to safe work procedures/standard operating procedures; and • failure to comply with licensing conditions/legal requirements.
	Terrorist Attack	Occurrence of adverse external events (e.g. earthquake, typhoon, pandemic, supplier business disruption, etc.) that causes significant business disruptions, threatens business continuity and/or results in material loss/ physical or reputational damage (includes reputational impact to our stakeholders such as customers and authorities) due to: • terrorist attacks at airside/airport/on premise/surroundings; and • acts of sabotage by employees/third parties.
	Adverse External Event	
	Adverse Internal Event	
	Cyber Attack	IT security violation resulting in business disruptions, systems breakdown, loss of business/life/assets, reputational damage (includes reputational impact to our stakeholders such as customers and authorities), due to: • inadequate/lack of proper maintenance/setup of equipment/IT systems; and • malicious acts by employees or external parties to penetrate the Company's IT network or tampering with equipment.

Corporate Governance Report

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 minimise 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 many opportunities for growth, allowing them to reach their fullest potential with SATS. More information can be found in the "Grow with SATS" section of the Group's sustainability report.

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

Contributing to environmental responsibility towards greater 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 "Skills for the Future" section of the Group's sustainability report.

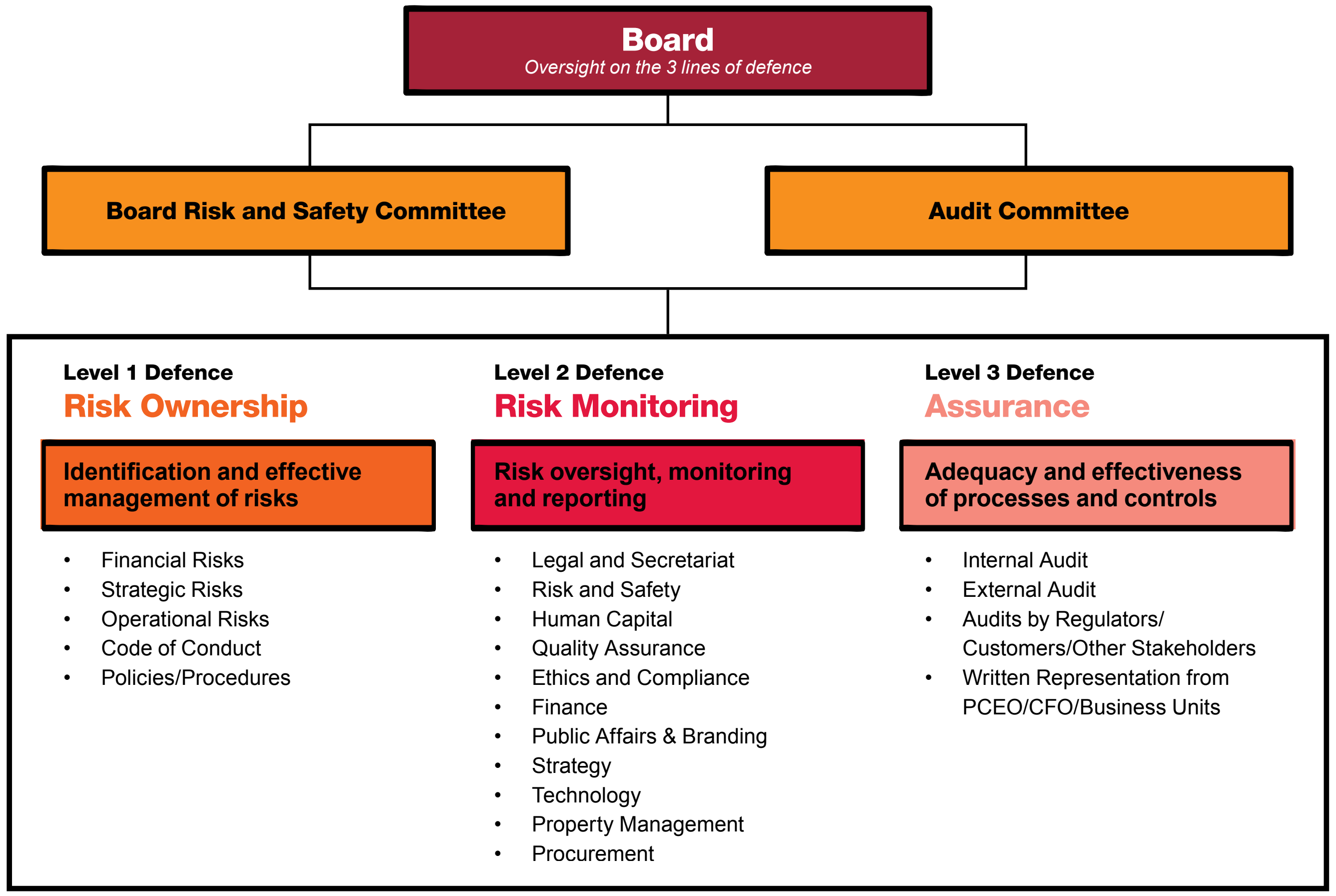
Given the critical nature of SATS' operations in the aviation sector, the Group's operational risks include the potential for adverse exogenous events, terrorism, cyber-attacks, workplace and food safety incidents. SATS aims to reduce these risks through inculcating a culture of vigilance, cybersecurity,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

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 ubiquity 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.

Management Controls and Assurance Framework

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



Level 1 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 properties), 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 of 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 the local tax law where it operates. SATS exercises due care and activates prescribed protocols in tax risk management and also embraces a transparent posture in meeting its tax reporting obligations.

Corporate Governance Report

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.

Cyber Security Governance and Management

SATS has put in place an Information Security Policy which is aligned with ISO27001. All users of information assets owned or managed by SATS are required to comply with this policy and its supporting standards and guidelines. In addition, SATS has also established a Cyber Security Management Framework designed to protect against, detect and respond to cyber security threats and recover quickly from any attacks. As part of this framework, cyber security reports are presented to the BSRC at its quarterly meetings. The framework covers security controls (leveraging on people, process and technology) in the following three areas to protect SATS businesses and information assets.

Cyber Security Management Framework

Protection	Operations	Governance
Ability to protect, limit or contain the impact of a potential Cyber Security event with Defense-in-Depth	Timely discovery of Cyber Security events and response to recover the system	Proactively identify cyber risks and establish processes and procedures, and prioritise efforts towards minimising Cyber Security risks
Perimeter Defence • Intrusion Prevention System • Firewall • Virtual Private Network • Secure Internet Access • Email Protection	Identity and Access Management	Policies
Network Segmentation	Security Information and Event Management	Standards
Mobile Security	Incident Response and Management	Procedures
Host Security	Cyber Threat Intelligence	Guidelines
Infrastructure Security	Vulnerability Management	User Awareness
Application Security	Patch Management	Security Testing
Data Encryption	Asset and Capacity Management	Audit and Compliance
Role-Based Access Control	IT Disaster Recovery	Service Level Agreement
Multi-Factor Authentication	Business Continuity Management	Risk Management
	Cyber Resilience Exercise	Metrics and Reporting

The Cyber Security Agency of Singapore (CSA) launched the Operational Technology (OT) Cybersecurity Framework to enhance the security and resilience of Singapore's essential service sectors and SATS, recognised as one of the pioneer organisations implementing OT security was invited to give our inputs to help to shape the framework. SATS has also developed the OT cyber security framework and conducted assessment on the OT systems deployed in SATS operations, and will continue to work with relevant agencies and partners to strengthen the cybersecurity posture and maturity of SATS' OT systems.

Level 2 Defence – Risk Monitoring

The Enterprise Risk Management (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. Business Continuity Management (BCM) as one of the key risk management components is incorporated under the broader framework of ERM has been developed to enable strong business resilience to disruptions. 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 on-going process to identify, assess, monitor and manage business risks that will impede the achievement of the Group's objectives is continuously reviewed for improvements. The key risks are evaluated based on probability, consequence and velocity of a preset scale and ranked accordingly. The risk management process, which has been put 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.

Corporate Governance Report

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 level, to review the existing risks in the risk register and to identify new risks that may have emerged;
- fraud risk review exercise conducted at various departments, 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
- control self-assessment (CSA) exercise carried out by the business units. This exercise requires the various business units to assess the status of their respective internal controls and develop action plans to remedy identified control weaknesses.

Fraud risk management processes include conflict of interest and bankruptcy declaration, mandatory block leave for sensitive positions, as well as implementation of policies such as the SATS Whistle-Blower 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.

Level 3 Defence – Assurance

Management monitors internal controls through CSAs that have been developed based on the principle of minimum acceptable controls. During the course of the year, CSA controls were reviewed for relevancy and adequacy to business processes. The controls are assessed by the business unit control 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 which 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.

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 information technology risks.

Given the severity of the COVID-19 impact on the aviation industry, the Board and AC/BRSC have been rigorous in identifying and reviewing key risk areas, and ensuring adequate measures have been put in place to contain the risk. 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 and AC/BRSC on the financial condition of the Group.

In view of the challenging environment under COVID-19 which has 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.

A dedicated COVID-19 taskforce was formed which was jointly chaired by Chief Human Capital Officer and Chief Corporate Officer. The taskforce has been disseminating information internally and externally with key stakeholders including authorities such as CAAS, MOH, MOM etc. and coordinating actions within the organisation. Material updates and risks were highlighted to the BRSC at the quarterly meetings as well as through the monthly Risk Reports. The BRSC was kept abreast of the financial impact due to COVID-19 and quarterly reports on financial forecast was provided to the BRSC. The Key Risk Indicators were enhanced to include tracking of cashflow forecasts as well as compliance to covenants. The BRSC was also updated monthly on the COVID-19 situation in Singapore and overseas entities and the adequacy of essential Personal Protective Equipment (PPE).

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 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 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 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.

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:

(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 it 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 IAP is required by its terms of reference to meet at least two times each financial year. The IAP held its first meeting on 15 February 2021.

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 within the employees, customers and business partners.

Corporate Governance Report

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 are fully committed to conducting business with integrity, having responsible business practices consistent with the highest ethical standards and being in compliance with all applicable laws and regulatory requirements. This serves to protect the Group's business reputation and to safeguard the interests of our shareholders and all other stakeholders (including creditors). As we continue to grow in a complex business environment and expand to different jurisdictions, an Ethics and Compliance department was established with a reporting line to the Board Risk and Safety Committee. An ethics and compliance framework has been implemented and together with a plan to achieve the milestones under the framework to strengthen the ethical culture of SATS and mitigate risk exposures relating to bribery/corruption and other compliance-related matters. In FY2020-21, the Ethics and Compliance department organised a company-wide speak up contest, held virtual Gifts & Entertainment ("**G&E**") / speak up clinic sessions, and undertook a ISO37001 pre-audit assessment to prepare for the certification journey. Work continues in building the Ethics and Compliance network through monthly virtual meetings.

Together with Internal Audit, the Ethics and Compliance department facilitated Risks & Controls in Aviation Sector classes, commencing March 2021. These classes are mandatory for Administrative Officers to Vice Presidents, and are supported by SkillsFuture Singapore Funding. The classes cover topics such as risks, fraud awareness, internal controls, SATS anti-bribery policy and G&E guidance, explore ethical culture, reinforce the importance of speaking up (including a review of SATS whistleblowing policy) and promote the use of a tool – RIGHT (Rules, Integrity, Good, Harm and Truth) for decision making.

Whistle-Blowing Policy
Our "Policy on Reporting Wrongdoing" institutionalises the Group's procedures on reporting possible improprieties, independent investigation of such matters, and follow-up actions. Complaints or suspicions of impropriety can be made by employees, customers, suppliers or other persons in the form of emails, faxes, letters or written/verbal reports. A dedicated email address and hotline is published on the Company's website and maintained by the Internal Audit Department to receive such complaints or reports. Anonymous complaints may be considered, taking into account factors such as the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources.

Our Internal Audit Department is responsible for reviewing all complaints received unless it concerns the Head of Internal Audit or the PCEO. Any complaint concerning the Head of Internal Audit or the PCEO is escalated to the AC Chairman who may delegate investigation of such complaints to any person deemed fit by the AC Chairman. Depending on the complexity and the nature of complaint, external service providers may be engaged to assist in investigations.

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 practises 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 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 though nominee companies or custodian banks or through a CPF agent bank 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.

Communication with Shareholders
Investor Relations
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 disclose material price-sensitive and trade-sensitive information to the public on a prompt and inclusive basis, to provide 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. The SATS website also introduces our Purpose which is to feed and connect communities, as well as the Mission and Values that reflect our ambition to drive positive impact across our business and for our customers, industry partners, shareholders and employees.

As required by the Listing Manual of the SGX-ST, the Company discloses the names of its substantial shareholders[1] and a breakdown of their direct and deemed interests (including how such interests are held or derived) in its annual reports every year. The Company also disseminates, via SGXNET, the notifications it receives from its substantial shareholders, in accordance with the provisions of the Securities and Futures Act.

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.

[1] 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.

Corporate Governance Report

In addition, we have many channels that offer engagement and dialogue opportunities with the SATS Management team for our stakeholders to better understand our business strategy. In FY2020-21, we organised post-results conference calls at the end of each quarter for the first three quarters, with live audio webcasts to brief shareholders, the investment community and the media on our financial performance and key business and corporate developments. For the fourth quarter of FY2020-21, we typically host a face-to-face briefing for both analysts and the media, with live audio webcast. However, our recent fourth quarter and full-year results for FY2020-21 were announced through a live audio webcast in consideration of Singapore's heightened measures to control the COVID-19 pandemic. Following each earnings conference, we also make available on our website, an on-demand audio recording of the session 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 make it a point to respond to email requests from key institutional investors to meet with Senior Management on specific matters and queries about our business.

Our Public Affairs & Branding 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 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 our Management team. Shareholders who wish to contact SATS may get in touch with the Public Affairs & Branding department. The department's contact details are listed on our website.

A dedicated investor relations team in the Finance Department works closely with the Public Affairs & Branding team to implement a defined investor relations programme. Upon receiving queries and feedback, our Public Affairs & Branding 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

The reputation of SATS in the marketplace is precious, especially during times of crisis. The Board has helped by reviewing its brand positioning and architecture. The refreshed brand positioning and architecture will provide the target audience with better clarity of SATS' business, build brand equity across business units, and help drive growth in non-travel related businesses.
To appropriately reflect the different ecosystems that SATS serves through its various activities and initiatives, the Company's purpose was updated to become "to feed and connect communities". The updated vision for SATS is to be the market leader by delighting customers with innovative food solutions and seamless connections. The Board has also approved a new brand architecture that will enable the Company to grow its brand equity and penetrate new market segments. SATS will apply the master brand strategy for both food and gateway businesses in aviation and non-travel related B2B businesses.

Sustainability

The pandemic has heightened the awareness of the impact of the Company's business activities on the environment and the communities in which we operate. This year, we refreshed our sustainability framework, which supports our core purpose to feed and connect communities, and outlines how our contribution to global sustainability challenges will drive the future success of SATS as a business. 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. Our Board also makes certain that we integrate sustainability goals into business goals, making sustainability a vital facet of our business strategy.

We adopt a technology-driven, people-led approach to deliver long-term value for our stakeholders. Building upon our core competencies to enable our business, stakeholders and the community to grow with purpose, we have updated our 2030 goals within our refreshed sustainability framework that drives our three focus areas – i.e., to reduce and process food and packaging waste sustainably, build smart infrastructure to reduce our environmental impact and develop skills for the future.

We report our sustainability performance in accordance with the SGX Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards: Core option. The increasing focus on climate change has resulted in calls for a transition to a lower-carbon economy. Therefore, we are committed to aligning our climate-related disclosures to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. 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.

We engage our internal and external stakeholders regularly through multiple channels to seek alignment on material issues that guide our decision-making. By working collaboratively with all stakeholders, we create a greater positive impact on the environment and the communities we serve.

To encourage commitment to drive sustainability throughout the organisation, we have appointed key executives as accountable drivers to spearhead sustainability initiatives. This year, we have also included a carbon reduction target as part of the Group Management performance initiatives tied directly to remuneration.

We engage with external stakeholders through regular meetings in order to validate SATS' assessment of the issues material to our business, and to align our sustainability goals with those of our stakeholders to guide us on the prioritisation of resources for various sustainability programmes.

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 of the SGX-ST. The past five years' dividend payouts (if any) are set out in the "Five-Year Group Financial and Operational Summary" section of the Annual Report.

As previously announced, in light of the significant uncertainties in our operating environment, the Board of Directors believes that it would be prudent not to pay dividends with respect to FY2020-21. This will allow the Company to preserve more jobs and capabilities to support our customers as aviation volumes resume, and to pursue new opportunities outside of aviation.

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 and responses from the Board and Management. Beginning from our 2018 AGM, these minutes are published on our corporate website.

2020 AGM

In light of the COVID-19 pandemic, the Company convened and held its 2020 AGM by way of electronic means on 24 September 2020 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 2020 AGM. The notice of the 2020 AGM was sent to shareholders solely by electronic means through publication on SGXNET and the Company's corporate website. Shareholders were invited to submit their questions for the 2020 AGM in advance of the meeting, and the Company provided its responses to substantial and relevant questions via SGXNET and on its corporate website on 24 September 2020 prior to the commencement of the 2020 AGM. Shareholders voted by appointing the Chairman of the 2020 AGM as their proxy.

Corporate Governance Report

2021 AGM

Shareholders will again not be able to attend the forthcoming AGM in person because of the ongoing COVID-19 situation and, like last year, the forthcoming AGM will be held by way of electronic means pursuant to the Ministerial Order. The same alternative arrangements for the AGM will be put in place except that this year, shareholders will be able to submit questions to the Chairman of the Meeting "live", via text at the AGM. Details of the steps for pre-registration, submission of questions and voting at the forthcoming AGM by shareholders, including CPF and SRS investors, are set out in a separate announcement released on SGXNET on 30 June 2021.

Dealings in Securities

In line with the rules of the Listing Manual of the SGX-ST, 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 management team, 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 of the SGX-ST 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 Securities and Futures Act whenever trading in our or any other corporation's securities. Directors are also reminded of their obligations under the Securities and Futures Act 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. During FY2020-21, we carried out an extensive engagement exercise with our key stakeholder groups to validate our material issues and gauge stakeholders' perception on the importance of Environmental, Social, and Governance (ESG) topics, so as to align our goals with those of our key stakeholders. As a result of this engagement exercise, we identified and prioritised a list of material ESG issues. 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 postponing any engagement during blackout periods.

Due to Singapore's COVID-19 Circuit Breaker and other restrictions in place for FY2020-21, a large-scale engagement session with suppliers was not conducted. Instead, SATS held a virtual supplier summit for our top 200 suppliers to onboard them to a new e-procurement platform as part of our supply chain digital transformation, which enables process automation and provides end-to-end visibility.

SATS Food Procurement also conducts a performance evaluation of the active suppliers and engages under-performing suppliers for improvement. Similarly, SATS' central purchasing & tenders management (CPTM) department identifies key vendors comprising service crew providers, commercial services contractors, and the top 20 vendors by annual purchase value for commercial and technical goods/services. For vendor performance evaluation purposes, CPTM conducts internal surveys with various business units before engaging underperforming vendors on service improvements to ensure the smooth running of SATS' operations.

In relation to the COVID-19 pandemic, SATS proactively established a COVID-19 taskforce at the onset of the crisis in early 2020 to closely monitor developments, disseminate critical information, and coordinate action within the organisation. This taskforce comprises representatives from SATS' business operations, Legal and Secretariat, Public Affairs & Branding, Risk & Safety, and Human Capital, who are instrumental in managing the impact on employees. On a broader level, SATS' COVID-19 taskforce operated in tandem with the Company's existing business continuity plans, while the Company actively participated as a member of Changi Airport's Pharma@Changi Taskforce Committee, as well as the Changi Ready Joint Taskforce to prepare Singapore for COVID-19 vaccines handling.

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 view of the COVID-19 pandemic's significant impact on the business, the Company also published an update to its outlook on 9 March 2020, followed by profit guidance for the fourth quarter of the financial year ended 31 March 2020 to advise shareholders and potential investors to exercise caution when dealing in the shares of the Company.

Throughout the challenges posed by the outbreak of the virus, the Company safeguarded the health and safety of its employees by implementing stringent health & safety protocols and measures, issuing personal protective equipment (PPE) to all frontline employees, encouraging COVID-19 vaccinations, as well as adopting rostered routine testing (RRT) for employees working in higher-risk settings and enabling flexible work arrangements.

From January 2020, the Company deployed internal communications through multiple channels such as emails, virtual townhalls, calls and face-to-face meetings to communicate the Company's plans, rationale for cost-saving measures, and support for employees. Within the first quarter of FY2020-21, under the leadership of the PCEO, SATS embarked on the largest redeployment of its employees in the Company's history. A total of 10,000 people were redeployed into new roles or activities across the Group. From providing opportunities for employees to upskill and reskill by attending government-supported place-and-train assignments and SATS Academy programmes, to cross-training them to help with the surge in demand in other areas of operations that supported the flow of essential food and medical supplies and feed essential workers, SATS maintained regular internal communications to support employees in navigating the crisis together.

The sharp decline in aviation volumes caused by the COVID-19 pandemic and lockdowns in FY2020-21 has adversely impacted all our customers, especially the airlines. While SATS continues to value all our customers and endeavours to provide them with continuous service excellence, we conscientiously balance the Company's need to protect and recover its assets appropriately, without taking on undue credit risks. These efforts include deploying more resources to closely monitor receivables, considering the financial condition of the carrier, and further assessing our exposure and collectability by how COVID-19 has affected the relevant countries in terms of death rate and lockdowns. In order to continue rendering our services and supply to our customers in FY2020-21, SATS proactively introduced additional measures such as prepayment and settlement plans (i.e. cash advances, Banker's Guarantees, and letters of credit) on a case-by-case basis. Customers who posed significant risks were also identified and impaired accordingly on our books. At the same time, SATS continues to disburse prompt payments to our vendors and suppliers, and to remain prudent by renegotiating longer-term orders with major vendors to reduce our contingent liabilities and exposure.

Increased globalisation has created greater vulnerability in our interconnected economies. The COVID-19 outbreak demonstrated some of the risks that come with relying on global supply chains for raw materials required for manufacturing and the importance of diversification. With enhanced end-to-end traceability for products and analytics for more accurate demand planning through our digital integrated supply chain and global procurement capabilities, SATS established itself as an essential service during the pandemic.

SATS mitigated supply chain disruptions by driving strategic sourcing and structured category management across key segments, and expanding sales and sourcing channels in our key markets to derive procurement value. In FY2020-21, we continued to invest in integrated systems that enable "procure-to-pay" visibility, as well as inventory management that spans our internal supply chain all the way to shop floor visibility as we transform raw materials into finished goods through our production facilities. Our digital integrated supply chain vision is that, all components of the business will be integrated to facilitate end-to-end planning and visibility of the entire supply chain to drive sustainability and waste reduction across SATS' supply chain network.

Corporate Governance Report

Despite the challenging operating landscape and risks posed by the pandemic in FY2020-21, the SATS Group – including our overseas subsidiaries, joint ventures and associates – stepped up and out to help local communities across our network.

In Singapore, up to 700 employees volunteered to work in the community and healthcare system to help safeguard public health. Our volunteers took up various roles with the Singapore Police Force (SPF), Immigration & Checkpoints Authority (ICA), Ministry of Health (MOH), and Enterprise Singapore (ESG) to facilitate safe distancing measures island-wide, carry out temperature screening at public facilities, manage business-related enquiries at call centres, conduct door-to-door checks for those serving stay-home notices, and even care for patients at low-risk basic-care wards at Changi General Hospital (CGH). SATS also harnessed our culinary know-how to rapidly redirect our capacity to feed essential workers during the pandemic. This ranged from providing dormitory catering for migrant workers to meals for drivers supporting deliveries across the Johor-Singapore Causeway.

Between April to September 2020, SATS-Creuers Cruise Services (SCCS), the terminal operator of Marina Bay Cruise Centre Singapore (MBCCS), undertook the role of managing agent to house migrant workers who had recovered from COVID-19 on board two cruise ships at MBCCS. SCCS was responsible for providing healthcare, meals, employer communications, and taking care of the general well-being of over 8,000 migrant workers. SATS also partnered Temasek Foundation, Singapore Airlines, and community volunteers to provide more than 100,000 meals and 11,000 food snacks to support households in need during Singapore's Circuit Breaker period from June 2020.

SATS' newly-acquired subsidiary in the United Kingdom, Monty's Bakehouse (MB), similarly supported key workers and vulnerable communities by donating over 75,000 free hot snacks and meals to National Health Service (NHS) workers and local community projects across London and the South East of the country. MB set up teams within East Surrey Hospital to bake its meals to feed over 700 doctors and nurses a day and partnered up to deliver thousands more snacks across the country to those in need of food. Building on this, MB launched the Community Kitchen Project (CKP), a frozen meal delivery service that supplies delicious high-quality meals direct to consumers in their homes. The project ran from May to December 2020, and for every order placed, MB donated a meal to someone in the local community who needed help.

Over in India, SATS redeployed resources in its ground handling and catering operations to aid community relief efforts. AISATS helped the airport operator set up clinical booths for airport staff and handled over 600 oxygen concentrators originating from New York. At TajSATS, the flight kitchens have supported organisations such as World Central Kitchen, Deutsche Bank, and Taj Public Welfare Trust to supply more than two million meals to healthcare workers in hospitals and stranded migrant communities in Bangalore, Mumbai, and New Delhi during the nation's lockdown. As of June 2021, these community relief efforts persist as India grapples with the COVID-19 pandemic.

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 management and executives. The SATS RSP and the SATS PSP aim to more directly align the interests of key senior 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 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 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 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 of the SGX-ST)) on the day preceding the relevant date of award.

For FY2020-21, 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). The obligation to deliver the shares is expected to be satisfied out of treasury shares.

Corporate Governance Report

Summary of Disclosures – Corporate Governance

The following table benchmarks the disclosures in this Corporate Governance Report and Annual Report against the express disclosure requirements under the provisions of the 2018 Code.

Provisions of the 2018 Code – Express disclosure requirements	Page reference in this Annual Report
Provision 1.2 The induction, training and development provided to new and existing Directors	Pages 71 to 72
Provision 1.3 Matters that require Board approval	Page 51
Provision 1.4 Names of the members of the Board Committees, the terms of reference of the Board Committees, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities	Pages 61 to 66, 68 to 73 and 78 to 79
Provision 1.5 The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every Board member at these meetings	Page 61
Provision 2.4 The Board diversity policy and progress made towards implementing the Board diversity policy, including objectives	Pages 54 to 55
Provision 4.3 Process for the selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new Directors and channels used in searching for appropriate candidates	Pages 55, 69 and 72 to 73
Provision 4.4 Where the Board considers a Director to be independent notwithstanding the existence of a relationship which may affect his or her independence, the nature of the Director's relationship and the reasons for considering him or her as independent	Page 70
Provision 4.5 The listed company directorships and principal commitments of each Director, and where a Director holds a significant number of such directorships and commitments, the NC's and Board's reasoned assessment of the ability of the Director to diligently discharge his or her duties	Pages 70, 24 to 27 and 232 to 239
Provision 5.2 How the assessments of the Board, the Board Committees and each Director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of its Directors	Page 71
Provision 6.4 The engagement of any remuneration consultants and their independence	Page 73

Provisions of the 2018 Code – Express disclosure requirements	Page reference in this Annual Report
Provision 8.1 The policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of (a) each individual Director and the CEO; and (b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel	For Non-Executive Directors: Pages 58 to 61 For the CEO and management: Pages 73 to 77
Provision 8.2 Names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, stating clearly the employee's relationship with the relevant Director or the CEO or substantial shareholder	Negative statement on page 77
Provision 8.3 All forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to Directors and key management personnel of the Company, and details of employee share schemes	For Non-Executive Directors: Pages 58 to 61 For Key Management Personnel: Pages 74 to 77 For employee share schemes: Pages 75 to 76 and 94 to 95
Provision 9.2 Whether the Board has received assurance from (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the CEO and the other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems	Page 86
Provision 10.1(f) The existence of a whistle-blowing policy and procedures for raising such concerns	Page 88
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year	Page 61
Provision 11.6 The Company's dividend policy	Page 91
Provision 12.1 The steps taken to solicit and understand the views of shareholders	Pages 89 to 91
Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period	Page 92

Building a Sustainable Future

Building a Sustainable Future

SATS decided to go deeper with its commitment to sustainability. It simplifies its sustainability framework to three key themes – develop smart infrastructure, reduce food and packaging waste, and nurture skills for the future.

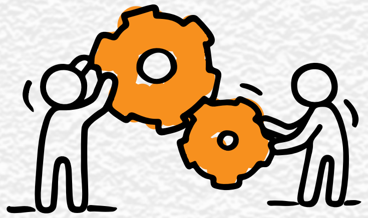
Deeper Commitment

This year, SATS decided to go deeper with its commitment to sustainability. It simplified its sustainability framework to three key themes – develop smart infrastructure, reduce food and packaging waste, and nurture skills for the future. This streamlined framework will allow SATS to disproportionately focus efforts in these areas to form closer collaborations with its customers, business partners and the community to bring about catalytic change.

Taking things up a notch, SATS has been working at the industry level to enable greater use of renewable energy, electric vehicles, sustainable packaging, alternative proteins, and skills upgrading. Working with Sembcorp, SATS has expanded its rooftop solar panels to cover a total of 51,100 square metres. It is the first in Singapore to install solar thermal hybrid panels that convert solar energy into electricity and heat water at the same time. It is also working with Changi Airport to accelerate the electrification of its ground support equipment and airside vehicles.

In collaboration with Singapore Airlines, SATS has developed a closed-loop waste management solution that uses a biodigester to reduce packaging waste by as much as 60%, and converts waste to energy in the form of refuse-derived fuel. However, not resting on its laurels, SATS is supporting the not-for-profit organisation, Aviation Sustainability Forum, to drive collective action towards tackling international cabin waste.

SATS is actively engaging its customers and suppliers to find ways to reduce food and packaging waste. In partnership with Singapore Airlines, SATS has developed environmentally friendly food packaging made from natural materials that its biodigesters can break down to reduce waste by as much as 60%.



SATS Academy has equipped over 11,000 employees in the aviation transport sector with skills for the future, achieving 3.8 million learning hours across the Group in FY2020-21.

SATS Academy had a hectic year training more than 11,000 employees in the aviation transport sector. It achieved 3.8 million learning hours across the Group. LinkedIn Learning commended SATS for achieving higher user and completion rates against global benchmarks. SATS Academy also developed the blueprint for on-the-job training to help 4,000 workers displaced by the pandemic to remain gainfully employed in other roles.

On the corporate citizenship front, SATS has worked with various organisations in support of their relief efforts. This year, affected by restrictions imposed by the pandemic, SATS turned its yearly charity run into a meaningful virtual SATS Giving Run. 141 SATS employees ran or walked a total of 4,000 km to raise donations for the Asian Women Welfare Association Singapore's Legacy of Love and Build A School charity campaigns.

Operating in an environment where extreme weather can directly impact its business, SATS builds resilience by addressing the issues related to climate change. Following the Taskforce on Climate-related Financial Disclosures' process to develop climate scenarios to better understand the company's exposure to the risks and opportunities of climate change and incorporate mitigating actions, SATS continues to strengthen its business fundamentals. This year, the company has also included carbon intensity reduction as part of its management performance targets, which are linked to remuneration.

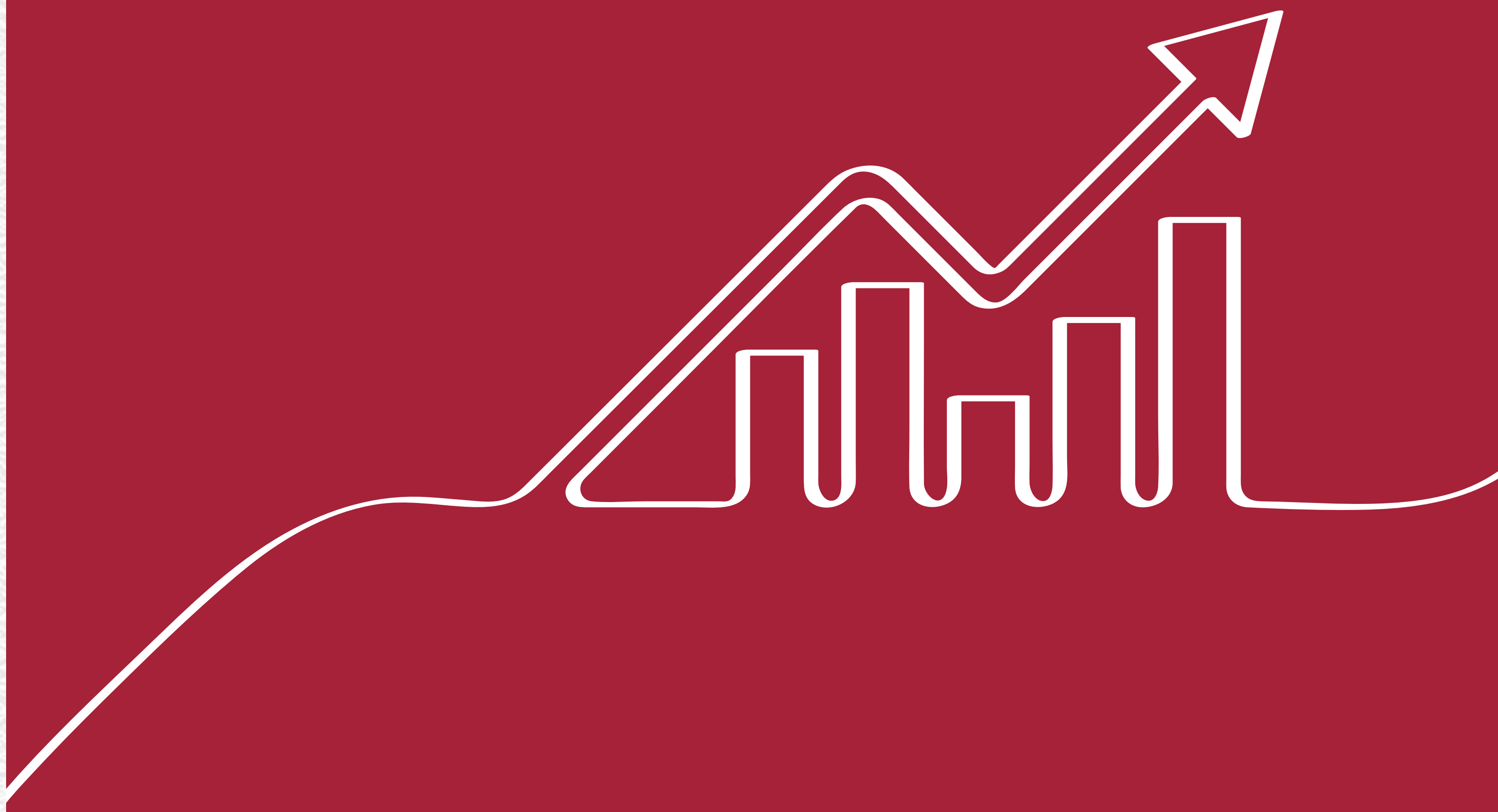
Learn more about SATS' progress with its key sustainability themes and how employees are living their purpose to feed and connect communities in the digital sustainability report here.

adobe.ly/3x1PPiH

Building a Sustainable Future

OUR SUSTAINABILITY THEMES	UNSDGs	2030 GOALS	
DEVELOP SMART INFRASTRUCTURE	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION	Convert 100% of ground support equipment (GSE) in Singapore hub to sustainable energy resources (example electrification) by 2030.	Reduce Singapore-based carbon footprint by 50% by 2030 from FY2018-19 baseline (Scope 1 and 2)
REDUCE FOOD AND PACKAGING WASTE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	Halve food wastage in all operations from 2021 baseline by 2028.	Introduce 100% sustainable food packaging by 2030.
NURTURE SKILLS FOR THE FUTURE	8 DECENT WORK AND ECONOMIC GROWTH	Increase average value-add per employee across all subsidiaries by 50% by 2030.	Touch a million lives by sharing our expertise with the communities in which we operate, by 2030 (from FY2018-2019 baseline).

Financial Statements



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 2021.

1. Opinion of the Directors

In the opinion of the Directors:

(a) The financial statements set out on pages 114 to 214 give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 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 Singapore Companies Act, Chapter 50 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
Alexander Charles Hungate	
Achal Agarwal	
Vinita Bali	Appointed on 10 May 2021
Chia Kim Huat	
Michael Kok Pak Kuan	
Jenny Lee Hong Wei	
Jessica Tan Soon Neo	
Tan Soo Nan	
Deborah Tan Yang Sock	Appointed on 16 November 2020
Yap Chee Meng	
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 Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company as stated below:

4. Directors' Interests in Shares and Debentures (cont'd)

	Direct interest		Deemed interest	
Name of Director	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]				
Alexander Charles Hungate	3,319,736	3,564,236	–	–
Euleen Goh Yiu Kiang	30,274	85,974	–	–
Achal Agarwal	3,300	44,100	–	–
Chia Kim Huat	5,090	16,090	–	–
Michael Kok Pak Kuan	3,400	15,300	–	–
Jenny Lee Hong Wei	600	7,400	–	–
Jessica Tan Soon Neo	3,100	15,100	–	–
Tan Soo Nan	13,800	43,500	–	4,088
Yap Chee Meng	3,800	17,400	–	–
Yap Kim Wah	3,400	15,400	–	–
Award under SATS Restricted Share Plan ("RSP")				
Alexander Charles Hungate [2]	259,400	190,400	–	–
Award under SATS Performance Share Plan ("PSP")				
Alexander Charles Hungate [3]	1,230,000	1,055,000	–	–

(1) Includes, in respect of all the Directors named above other than Alexander Charles Hungate, 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 Alexander Charles Hungate, shares of the Company delivered pursuant to awards granted to him under the RSP and PSP in his capacity as a Group employee.

(2) The final number of RSP award will range from 0% to 120% of the initial grant and is contingent on the achievement of pre-determined target over a one-year performance condition and will vest equally over a three-year period. During the financial year, 139,500 shares were awarded and 208,500 shares were vested.

(3) 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, 375,000 shares were awarded and zero 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 2021.

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.

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 peformance 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
Michael Kok Pak Kuan	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 117,300 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 2019 to 31 March 2020 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	Number of restricted shares				
Date of grant	Balance at 01.04.2020/ Date of grant	Vested	Forfeited	Adjustment	Balance at 31.03.2021
01.08.2017	476,200	(472,400)	(3,800)	–	–
24.06.2019	1,242,100	(626,600)	(46,800)	–	568,700
20.08.2020	1,102,500	(377,000)	(67,300)	–	658,200
01.10.2020	446,100	(446,100)	–	–	–
12.10.2020	117,300	(117,300)	–	–	–
	3,384,200	(2,039,400)	(117,900)	–	1,226,900

5. Share-Based Payments (cont'd)

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

PSP	Number of performance shares				
Date of grant	Balance at 01.04.2020/ Date of grant	Vested	Forfeited	Adjustment#	Balance at 31.03.2021
01.08.2017	1,437,000	–	–	(1,437,000)	–
14.12.2018	745,000	–	(50,000)	–	695,000
01.08.2019	700,000	–	(65,000)	–	635,000
20.08.2020	1,282,500	–	(185,000)	–	1,097,500
	4,164,500	–	(300,000)	(1,437,000)	2,427,500

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 $1.35 (2020: $3.52).

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 2021 were 1,226,900 (2020: 1,718,300) and 2,427,500 (2020: 2,882,000) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 1,226,900 (2020: 1,718,300) and zero to a maximum of 3,641,250 (2020: zero to maximum 4,323,000) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

For the current financial year, the Group has provided $8,787,000 (2020: $10,756,000) 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 Singapore Companies Act, Chapter 50. 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 (AC) and the Board Risk and Safety Committee (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 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 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 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, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors,

Euleen Goh Yiu Kiang
Chairman

Alexander Charles Hungate
Executive Director / President and Chief Executive Officer

Dated this 27 May 2021

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 2021, 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 ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 114 to 214.

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, Chapter 50 (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 2021 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.

Impairment of goodwill

Refer to Note 2.14 'Impairment of non-financial and financial assets' and Note 3.2 'Impairment of non-financial assets' for relevant accounting policies and discussion of significant accounting estimates, and Note 16 'Intangible assets' for the key assumptions used in impairment testing of goodwill.

Independent Auditors' Report

The key audit matter	How the matter was addressed in our audit
The Group recognised goodwill which are allocated to the SATS Food Services ("SFS"), TFK Corporation ("TFK"), Ground Team Red Holdings ("GTRH"), Nanjing Weizhou Airline Food Corp., Ltd ("NWA") and Monty's Bakehouse UK Limited ("MBUK") cash generating units ("CGUs") respectively as at 31 March 2021. These CGUs are tested for impairment annually. 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 of forecasted revenue, growth rates, profit margins, tax rates and discount rates. The travel restrictions due to COVID-19 outbreak have resulted in a significant amount of economic uncertainty in the current and future economic environment in which the Group operates. The Group's near term cashflows have been negatively impacted due to global travel restrictions and the resultant global decrease in travel demand. The duration and severity of the crisis is dependent on events which are continuously unfolding and are beyond the control of the Group. As a result, there is a high degree of estimation uncertainty inherent in estimating the duration and severity of the economic downturn caused by the COVID-19 pandemic, and the pattern of any expected recovery. As a result, the estimates and assumptions used in the cashflow projections which form the basis of the recoverable amounts attributable to the CGUs require significant judgement. These judgements require estimates to be made over areas including those relating to forecasted revenues, growth rates, profit margins, discount rates for each CGUs and certain key aviation customers having to recapitalise for sustained operations post COVID-19 pandemic. The determination of the recoverable amounts is a key focus area for our audit.	We studied publicly available aviation industry reports relating to the impact COVID-19 pandemic has on the global aviation industry, to understand the possible recovery scenarios. 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 revenue forecast, growth rates, profit margins 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 and performance, regional indices and industry benchmarks. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers and the review of the secured and lost contracts. 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

The COVID-19 pandemic has resulted in a significant amount of economic uncertainty in the current and future economic environment. The key estimates applied in the value-in-use models such as revenue forecast, growth rates, profit margins and discount rates are subject to significant amounts of volatility and uncertainty. Nevertheless, we found the estimates applied in the value-in-use models to be reasonable in the context of currently available relevant information as at 31 March 2021.

Impairment of associates and joint ventures

Refer to Note 2.14 'Impairment of non-financial and financial assets' and Note 3.2 'Impairment of non-financial assets' for relevant accounting policies and discussion of significant accounting estimates, and Note 18 'Investment in associates' and Note 19 'Investment in joint ventures' for details of accounting for associates and joint ventures.

The key audit matter	How the matter was addressed in our audit
The carrying value of associates and joint ventures amounted to $578.2 million, which accounted for 18.7% of the Group's total assets as at 31 March 2021. Management determines at the end of each reporting period the existence of any objective evidence that indicate the Group's investments in associates or joint ventures may be impaired. If there are indicators of impairment, a detailed impairment assessment would be performed and any deficit between the recoverable amount of the associate or joint venture and its carrying value would be recognised in profit or loss. The identification of different CGUs, assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amounts of the CGUs require judgement. The determination of the recoverable amounts when value-in-use is applicable requires estimates of revenue forecast, growth rates, profit margins and discount rates. Due to the high degree of estimation uncertainty inherent in assessing the duration and severity of the economic downturn caused by the COVID-19 pandemic and the pattern of any expected recovery, the estimates and assumptions used in the cashflow projections to determine the recoverable amounts of the CGUs require significant judgement. This is a key area of focus for our audit.	We assessed the determination of the CGUs and the assessment of indicators of impairment based on our understanding of the nature of the Group's business and the economic environment in which its CGUs operate. We studied recent analyst market reports to obtain an understanding of the actual growth rates and outlook of the industries in which the CGUs operate, including the impact of COVID-19 pandemic has on the global aviation industry, to understand the possible recovery scenarios. We reviewed the CGUs' historical and current performances, and held discussions with management to understand their assessment of the future performance of the CGUs. Where indicators of impairment exist, we challenged management's revenue forecast, growth rates, profit margins, tax rates and discount rates based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance, regional indices and industry benchmarks. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers and the review of secured and lost contracts. We performed sensitivity analyses to evaluate whether reasonable change in the key assumptions for any of the Group's CGUs would cause the carrying amounts to exceed the recoverable amounts.

Findings

The COVID-19 pandemic has resulted in a significant amount of economic uncertainty in the current and future economic environment. Nevertheless, we found management's identification of CGUs and assessment of indicators of impairment to be appropriate. Where indicators of impairment existed, we found the estimates applied in the value-in-use models to be consistent with historical forecasts and reasonable in the context of currently available relevant information as at 31 March 2021.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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 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, 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.

Independent Auditors' Report

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.

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.

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 Quek Shu Ping.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 May 2021

Consolidated Income Statement

for the financial year ended 31 March 2021

	Note	2020-21 $'000	2019-20 $'000
Revenue	4	**969,997**	1,941,216
Expenditure			
Staff costs	5	**(382,265)**	(879,445)
Cost of raw materials		**(269,787)**	(346,127)
Licence fees		**(19,949)**	(84,596)
Depreciation and amortisation charges		**(130,442)**	(117,642)
Company premise and utilities expenses		**(65,271)**	(93,425)
Other costs		**(112,394)**	(193,756)
		(980,108)	(1,714,991)
Operating (loss)/profit	6	**(10,111)**	226,225
Interest on borrowings	7	**(20,509)**	(7,599)
Interest income	7	**4,816**	3,860
Share of results of associates/joint ventures, net of tax		**(47,986)**	11,764
Other non-operating loss, net	8	**(71,659)**	(20,344)
(Loss)/profit before tax		**(145,449)**	213,906
Income tax credit/(expense)	9	**36,152**	(38,300)
(Loss)/profit for the year		**(109,297)**	175,606
(Loss)/profit attributable to:			
Owners of the Company		**(78,929)**	168,362
Non-controlling interests		**(30,368)**	7,244
		(109,297)	175,606
(Loss)/earnings per share (cents)			
Basic	10	**(7.1)**	15.1
Diluted	10	**(7.0)**	15.0

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 2021

	2020-21 $'000	2019-20 $'000
(Loss)/profit for the year	**(109,297)**	175,606
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on defined benefit plan	**5,591**	(1,895)
Items that are or may be reclassified subsequently to profit or loss:		
Net fair value changes on financial assets	**239**	(48)
Foreign currency translation differences	**(6,882)**	7,944
	(6,643)	7,896
Other comprehensive income for the year, net of tax	**(1,052)**	6,001
Total comprehensive income for the year	**(110,349)**	181,607
Total comprehensive income attributable to:		
Owners of the Company	**(78,178)**	169,799
Non-controlling interests	**(32,171)**	11,808
Total comprehensive income for the year	**(110,349)**	181,607

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

Statements of Financial Position

as at 31 March 2021

	Note	GROUP 31.3.2021 $'000	GROUP 31.3.2020 $'000 (Restated)*	COMPANY 31.3.2021 $'000	COMPANY 31.3.2020 $'000
Equity attributable to owners of the Company					
Share capital	12	**367,947**	367,947	**367,947**	367,947
Treasury shares	12	**(18,798)**	(26,017)	**(18,798)**	(26,017)
Share-based compensation reserve	13	**9,442**	9,504	**9,442**	9,504
Statutory reserve	13	**13,502**	12,076	**–**	–
Foreign currency translation reserve	13	**(150,223)**	(147,530)	**–**	–
Revenue reserve		**1,348,986**	1,426,096	**1,305,292**	1,307,292
Other reserves	13	**(24,514)**	(24,585)	**(25,747)**	(25,619)
		1,546,342	1,617,491	**1,638,136**	1,633,107
Non-controlling interests	17	**152,458**	188,032	**–**	–
Total equity		**1,698,800**	1,805,523	**1,638,136**	1,633,107
Non-current assets					
Property, plant and equipment	14	**519,671**	602,297	**18,780**	16,861
Right-of-use assets	14	**187,716**	205,957	**63,336**	67,037
Investment properties	15	**497**	1,039	**173,025**	201,036
Intangible assets	16	**410,679**	427,375	**19,056**	7,169
Investment in subsidiaries	17	**–**	–	**753,983**	775,173
Investment in associates	18	**520,794**	617,800	**335,421**	340,721
Investment in joint ventures	19	**57,385**	71,186	**12,014**	12,014
Long-term investments	20	**14,541**	27,705	**6,060**	6,060
Loan to subsidiaries	17	**–**	–	**360,722**	380,086
Deferred tax assets	21	**34,307**	13,678	**–**	–
Other non-current assets	22	**23,468**	15,041	**–**	–
		1,769,058	1,982,078	**1,742,397**	1,806,157
Current assets					
Trade and other receivables	23	**291,506**	385,964	**82,186**	96,917
Prepayments and deposits		**20,147**	23,049	**2,422**	1,585
Amounts due from associates/joint ventures	18,19	**1,204**	2,838	**803**	2,395
Inventories	24	**130,054**	67,394	**265**	381
Cash and cash equivalents	25	**879,849**	549,205	**761,558**	375,386
		1,322,760	1,028,450	**847,234**	476,664

* Certain items have been restated following finalisation of purchase price allocation of subsidiary acquired. Details are disclosed in Note 17.

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

	Note	GROUP 31.3.2021 $'000	GROUP 31.3.2020 $'000 (Restated)*	COMPANY 31.3.2021 $'000	COMPANY 31.3.2020 $'000
Current liabilities					
Trade and other payables	26	**358,523**	372,499	**122,061**	68,199
Amounts due to associates/joint ventures	19	**11,400**	10,450	**–**	–
Income tax payable		**36,029**	46,459	**15,142**	10,396
Term loans	27	**143,293**	112,405	**94,801**	100,000
Loan from subsidiaries	17	**–**	–	**169,900**	67,500
Lease liabilities		**16,044**	19,442	**3,030**	2,958
		565,289	561,255	**404,934**	249,053
Net current assets		**757,471**	467,195	**442,300**	227,611
Non-current liabilities					
Deferred tax liabilities	21	**68,676**	90,702	**27,643**	26,025
Term loans	27	**234,850**	102,430	**150,000**	102,430
Note payables	28	**300,000**	200,000	**300,000**	200,000
Lease liabilities		**179,247**	190,164	**60,699**	63,527
Other payables	26	**44,956**	60,454	**8,219**	8,679
		827,729	643,750	**546,561**	400,661
Net assets		**1,698,800**	1,805,523	**1,638,136**	1,633,107

* Certain items have been restated following finalisation of purchase price allocation of subsidiary acquired. Details are disclosed in Note 17.

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 2021

GROUP	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
		Attributable to owners of the Company											
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2020		367,947	(26,017)	9,504	12,076	(147,530)	1,426,096	1,072	(25,619)	(38)	1,617,491	188,032	1,805,523
Loss for the year		–	–	–	–	–	(78,929)	–	–	–	(78,929)	(30,368)	(109,297)
Other comprehensive income for the year		–	–	–	–	(2,693)	3,245	–	–	199	751	(1,803)	(1,052)
Total comprehensive income for the year		–	–	–	–	(2,693)	(75,684)	–	–	199	(78,178)	(32,171)	(110,349)
Contributions by and distributions to owners													
Share-based payment		–	–	8,787	–	–	–	–	–	–	8,787	–	8,787
Treasury shares reissued pursuant to equity compensation plans		–	8,787	(8,849)	–	–	–	–	(128)	–	(190)	–	(190)
Purchase of treasury shares		–	(1,568)	–	–	–	–	–	–	–	(1,568)	–	(1,568)
Total contributions by and distributions to owners		–	7,219	(62)	–	–	–	–	(128)	–	7,029	–	7,029
Others													
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(3,403)	(3,403)
Transfer to statutory reserve		–	–	–	1,426	–	(1,426)	–	–	–	–	–	–
Balance at 31 March 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

* 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 2021

GROUP	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
		Attributable to owners of the Company											
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2019		367,947	(43,000)	10,063	10,859	(150,701)	1,473,108	1,072	(20,108)	(9)	1,649,231	167,888	1,817,119
Profit for the year		–	–	–	–	–	168,362	–	–	–	168,362	7,244	175,606
Other comprehensive income for the year		–	–	–	–	3,171	(1,705)	–	–	(29)	1,437	4,564	6,001
Total comprehensive income for the year		–	–	–	–	3,171	166,657	–	–	(29)	169,799	11,808	181,607
Contributions by and distributions to owners													
Share-based payment		–	–	10,756	–	–	–	–	–	–	10,756	–	10,756
Treasury shares reissued pursuant to equity compensation plans		–	16,983	(11,315)	–	–	–	–	(5,511)	–	157	–	157
Dividends, net	11	–	–	–	–	–	(212,452)	–	–	–	(212,452)	–	(212,452)
Total contributions by and distributions to owners		–	16,983	(559)	–	–	(212,452)	–	(5,511)	–	(201,539)	–	(201,539)
Others													
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	14,675	14,675
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	451	451
Disposal of subsidiary		–	–	–	–	–	–	–	–	–	–	(1,118)	(1,118)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(5,672)	(5,672)
Transfer to statutory reserve		–	–	–	1,217	–	(1,217)	–	–	–	–	–	–
Balance at 31 March 2020		367,947	(26,017)	9,504	12,076	(147,530)	1,426,096	1,072	(25,619)	(38)	1,617,491	188,032	1,805,523

* 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 2021

COMPANY	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2020	367,947	(26,017)	9,504	1,307,292	(25,619)	1,633,107
Loss for the year	–	–	–	(2,000)	–	(2,000)
Total comprehensive income for the year	–	–	–	(2,000)	–	(2,000)
Contributions by and distributions to owners						
Share-based payment	–	–	8,787	–	–	8,787
Treasury shares reissued pursuant to equity compensation plans	–	8,787	(8,849)	–	(128)	(190)
Purchase of treasury shares	–	(1,568)	–	–	–	(1,568)
Total contributions by and distributions to owners	–	7,219	(62)	–	(128)	7,029
Balance at 31 March 2021	367,947	(18,798)	9,442	1,305,292	(25,747)	1,638,136

COMPANY	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2019		367,947	(43,000)	10,063	1,208,282	(20,108)	1,523,184
Profit for the year		–	–	–	311,462	–	311,462
Total comprehensive income for the year		–	–	–	311,462	–	311,462
Contributions by and distributions to owners							
Share-based payment		–	–	10,756	–	–	10,756
Treasury shares reissued pursuant to equity compensation plans		–	16,983	(11,315)	–	(5,511)	157
Dividends, net	11	–	–	–	(212,452)	–	(212,452)
Total contributions by and distributions to owners		–	16,983	(559)	(212,452)	(5,511)	(201,539)
Balance at 31 March 2020		367,947	(26,017)	9,504	1,307,292	(25,619)	1,633,107

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 2021

	Note	2020-21 $'000	2019-20 $'000
Cash flows from operating activities			
(Loss)/profit before tax		**(145,449)**	213,906
Adjustments for:			
Interest expenses, net		**15,693**	3,739
Depreciation and amortisation charges		**130,442**	117,642
Unrealised foreign exchange loss/(gain)		**1,076**	(988)
Share of results of associates/joint ventures, net of tax		**47,986**	(11,764)
(Gain)/loss on disposal of property, plant and equipment		**(4)**	1,757
Write-back of earn-out consideration		**(13,693)**	–
Impairment loss on investment in associates, long-term investment and intangible assets		**68,751**	11,900
Impairment loss on property, plant and equipment	14	**24,079**	6,772
Share-based payment expense	5	**8,787**	10,756
Provision for doubtful debts		**13,681**	–
Other non-cash items		**1,352**	(81)
Operating cash flows before working capital changes		**152,701**	353,639
Changes in working capital:			
Decrease/(increase) in receivables		**71,764**	(49,147)
Decrease/(increase) in prepayments and deposits		**2,902**	(17,527)
Increase in inventories		**(60,922)**	(10,557)
(Decrease)/increase in payables		**(9,612)**	28,312
Decrease/(increase) in amounts due from/to associates/joint ventures, net		**2,584**	(156)
Cash generated from operations		**159,417**	304,564
Interest paid to third parties		**(20,469)**	(7,652)
Income taxes paid		**(21,196)**	(52,964)
Net cash from operating activities		**117,752**	243,948
Cash flows from investing activities			
Capital expenditure	25	**(61,534)**	(75,644)
Dividends from associates/joint ventures		**26,756**	32,822
Purchases of long-term investments		**–**	(6,060)
Net proceeds from sale of investments		**306**	3,418
Proceeds from disposal of property, plant and equipment		**1,262**	645
Investments in subsidiaries, net of cash acquired		**–**	(52,924)
Investment in associates/joint ventures		**–**	(23,425)
Interest received from deposits		**4,831**	3,858
Net cash used in investing activities		**(28,379)**	(117,310)
Cash flows from financing activities			
Repayment of term loans	27	**(209,064)**	(3,594)
Repayment of lease liabilities	27	**(29,120)**	(17,145)
Proceeds from borrowings	27	**482,676**	304,930
Dividends paid	11	**–**	(212,452)
Purchase of treasury shares		**(1,568)**	–
Capital contributions from non-controlling interests		**–**	451
Dividends paid to non-controlling interests		**(3,403)**	(5,672)
Net cash from financing activities		**239,521**	66,518
Net increase in cash and cash equivalents		**328,894**	193,156
Effect of exchange rate changes		**1,750**	6,190
Cash and cash equivalents at beginning of financial year		**549,205**	349,859
Cash and cash equivalents at end of financial year	25	**879,849**	549,205

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

Notes to the Financial Statements

31 March 2021

The consolidated financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Directors on 27 May 2021.

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 17 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 2020:

- *Revised Conceptual Framework*
- *Amendments to References to Conceptual Framework in SFRS(I)s Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)
- *COVID-19 – Related Rent Concession* (Amendment to SFRS(I) 16)

The Group has early adopted Amendment to SFRS(I) 16: *COVID-19 – Related Rent Concessions* issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group applied the practical expedient not to assess a rent concession occurring as a direct consequence of the COVID-19 pandemic as a lease modification, which amounted to $7 million for the financial year.

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

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

2.3 Standards issued but not yet effective

A number of new standards interpretations and amendments to standards are effective for annual periods beginning after 1 April 2021 and earlier application is permitted. However, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and 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*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

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.

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 judgment. 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.

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.

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

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

Associates and joint ventures (cont'd)

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.

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. Summary of Significant Accounting Policies (cont'd)

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.

2.8 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.

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

2.8 Property, plant and equipment (cont'd)

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

Judgment 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 assets 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, office and commercial equipment, fixed and mobile ground support 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.

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. Summary of Significant Accounting Policies (cont'd)

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.

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 5 years.

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

2.10 Intangible assets (cont'd)

Other intangible assets (cont'd)

(ii) Licences

Licences comprise the 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.

(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.

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 (FVTPL).

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.

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

2.11 Financial assets (cont'd)

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

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.

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).

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.

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

2.11 Financial assets (cont'd)

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

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.

(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.

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

2.11 Financial assets (cont'd)

(iv) Derivatives and hedge accounting (cont'd)

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 Hedges of a Net Investment is set out in Note 2.24.

Hedging relationships designated under FRS 39 that were still existing as at 31 March 2018 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of SFRS(I) 9.

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;
- intra-group financial guarantee contracts.

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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- 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.

(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 Provisions

Provisions 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.

Provisions 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 provision is reversed. If the effect of the time value of money is material, provisions 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 provision due to the passage of time is recognised as a finance costs.

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.

2.17 Leases (cont'd)

(i) As a lessee (cont'd)

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.

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.

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 in place an Employee Share Option Plan (the "Plan") for the granting of share options to senior executives and all other employees to subscribe for ordinary shares in the Company. The exercise price approximates the market value of the ordinary shares on the date of grant.

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 payment 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 payment 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.

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.

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. Summary of Significant Accounting Policies (cont'd)

2.24 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. For more details, refer to Note 27.

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.

2.25 Segment reporting

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.

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 Business impact and financial implications of the COVID-19 pandemic

The COVID-19 pandemic has significantly impacted the aviation industry with the cancellation of many international and regional flights by airlines and lockdown of various countries around the world. This has led to a sharp reduction in aviation passenger volumes and has an immediate and direct impact on the profitability for the Group.

In addition to the loss in revenue, the Group has also considered the impact of COVID-19 pandemic in the following areas:

(i) Accounting for government assistance grants

In view of the economic impact of the COVID-19 pandemic to the companies in Singapore, the Singapore Government has announced a series of reliefs in the Singapore Budget (and subsequent supplementary Budgets) to help ease the cost pressures of the Singapore companies. A significant portion of the reliefs comes under the Jobs Support Scheme ("JSS") whereby the Singapore Government provide wage support to employers to help them retain their local employees during this period of economic uncertainty.

Consequently, the Institute of Singapore Chartered Accountants has issued a Financial Reporting Bulletin 6 ("FRB 6 – Revised Sep 2020"), *COVID-19 Government Relief Measures: Accounting for the grant provided by the Singapore Government for wages paid to local employees under the Jobs Support Scheme*, where it provides accounting guidance and key consideration in accounting for the government grants that were given by the Government. In line with SFRS(I) 1-20 *Accounting for Government Grants and Disclosures of Government Assistance*, government grant is recognised (i) when there is reasonable assurance that it will comply with the conditions attached to them and the grants will be received; and (ii) it shall be recognised in profit or loss on a systematic basis over the period of 17 months in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Significant judgement is required in determining the timing of recognition of grant receivable and realisation to profit or loss on a systematic basis over a period. In recognition of the government grants, management has evaluated and assessed that the commencement of the grant recognition relating to JSS will be from February 2020 till June 2021. For the financial year ended 31 March 2021, the Group recorded a total of government grants amounting to $210.7 million (2020: $23.7 million) as a credit to staff costs (Note 5) in line with the intention of the grants to defray such expenses.

3. Significant Accounting Estimates and Judgements (cont'd)

3.1 Business impact and financial implications of the COVID-19 pandemic (cont'd)

(i) Accounting for government assistance grants (cont'd)

In February 2021, the Singapore Government has announced a further extension of the JSS to support wages for another six months. The Group will continue to recognise the additional wage support systematically over the period that the related expenses shall be incurred in the next financial year.

In addition, the Group has also obtained training grants from the Singapore Government in order to reskill and upskill its workforce. Training grants are recognised over the period in which the entity recognises the related training costs. For the financial year ended 31 March 2021, the Group recorded a total of training grants amounting to $40.5 million as a credit to Other Costs in line with the intention of the grants to defray such expenses.

(ii) Estimated credit losses

As COVID-19 continues to evolve with economic uncertainties and adversely impact the aviation sector, certain airlines may potentially face the need to recapitalise and establish refinancing and capitalisation plans. The estimates on ECL have included the expected effects that pandemic may have on the recoverability of the Group's receivables from the airline customers (Note 31). Management has made a provision for the amount due from those airlines with a sign of financial distress but without a concrete recapitalisation or refinancing and capitalisation plan up to the date of these financial statements.

(iii) Solvency and liquidity

The Group's earnings and operating cashflows faced headwinds from the impact of COVID-19 pandemic and the Group is carefully managing its expenditure in this difficult environment. As at 31 March 2021, the Group has a cash balance of $879.8 million (2020: $549.2 million) giving a debt-equity ratio of 0.56 (2020: 0.39). This has further strengthened its balance sheet hence allowing the Group to weather the impact from COVID-19 pandemic. In addition, the Group maintains access to undrawn credit facilities and debt capital markets and has financial resources to meet its obligations when they fall due.

3.2 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 to ten 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 cash-generating unit 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.

3. Significant Accounting Estimates and Judgements (cont'd)

3.2 Impairment of non-financial assets (cont'd)

The travel restrictions due to the COVID-19 pandemic have resulted in a significant amount of economic uncertainty in the current and future economic environment in which the Group operates. Given the pervasiveness of the pandemic, the Group's management has considered and evaluated the impact of COVID-19 pandemic by reviewing the impairment assessment of the Group's significant CGUs in light of the economic and market conditions. 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 duration and severity of the economic downturn caused by the pandemic and recovery of air travel demand. Impairment charges of $31.5 million (2020: $11.9 million), $12.5 million and $24.7 million were recorded for investments in associates (Note 18), long-term investment (Note 20) and goodwill (Note 16) respectively. Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 16 to the financial statements.

The Group has also carried out a review on the recoverability of its property, plant and equipment that are impacted by COVID-19 pandemic. A total impairment loss of $24.1 million (2020: $2.3 million) and net write-off of nil (2020: $4.4 million) were recorded in the income statement (Note 8).

3.3 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	
	2020-21 $'000	**2019-20 $'000**
Food Solutions	**573,753**	1,070,477
Gateway Services	**389,749**	868,812
Others (rental and other services)	**6,495**	1,927
	969,997	1,941,216

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 others 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	
	2020-21 $'000	**2019-20 $'000**
Salaries, bonuses and other costs*	**514,976**	789,137
CPF and other defined contributions	**69,250**	103,241
Share-based payment expense (Note 12)	**8,787**	10,756
Government grants	**(210,748)**	(23,689)
	382,265	879,445

* Included in salaries, bonuses and other costs are contract labour expenses of $27,910,000 (2020: $119,835,000).

6. Operating (Loss)/Profit

	GROUP	
	2020-21 $'000	2019-20 $'000
The following items have been included in arriving at operating profit:		
Directors' fees (Note 29)	**980**	1,162
Audit fee paid to auditors of the Company	**513**	541
Audit fee paid to other auditors	**336**	380
Non-audit fee paid to auditors of the Company	**118**	102
Non-audit fee paid to other auditors of the Company	**227**	70
Allowance for doubtful receivables and bad debts written off, net	**13,681**	4,030
Maintenance of equipment and vehicles	**30,680**	43,980
Digitalisation and IT expenses	**39,203**	34,426
Lease of ground support equipment	**5,882**	9,667
Rental for leasehold land and premises	**5,719**	6,926
COVID-19 related government grants and reliefs	**(271,796)**	(26,967)
Exchange loss/(gain), net	**1,616**	(1,289)

7. Interest on Borrowings and Interest Income

	GROUP	
	2020-21 $'000	2019-20 $'000
Financial liabilities measured at amortised cost		
– Interest expenses	**(20,509)**	(7,599)
Financial assets measured at amortised cost		
– Interest income	**4,816**	3,860
	(15,693)	(3,739)

8. Other Non-Operating Loss, Net

	GROUP	
	2020-21 $'000	2019-20 $'000
Gain/(loss) on disposal of property, plant and equipment	**4**	(1,757)
Write-back of earn-out consideration	**13,693**	–
Impairment loss on investment in associates, long-term investment and intangible assets	**(68,751)**	(11,900)
Impairment loss on property, plant and equipment	**(24,079)**	(2,307)
Accelerated recognition of government grant for impaired property, plant and equipment	**7,498**	–
Write-off of property, plant and equipment	**–**	(4,465)
Others	**(24)**	85
	(71,659)	(20,344)

9. Income Tax (Credit)/Expense

The major components of income tax expense for the years ended 31 March 2021 and 2020 are:

	GROUP	
	2020-21 $'000	2019-20 $'000
Current income tax:		
Current income taxation	**11,215**	42,587
Under/(over) provision in respect of prior years	**193**	(5,610)
	11,408	36,977
Deferred income tax (Note 21):		
Origination and reversal of temporary differences	**(48,530)**	(1,498)
Over provision of deferred taxation in respect of prior years	**(470)**	(627)
Withholding tax expenses on share of results of associates/joint ventures	**1,440**	3,448
Income tax (credit)/expense recognised in profit or loss	**(36,152)**	38,300

Reconciliation of effective tax rate

	GROUP	
	2020-21 $'000	2019-20 $'000
Profit before tax	**(145,449)**	213,906
Taxation at statutory tax rate of 17% (2020: 17%)	**(24,726)**	36,364
Adjustments:		
Non-deductible expenses	**16,145**	8,842
Effect of different tax rates in other countries	**(9,952)**	1,070
Effect of reduction in tax rate	**(17)**	–
Tax rebate	**(58)**	(51)
Under/(over) provision of current taxation in respect of prior years	**193**	(5,610)
Over provision of deferred taxation in respect of prior years	**(470)**	(627)
Utilisation of previously unrecognised tax losses/capital allowances	**(567)**	(167)
Tax exempt income	**(27,678)**	(6,003)
Effect of share of results of associates/joint ventures	**7,996**	(1,924)
Withholding tax expenses on share of results of associates/joint ventures	**1,440**	3,448
Deferred tax assets not recognised	**1,536**	1,753
Others	**6**	1,205
Income tax (credit)/expense recognised in profit or loss	**(36,152)**	38,300

10. (Loss)/Earnings Per Share

	GROUP	
	2020-21 $'000	2019-20 $'000
(Loss)/profit attributable to owners of the Company	**(78,929)**	168,362

	GROUP	
	2020-21	2019-20
Weighted average number of ordinary shares in issue used for computing basic earnings per share	**1,118,729,203**	1,117,071,837
Adjustment for share options, RSP and PSP	**4,290,538**	5,327,529
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,123,019,741**	1,122,399,366
Earnings per share (cents)		
Basic	**(7.1)**	15.1
Diluted	**(7.0)**	15.0

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect of share based payment plans of the Company.

11. Dividends Paid

The following exempt (one-tier) dividends were declared and paid by the Group and Company to owners of the Company:

	GROUP AND COMPANY	
	2020-21 $'000	2019-20 $'000
Dividends paid:		
Final dividend of nil (2020: 13 cents) per ordinary share in respect of previous financial year	**–**	145,360
Interim dividend of nil (2020: 6 cents) per ordinary share in respect of current financial year	**–**	67,092
	–	212,452

No final tax exempt (one-tier) dividend was proposed for the financial year ended 31 March 2021.

12. Share Capital and Treasury Shares

Share Capital

	GROUP AND COMPANY 31 March			
	2021 Number of shares	2020 Number of shares	2021 $'000	2020 $'000
Ordinary shares				
Balance at beginning and end of the year	**1,124,056,275**	1,124,056,275	**367,947**	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.

No ordinary shares were issued pursuant to equity compensation plans during the year and in previous financial year.

Treasury Shares

	GROUP AND COMPANY 31 March			
	2021 Number of shares	2020 Number of shares	2021 $'000	2020 $'000
At beginning of the year	**5,867,355**	9,697,355	**26,017**	43,000
Shares acquired	**535,000**	–	**1,568**	–
Shares reissued pursuant to equity compensation plans	**(2,039,400)**	(3,830,000)	**(8,787)**	(16,983)
At end of the year	**4,362,955**	5,867,355	**18,798**	26,017

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the year, 2,039,400 (2020: 3,830,000) treasury shares were reissued pursuant to the equity compensation plans of which 2,039,400 (2020: 1,673,700) were reissued for the Restricted Share Plan, and nil (2020: 2,156,300) was reissued for the Performance Share Plan.

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 FY2017-18 and FY2019-20 to FY2020-21	
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	Group Returns on Equity performance (FY2017-18). Company financial and operating achievements (FY2019-20 and FY 2020-21).
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 FY2017-18 to FY2020-21	
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 • Relative Total Shareholder Return (FY2017-18) • Transformation Scorecard (FY2018-19 to FY2020-21)
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	Aug 2020	Jun 2019	Aug 2017
Expected dividend yield (%)		Management's forecast	
Expected volatility (%)	28.3	13.8	14.5
Risk-free interest rate (%)	0.2 – 0.3	1.7 – 1.9	1.1 – 1.4
Expected term (years)	0.0 – 1.9	0.0 – 2.0	0.9 – 2.9
Share price at date of grant ($)	2.91	5.27	4.85

PSP	Aug 2020	Aug 2019	Dec 2018	Aug 2017
Expected dividend yield (%)		Management's forecast		
Expected volatility (%)	26.1	16.2	16.3	14.5
Risk-free interest rate (%)	0.3	1.72	1.99	1.44
Expected term (years)	2.9	2.9	2.6	2.9
Index (for Relative TSR)	STI	NA	NA	MSCI Asia Pacific ex-Japan Industrial Index
Index volatility (%)	17.6	NA	NA	12.95
Correlation with index (%)	0.7	NA	NA	1.7
Share price at date of grant ($)	2.91	4.82	4.60	4.85

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.

Movement of RSP and PSP shares award during the year

RSP	Number of restricted shares				
Date of grant	Balance at 01.04.2020/ Date of grant	Vested	Forfeited	Adjustment	Balance at 31.03.2021
01.08.2017	476,200	(472,400)	(3,800)	–	–
24.06.2019	1,242,100	(626,600)	(46,800)	–	568,700
20.08.2020	1,102,500	(377,000)	(67,300)	–	658,200
01.10.2020	446,100	(446,100)	–	–	–
12.10.2020	117,300	(117,300)	–	–	–
	3,384,200	(2,039,400)	(117,900)	–	1,226,900

12. Share Capital and Treasury Shares (cont'd)

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP (cont'd)

Movement of RSP and PSP shares award during the year (cont'd)

PSP	Number of performance shares				
Date of grant	Balance at 01.04.2020/ Date of grant	Vested	Forfeited	Adjustment#	Balance at 31.03.2021
01.08.2017	1,437,000	–	–	(1,437,000)	–
14.12.2018	745,000	–	(50,000)	–	695,000
01.08.2019	700,000	–	(65,000)	–	635,000
20.08.2020	1,282,500	–	(185,000)	–	1,097,500
	4,164,500	–	(300,000)	(1,437,000)	2,427,500

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 $1.35 (2020: $3.52) 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 2021 were 1,226,900 (2020: 1,718,300) and 2,427,500 (2020: 2,882,000) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 1,226,900 (2020: 1,718,300) and zero to a maximum of 3,641,250 (2020: zero to maximum of 4,323,000) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

The total amount of share-based payment expenses recognised in profit or loss based on the fair values determined on grant date and estimation of share grants that will ultimately vest are summarised as follows:

	GROUP	
	2020-21 $'000	2019-20 $'000
Share-based payment expense		
Restricted share plan	**6,747**	8,094
Performance share plan	**2,040**	2,662
	8,787	10,756

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 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 27).

(d) Fair Value Reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets, until they are disposed or impaired.

(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 and Right-of-Use Assets

		GROUP		COMPANY	
	Note	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Property, plant and equipment	14.1	**519,671**	602,297	**18,780**	16,861
Right-of-use assets	14.2	**187,716**	205,957	**63,336**	67,037
		707,387	808,254	**82,116**	83,898

Notes to the Financial Statements

31 March 2021

14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.1 Property, Plant and Equipment

GROUP	Freehold land and buildings $'000	Leasehold land and buildings $'000	Office fittings and fixtures $'000	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Cost									
At 1 April 2019	93,234	708,965	175,446	378,168	75,202	58,798	67,763	101,382	1,658,958
Translation	8,311	314	64	(74)	(11)	595	808	1,482	11,489
Reclassifications	–	46,331	17,932	24,880	6,571	572	(5,863)	(90,423)	–
Transfer from investment properties (Note 15)	–	31,865	–	–	–	–	–	–	31,865
Transfer to intangible assets (Note 16)	–	–	–	–	–	–	–	(11)	(11)
Acquisition of subsidiaries	–	17,929	1,797	14,134	–	606	2,488	853	37,807
Disposal of subsidiary	–	–	–	–	–	(981)	–	–	(981)
Additions (Note 25)	4,364	4,930	9,512	10,500	7,173	8,253	5,804	23,281	73,817
Disposals	(28)	(6,671)	(615)	(6,368)	(2,170)	(2,385)	(3,640)	(465)	(22,342)
Write-off	–	–	(1,457)	(2,404)	–	–	–	(2,138)	(5,999)
At 31 March 2020	105,881	803,663	202,679	418,836	86,765	65,458	67,360	33,961	1,784,603
At 31 March 2020 and 1 April 2020	105,881	803,663	202,679	418,836	86,765	65,458	67,360	33,961	1,784,603
Translation	(9,543)	(1,442)	(358)	460	(261)	(1,141)	(983)	30	(13,238)
Reclassifications	–	–	4,103	13,694	410	(453)	–	(17,754)	–
Transfer to intangible assets (Note 16)	–	–	–	–	–	–	–	(28)	(28)
Additions (Note 25)	186	2,397	1,239	7,483	2,285	2,078	5,000	17,157	37,825
Disposals	(1,186)	(534)	(12,468)	(3,928)	(306)	(2,078)	(3,375)	(282)	(24,157)
At 31 March 2021	95,338	804,084	195,195	436,545	88,893	63,864	68,002	33,084	1,785,005

14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.1 Property, Plant and Equipment (cont'd)

GROUP	Freehold land and buildings $'000	Leasehold land and buildings $'000	Office fittings and fixtures $'000	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Accumulated depreciation and impairment losses									
At 1 April 2019	18,072	524,565	112,746	314,009	33,542	40,575	36,286	–	1,079,795
Translation	3,059	372	128	–	3	369	437	–	4,368
Reclassifications	–	70	60	4	2,497	(124)	(2,507)	–	–
Transfer from investment properties (Note 15)	–	26,156	–	–	–	–	–	–	26,156
Depreciation	5,017	26,384	15,628	12,599	9,716	6,798	5,772	–	81,914
Acquisition of subsidiaries	–	1,973	1,031	4,827	–	426	1,668	–	9,925
Disposal of subsidiary	–	–	–	–	–	(593)	–	–	(593)
Disposals	(12)	(6,670)	(493)	(5,810)	(2,169)	(1,331)	(3,547)	–	(20,032)
Impairment	–	1,989	–	–	–	318	–	–	2,307
Write off	–	–	(517)	(1,017)	–	–	–	–	(1,534)
At 31 March 2020	26,136	574,839	128,583	324,612	43,589	46,438	38,109	–	1,182,306
At 31 March 2020 and 1 April 2020	26,136	574,839	128,583	324,612	43,589	46,438	38,109	–	1,182,306
Translation	(3,994)	(67)	(72)	430	(120)	(717)	(487)	–	(5,027)
Reclassifications	–	–	–	514	–	(514)	–	–	–
Depreciation	5,435	27,018	15,922	16,048	9,789	6,607	6,056	–	86,875
Disposals	(669)	(534)	(12,329)	(3,722)	(306)	(2,038)	(3,301)	–	(22,899)
Impairment	–	270	3,371	15,435	22	1,080	1,762	2,139	24,079
At 31 March 2021	26,908	601,526	135,475	353,317	52,974	50,856	42,139	2,139	1,265,334
Carrying amounts									
At 1 April 2019	75,162	184,400	62,700	64,159	41,660	18,223	31,477	101,382	579,163
At 31 March 2020	79,745	228,824	74,096	94,224	43,176	19,020	29,251	33,961	602,297
At 31 March 2021	68,430	202,558	59,720	83,228	35,919	13,008	25,863	30,945	519,671

14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.1 Property, Plant and Equipment (cont'd)

COMPANY	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Cost						
At 1 April 2019	5,909	4	6,130	198	27,521	39,762
Reclassification/transfer to investment properties (Note 15)	1,390	–	24	–	(25,316)	(23,902)
Additions	–	–	1	–	8,549	8,550
Disposals	(43)	(4)	(14)	(82)	–	(143)
At 31 March 2020 and 1 April 2020	7,256	–	6,141	116	10,754	24,267
Reclassification/transfer to investment properties (Note 15)	5,167	–	–	–	(7,209)	(2,042)
Additions	–	–	495	–	5,621	6,116
Disposals	(6)	–	(172)	(27)	–	(205)
At 31 March 2021	12,417	–	6,464	89	9,166	28,136
Accumulated depreciation						
At 1 April 2019	3,012	1	2,864	101	–	5,978
Depreciation	678	–	834	8	–	1,520
Disposals	(43)	(1)	(14)	(34)	–	(92)
At 31 March 2020 and 1 April 2020	3,647	–	3,684	75	–	7,406
Depreciation	1,306	–	841	8	–	2,155
Disposals	(6)	–	(172)	(27)	–	(205)
At 31 March 2021	4,947	–	4,353	56	–	9,356
Carrying amounts						
At 1 April 2019	2,897	3	3,266	97	27,521	33,784
At 31 March 2020	3,609	–	2,457	41	10,754	16,861
At 31 March 2021	7,470	–	2,111	33	9,166	18,780

The Group's carrying amount of property, plant and equipment under finance leases is $2,561,482 (2020: $1,092,397). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $13,543,000 (2020: $13,257,000) are pledged to secure the Group's bank loans (Note 27).

14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.2 Right-of-Use Assets

GROUP	Leasehold land and buildings $'000	Others $'000	Total $'000
Cost			
Recognition of right-of-use asset on initial application of SFRS(I) 16 on 1 April 2019	177,999	6,181	184,180
Translation	4,337	(22)	4,315
Additions	39,338	–	39,338
Disposals	–	(381)	(381)
Acquisition of subsidiaries	159	–	159
Disposal of subsidiary	(706)	–	(706)
At 31 March 2020 and 1 April 2020	221,127	5,778	226,905
Translation	(6,425)	(109)	(6,534)
Additions	16,748	119	16,867
Disposals	(1,765)	(1,704)	(3,469)
At 31 March 2021	229,685	4,084	233,769
Accumulated depreciation			
Recognition of right-of-use asset on initial application of SFRS(I) 16 on 1 April 2019	–	–	–
Translation	128	12	140
Amortisation	18,509	2,459	20,968
Disposals	–	(160)	(160)
At 31 March 2020 and 1 April 2020	18,637	2,311	20,948
Translation	(547)	(55)	(602)
Amortisation	25,750	1,526	27,276
Disposals	(744)	(825)	(1,569)
At 31 March 2021	43,096	2,957	46,053
Carrying amounts			
At 31 March 2020	202,490	3,467	205,957
At 31 March 2021	186,589	1,127	187,716

14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.2 Right-of-Use Assets (cont'd)

COMPANY	Leasehold land and buildings $'000	Others $'000	Total $'000
Cost			
Recognition of right-of-use asset on initial application of SFRS(I) 16 on 1 April 2019	69,018	–	69,018
Additions	1,877	–	1,877
At 31 March 2020 and 1 April 2020	70,895	–	70,895
Additions	195	–	195
At 31 March 2021	71,090	–	71,090
Accumulated depreciation			
Recognition of right-of-use asset on initial application of SFRS(I) 16 on 1 April 2019	–	–	–
Amortisation	3,858	–	3,858
At 31 March 2020 and 1 April 2020	3,858	–	3,858
Amortisation	3,896	–	3,896
At 31 March 2021	7,754	–	7,754
Carrying amounts			
At 31 March 2020	67,037	–	67,037
At 31 March 2021	63,336	–	63,336

15. Investment Properties

	GROUP $'000	COMPANY $'000
Cost		
At 1 April 2019	**48,157**	775,723
Transfer (to)/from property, plant and equipment (Note 14)	**(31,865)**	23,902
Additions	**–**	29
Disposals	**–**	(553)
At 31 March 2020 and 1 April 2020	**16,292**	799,101
Transfer from property, plant and equipment (Note 14)	**–**	2,042
Additions	**–**	16
Disposals	**(6,663)**	(6,663)
At 31 March 2021	**9,629**	794,496
Accumulated depreciation		
At 1 April 2019	**40,568**	568,944
Depreciation	**841**	29,660
Transfer to property, plant and equipment (Note 14)	**(26,156)**	–
Disposals	**–**	(539)
At 31 March 2020 and 1 April 2020	**15,253**	598,065
Depreciation	**542**	30,069
Disposals	**(6,663)**	(6,663)
At 31 March 2021	**9,132**	621,471
Carrying amount		
At 1 April 2019	**7,589**	206,779
At 31 March 2020	**1,039**	201,036
At 31 March 2021	**497**	173,025

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.

15. Investment Properties (cont'd)

Information relating to the fair values of the investment properties of the Group as at 31 March as follows:

	2021		2020	
	Carrying value $'000	Fair value $'000	Carrying value $'000	Fair value $'000
Investment properties	**497**	**13,000**	1,039	14,300

Information relating to the fair values of the investment properties of the Company rented to third parties as at 31 March as follows:

	2021		2020	
	Carrying value $'000	Fair value $'000	Carrying value $'000	Fair value $'000
Investment properties rented by Company to third parties	**497**	**13,000**	1,039	14,300

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 2021 from its investment properties which are leased out under operating leases, amounted to nil and $49,721,000 (2020: $1,165,000 and $49,465,000) respectively.

Direct operating expenses (including repairs and maintenance) incurred on rental-earning investment properties amounted to $116,000 and $37,838,000 (2020: $802,000 and $37,097,000) for the Group and Company respectively.

16. Intangible Assets

GROUP	Software development $'000	Work in progress $'000	Goodwill $'000 (Restated)	Licence $'000	Customer relationships $'000 (Restated)	Total $'000 (Restated)
Cost						
At 1 April 2019	109,374	8,762	245,632	26,814	120,850	511,432
Translation	146	18	1,458	–	57	1,679
Reclassification/transfer from/(to) property, plant and equipment (Note 14)	3,071	(3,060)	–	–	–	11
Additions (Note 25)	1,504	7,488	–	–	–	8,992
Acquisition of subsidiaries	1,162	–	55,730	285	23,915	81,092
Disposals	(745)	–	–	–	–	(745)
At 31 March 2020 and 1 April 2020 (restated)	114,512	13,208	302,820	27,099	144,822	602,461
Translation	(631)	(19)	(1,782)	15	(1,033)	(3,450)
Transfer from/(to) property, plant and equipment (Note 14)	3,660	(3,632)	–	–	–	28
Additions (Note 25)	592	24,195	–	–	–	24,787
Disposals	(3,628)	–	–	–	–	(3,628)
Impairment	–	–	(24,700)	–	–	(24,700)
Other	–	–	–	–	1,877	1,877
At 31 March 2021	114,505	33,752	276,338	27,114	145,666	597,375
Accumulated depreciation						
At 1 April 2019	101,749	–	–	19,470	39,662	160,881
Translation	135	–	–	14	–	149
Amortisation	3,783	–	–	1,915	8,178	13,876
Acquisition of subsidiaries	562	–	–	271	–	833
Disposals	(653)	–	–	–	–	(653)
At 31 March 2020 and 1 April 2020 (restated)	105,576	–	–	21,670	47,840	175,086
Translation	(578)	–	–	15	43	(520)
Amortisation	4,289	–	–	1,917	9,543	15,749
Disposals	(3,619)	–	–	–	–	(3,619)
At 31 March 2021	105,668	–	–	23,602	57,426	186,696
Carrying amounts						
At 1 April 2019	7,625	8,762	245,632	7,344	81,188	350,551
At 31 March 2020 (restated)	8,936	13,208	302,820	5,429	96,982	427,375
At 31 March 2021	8,837	33,752	276,338	3,512	88,240	410,679

16. 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 granted by the Singapore Food Agency.

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 following cash-generating units (CGU) for impairment testing:

– SATS Food Services ("SFS")
– TFK Corporation
– Ground Team Red Holdings Sdn. Bhd. ("GTRH")
– Nanjing Weizhou Airline Food Corp., Ltd ("NWA")
– Monty's Bakehouse UK Limited ("MBUK")

Impairment testing for CGU is carried out annually. Information about the Company's key underlying assumptions used is disclosed in Note 2.14(ii). The carrying amount of the CGU was determined to be higher than its recoverable amount and thus, an impairment loss was recognised. During the financial year, impairment loss of $11,000,000 and $13,700,000 were recognised for GTRH and MBUK respectively. The impairment loss was fully allocated to goodwill and included in "Other non-operating loss" in the consolidated income statement.

The carrying amounts of goodwill allocated to each CGU are as follows:

	31 Mar 2021 $'000	31 Mar 2020 $'000
SFS	**111,791**	111,791
TFK Corporation	**18,666**	20,167
GTRH	**101,329**	114,582
NWA	**29,767**	29,139
MBUK	**14,785**	22,579
	276,338	298,258

16. 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. Should the first year forecasted operating performance of the CGUs be worse off by 50% and the second year forecasted operating performace be worse off by 25%, the impairment charge for the current financial year would have increased by approximately $4 million. 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 2021 %	31 Mar 2020 %	31 Mar 2021 %	31 Mar 2020 %
SFS	**1.0**	1.0	**8.1**	8.4
TFK Corporation	**0.8**	0.8	**10.4**	9.5
GTRH	**2.3**	2.4	**12.7**	10.9
NWA	**2.5**	3.0	**12.6**	13.4
MBUK	**1.5**	1.5	**13.6**	11.5

16. Intangible Assets (cont'd)

COMPANY	Software $'000	Work in progress $'000	Total $'000
Cost			
At 1 April 2019	28,687	2,224	30,911
Additions	–	4,526	4,526
Reclassifications	2,535	(2,535)	–
Disposals	(203)	–	(203)
At 31 March 2020 and 1 April 2020	31,019	4,215	35,234
Additions	–	13,155	13,155
Reclassifications	1,044	(1,044)	–
Disposals	(186)	–	(186)
At 31 March 2021	31,877	16,326	48,203
Accumulated amortisation			
At 1 April 2019	27,283	–	27,283
Amortisation	985	–	985
Disposals	(203)	–	(203)
At 31 March 2020 and 1 April 2020	28,065	–	28,065
Amortisation	1,267	–	1,267
Disposals	(185)	–	(185)
At 31 March 2021	29,147	–	29,147
Carrying amounts			
At 1 April 2019	1,404	2,224	3,628
At 31 March 2020	2,954	4,215	7,169
At 31 March 2021	2,730	16,326	19,056

17. Investment in Subsidiaries

	COMPANY 31 Mar 2021 $'000	COMPANY 31 Mar 2020 $'000
Unquoted shares, at cost	**779,983**	775,173
Impairment loss	**(26,000)**	–
	753,983	775,173

The Company has recognised an impairment charge of $26,000,000 relating to its investment in Ground Team Red Holdings Sdn. Bhd. in the current financial year.

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 31 Mar 2021 $'000	Cost of investment 31 Mar 2020 $'000	Equity held 31 Mar 2021 %	Equity held 31 Mar 2020 %
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

Notes to the Financial Statements

31 March 2021

17. Investment in Subsidiaries (cont'd)

Name of companies	Principal activities (Place of business)	Cost of investment 31 Mar 2021 $'000	Cost of investment 31 Mar 2020 $'000	Equity held 31 Mar 2021 %	Equity held 31 Mar 2020 %
Held by the Company (cont'd)					
SATS Investments Pte. Ltd.[a]	Investment holding	**#**	#	**100**	100
SATS (India) Co. Private Limited[b]	Business development and marketing and product development (India)	**228**	228	**100**	100
SATS Investments (II) Pte. Ltd.[a]	Investment holding	**#**	#	**100**	100
Cemerlang Pte. Ltd.[a]	Investment holding	**#**	#	**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]	Investment holding (Malaysia)	**#**	#	**100**	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)	**82,024**	77,214	**100**	100
		779,983	775,173		

17. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held 31 Mar 2021 %	Equity held 31 Mar 2020 %
Held through SATS Airport Services Pte Ltd			
SATS-Creuers Cruise Services Pte. Ltd.[a]	Management of international cruise terminal	**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 and its subsidiary[a]	Provision of 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]	Provision of 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

17. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held 31 Mar 2021 %	31 Mar 2020 %
Held through SATS Investments Pte. Ltd.			
TFK Corporation[b, g]	Inflight catering services (Japan)	**59.4**	59.4
SATS Investments Turkey Havacılık Yatırımları Anonim Şirketi[j]	Investment holding (Turkey)	**100**	100
SATS Food Turkey Gıda Hizmetleri Anonim Şirketi[j]	Food-related projects (Turkey)	**100**	100
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.[i]	Investment holding company (Thailand)	**100**	–
Held through TFK Corporation			
Inflight Foods Co., Ltd.[g,h]	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.[g,h]	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[g,h]	Inflight catering services, and provision of manpower to inflight catering operators (Japan)	**59.4**	59.4
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

17. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held 31 Mar 2021 %	31 Mar 2020 %
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
Held through Ground Team Red Holdings Sdn. Bhd.			
Ground Team Red Sdn. Bhd.[b]	Airport ground handling services (Malaysia)	**49**	49
GTRSG Pte. Ltd.[a]	Ground handling	**40**	40
Held through Monty's Bakehouse UK Limited			
Monty's Bakehouse GCC and Asia General Trading FZE[d, j]	Manufacture and supply of hand-held savoury snacks and bakery to airlines and airline caterers (United Arab Emirates)	**100**	100
Monty's Bakehouse NL B.V.[d]	Manufacture and supply of hand-held savoury snacks and bakery to airlines and airline caterers (Netherlands)	**100**	100

[a] Audited by KPMG, Singapore.
[b] Audited by member firms of KPMG International in the respective countries.
[c] Audited by Shanghai YMD Certified Public Accountants (LLP).
[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] Percentage of equity held excludes Treasury Shares held by TFK Corporation.
[h] Not required to be audited under the laws of their countries of incorporation.
[i] Incorporated during the year.
[j] Under voluntary liquidation.

Amount is less than $1,000.
* Significant subsidiaries in FY2019-20 in accordance to Rule 718 of the Singapore Exchange Securities Trading Limited – Listing Rules. Given that the Group is in a loss making position for FY2020-21 and net tangible assets have been used as the basis for the determination of significant subsidiary, there is no subsidiary that is considered to be significant in FY2020-21.

Notes to the Financial Statements

31 March 2021

17. 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)/profit 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 ("TFK") (Japan)				
31 March 2021	40.6	(14,412)	(47,300)	–
31 March 2020	40.6	212	(63,031)	1,015
Ground Team Red Holdings Sdn. Bhd. ('GTRH") (Malaysia)				
31 March 2021	50	(17,601)	(64,941)	–
31 March 2020	50	4,091	(82,592)	–

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*	
	2020-21 $'000	2019-20 $'000	2020-21 $'000	2019-20 $'000
Revenue	**58,714**	253,449	**13,840**	114,516
(Loss)/profit before tax	**(51,787)**	1,139	**(57,135)**	4,756
Income tax credit/(expense)	**16,289**	(90)	**11,005**	(1,456)
(Loss)/profit after tax	**(35,498)**	1,049	**(46,130)**	3,300
Other comprehensive income	**(41,259)**	11,527	**(5,729)**	(1,196)
Total comprehensive income	**(76,757)**	12,576	**(51,859)**	2,104

* The figures disclosed include Ground Team Red Sdn. Bhd. ("GTR") and GTRSG Pte. Ltd. ("GTRSG") being subsidiaries of GTRH.

17. Investment in Subsidiaries (cont'd)

Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised statement of financial position as at 31 March:

	TFK		GTRH*	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Current assets	**39,138**	86,198	**6,846**	50,653
Current liabilities	**(34,185)**	(41,045)	**(12,884)**	(23,234)
	4,953	45,153	**(6,038)**	27,419
Non-current assets	**213,398**	219,678	**219,962**	236,218
Non-current liabilities	**(84,580)**	(90,326)	**(46,096)**	(47,338)
	128,818	129,352	**173,866**	188,880
Net assets	**133,771**	174,505	**167,828**	216,299

Other summarised information:

	TFK		GTRH*	
	2020-21 $'000	2019-20 $'000	2020-21 $'000	2019-20 $'000
Net cash (outflows)/inflows from operations	**(19,467)**	10,015	**(14,820)**	18,635
Acquisition of significant property, plant and equipment, and intangible assets	**(2,651)**	(12,061)	**(838)**	(8,974)

* The figures disclosed include GTR and GTRSG being subsidiaries of GTRH.

Acquisition of subsidiaries – Monty's Bakehouse UK Limited ("MBUK")

On 29 February 2020, the Group, through its subsidiary, SATS Investment Pte. Ltd. acquired 100% equity interest in Monty's Bakehouse UK Limited ("MBUK"). Upon the acquisition, MBUK became subsidiary of the Group. As at 31 March 2020, purchase price allocation for the acquisition of MBUK was not completed and the goodwill was accounted for on a provisional basis.

The Group has subsequently concluded the purchase price allocation review and adjusted the provisional goodwill, net assets acquired and consideration amounts recognised at the acquisition date to reflect new information obtained based on facts and circumstances that existed as of the acquisition date. The adjusted fair values of the identifiable assets and liabilities of MBUK as at the date of acquisition are presented in the following table.

17. Investment in Subsidiaries (cont'd)

Acquisition of subsidiaries – Monty's Bakehouse UK Limited ("MBUK") (cont'd)

The fair value of the identifiable assets and liabilities as at 31 March 2020 were:

	Amount as at 31 March 2020		
	Provisional amount previously reported $'000	Fair value adjustments* $'000	Restated amount $'000
Property, plant and equipment	2,592	–	2,592
Intangible assets	5,503	(801)	4,702
Trade and other receivables	3,745	–	3,745
Other current assets	7,037	(3,067)	3,970
Cash and bank balances	8,765	–	8,765
	27,642	(3,868)	23,774
Trade and other payables	(4,850)	417	(4,433)
Other current liabilities	(1,517)	535	(982)
	(6,367)	952	(5,415)
Total net identifiable assets at fair value	21,275	(2,916)	18,359
Consideration transferred	30,577	(436)	30,141
Deferred consideration	13,836	2,082	15,918
Less: Goodwill arising from acquisition	(23,138)	(4,562)	(27,700)
	21,275	(2,916)	18,359

* Fair value adjustments made during measurement period.

Upon completion of the purchase price allocation review, the Group's management has considered and reviewed and subsequently revised the earn-out targets of MBUK in view of the impact of COVID-19 pandemic. An adjustment of $13,700,000 was made to the deferred consideration as the earn-out targets of MBUK was not achievable.

Loan to and from subsidiaries

	COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000
Loan to subsidiaries:		
Non-current	**360,722**	380,086

Non-current loan amounting to $45,000,000 (2020: $45,000,000) is unsecured, bears interest at 1.5% per annum above the 12 months SGD SIBOR and is repayable by 31 March 2024.

17. Investment in Subsidiaries (cont'd)

Loan to and from subsidiaries (cont'd)

The remaining non-current loans to subsidiaries amounting to $315,722,000 (2020: $335,086,000) are unsecured, non-interest bearing, repayable on demand and not expected to be repaid in the next 12 months.

	COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000
Loan from subsidiaries:		
Current	**169,900**	67,500

Loan from subsidiaries is unsecured, bears interest at 1 month SIBOR less 0.3% per annum and repayable on demand.

18. Investment in Associates

	GROUP		COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Quoted shares, at cost	**116,428**	116,428	**–**	–
Unquoted shares, at cost	**478,048**	478,048	**375,474**	375,474
Impairment loss	**(58,365)**	(26,813)	**(40,053)**	(34,753)
Share of post-acquisition results	**191,101**	247,636	**–**	–
Accumulated amortisation of intangible assets	**(76,976)**	(69,941)	**–**	–
Share of statutory reserves of associates	**13,343**	11,980	**–**	–
Share of changes recognised directly in associates' equity	**(13,957)**	(14,145)	**–**	–
Foreign currency translation adjustments	**(128,828)**	(125,393)	**–**	–
	520,794	617,800	**335,421**	340,721

During the financial year, total impairment charge of $31,500,000 was recognised for investment in Evergreen Airline Services Corporation, Brahim's SATS Investment Holdings Sdn. Bhd. and PT Purantara Mitra Angkasa Dua (2020: $11,900,000 was recognised for Brahim's SATS Investment Holdings Sdn. Bhd., Beijing Aviation Ground Services Co., Ltd and Beijing Airport Inflight Kitchen Limited).

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.

18. Investment In Associates (cont'd)

Amounts due from associates

The amounts due from associates amounting to $1,095,000 (2020: $1,199,000) are unsecured, trade-related and are repayable on demand. Impairment loss of $952,000 (2020: $2,900,000) was provided for in the financial year for amount due from the associates.

Associates

Name of companies	Principal activities (Place of business)	GROUP Cost of investment 31 Mar 2021 $'000	GROUP Cost of investment 31 Mar 2020 $'000	GROUP Equity held 31 Mar 2021 %	GROUP Equity held 31 Mar 2020 %
Held by the Company					
Maldives Inflight Catering Private Limited [b, 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
Asia Airfreight Terminal Company Limited [b]	Air cargo handling services (Hong Kong)	**92,663**	92,663	**49.0**	49.0
Servair-SATS Holding Company Pte Ltd [h, k]	Investment holding company (Singapore)	**509**	509	**49.0**	49.0

18. Investment In Associates (cont'd)

Associates (cont'd)

Name of companies	Principal activities (Place of business)	GROUP Cost of investment 31 Mar 2021 $'000	GROUP Cost of investment 31 Mar 2020 $'000	GROUP Equity held 31 Mar 2021 %	GROUP Equity held 31 Mar 2020 %
Held by the Company (cont'd)					
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
SATS HK Limited [i, 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
		375,474	375,474		

18. Investment In Associates (cont'd)

Associates (cont'd)

		GROUP			
		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 %	31 Mar 2020 %
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]	Investment holding company (Malaysia)	**49,057**	49,057	**49.0**	49.0
Oman SATS LLC[i, k] (Formerly known as Oman Air SATS Cargo LLC)	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
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
		594,476	594,476		

a Audited by KPMG, Singapore.
b Audited by member firms of KPMG International in the respective countries.
c Audited by Ruihua Certified Public Accountants Co., Ltd.
d Audited by ShineWing Certified Public Accountants, 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.

There was no associate company that was considered as significant in accordance to Rule 718 of the Singapore Exchange Securities Trading Limited – Listing Rules.

18. Investment In Associates (cont'd)

The Group has not recognised losses where its share of losses exceeds the Group's interest in the associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $27,726,000 (2020: $1,915,000), of which $25,811,000 was the share of the current year's losses. The Group has no obligation in respect of these unrecognised losses.

Corporate Guarantee

The Group has provided a proportionate guarantee up to a maximum amount of approximately $35,146,000 (2020: $38,466,000) to financial institutions for providing credit and banking facilities to an associate, which the Group is liable for in the event of default by the associate.

The Group's material investments in associates are summarised below:

	31 Mar 2021 $'000	31 Mar 2020 $'000
PT Jasa Angkasa Semesta, Tbk ("PT Jas")	**56,354**	51,836
Asia Airfreight Terminal Company Limited ("AAT")	**127,542**	126,743
PT Cardig Aero Services Tbk ("PT Cas")	**89,969**	88,950
Evergreen Sky Catering Corporation ("ESCC")	**68,981**	78,231
Other associates	**177,948**	272,040
	520,794	617,800
Fair value of PT Cas based on the quoted market price at reporting date (Level 1 in the fair value hierarchy)	**28,616**	40,836

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	2020-21 $'000	2019-20 $'000
Share of (loss)/profit after tax	**(57,514)**	447
Other comprehensive income	**(3,951)**	4,714
Total comprehensive income	**(61,465)**	5,161

18. 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 consolidated financial statements are as follows:

Summarised statement of comprehensive income:

	PT Jas		AAT		PT Cas		ESCC	
	2020-21 $'000	2019-20 $'000	2020-21 $'000	2019-20 $'000	2020-21 $'000	2019-20 $'000	2020-21 $'000	2019-20 $'000
Revenue	**81,870**	157,200	**145,672**	139,957	**101,035**	210,329	**19,306**	146,496
Profit/(loss) after tax	**7,868**	34,178	**27,591**	(5,897)	**(6,663)**	(19,666)	**(27,406)**	20,835
Other comprehensive income	**–**	(1,227)	**–**	–	**(454)**	776	**547**	(522)
Total comprehensive income	**7,868**	32,951	**27,591**	(5,897)	**(7,117)**	(18,890)	**(26,859)**	20,313

Summarised statement of financial position as at 31 March:

	PT Jas		AAT		PT Cas		ESCC	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Current assets	**44,018**	40,822	**180,478**	152,121	**58,081**	62,675	**45,925**	58,045
Non-current assets excluding goodwill	**34,619**	35,786	**240,508**	295,038	**78,974**	82,600	**326,997**	330,963
Goodwill	**–**	–	**–**	–	**1,428**	1,305	**–**	–
Total assets	**78,637**	76,608	**420,986**	447,159	**138,483**	146,580	**372,922**	389,008
Current liabilities	**41,444**	40,446	**182,867**	53,829	**74,691**	72,392	**18,679**	41,314
Non-current liabilities	**9,121**	11,673	**9,338**	168,119	**16,255**	19,682	**104,975**	68,404
Total liabilities	**50,565**	52,119	**192,205**	221,948	**90,946**	92,074	**123,654**	109,718
Net assets	**28,072**	24,489	**228,781**	225,211	**47,537**	54,506	**249,268**	279,290

18. Investment In Associates (cont'd)

	PT Jas		AAT		PT Cas		ESCC	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Net assets excluding goodwill	**28,072**	24,489	**228,781**	225,211	**46,109**	53,202	**249,268**	279,290
Less: Non-controlling interest	**–**	–	**–**	–	**(12,567)**	(15,051)	**–**	–
	28,072	24,489	**228,781**	225,211	**33,542**	38,151	**249,268**	279,290
Proportion of the Group's ownership	**49.8%**	49.8%	**49.0%**	49.0%	**41.7%**	41.7%	**25.0%**	25.0%
Group's share of net assets	**13,980**	12,196	**112,103**	110,353	**13,970**	15,890	**62,317**	69,822
Goodwill on acquisition and intangible assets	**42,374**	39,640	**15,439**	16,390	**75,999**	73,060	**6,664**	8,409
Carrying amount of the investment	**56,354**	51,836	**127,542**	126,743	**89,969**	88,950	**68,981**	78,231
Group's interest in net assets of investee at beginning of the year	**51,836**	57,083	**126,743**	118,338	**88,950**	107,088	**78,231**	71,319
Reclassified from asset held for sale	**–**	–	**–**	10,519	**–**	–	**–**	–
Group's share of:								
Profit/(loss)	**3,918**	17,020	**13,520**	(2,890)	**(4,971)**	(10,433)	**(8,824)**	3,364
Other comprehensive income	**3,544**	(5,516)	**(7,607)**	7,732	**5,990**	(7,705)	**433**	5,025
Total comprehensive income	**7,462**	11,504	**5,913**	15,361	**1,019**	(18,138)	**(8,391)**	8,389
Dividends received during the year	**(2,944)**	(16,751)	**(5,114)**	(6,956)	**–**	–	**(859)**	(1,477)
Carrying amount of interest in investee at end of the year	**56,354**	51,836	**127,542**	126,743	**89,969**	88,950	**68,981**	78,231

19. Investment in Joint Ventures

	GROUP		COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Unquoted shares, at cost	**34,126**	34,126	**12,014**	12,014
Post-acquisition revenue reserve capitalised as share capital	**3,090**	3,090	**–**	–
Share of post-acquisition results	**34,212**	46,605	**–**	–
Others	**(470)**	(101)	**–**	–
Foreign currency translation	**(13,573)**	(12,534)	**–**	–
	57,385	71,186	**12,014**	12,014

Amounts due from/to joint ventures

The amounts due from joint ventures amounting to $108,000 (2020: $1,639,000) and amount due to joint ventures amounting to $11,400,000 (2020: $10,450,000) are unsecured, trade-related and are repayable on demand. Impairment loss of $1,369,000 (2020: nil) was provided for in the financial year for amount due from a joint venture.

Joint ventures

		GROUP			
		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 %	31 Mar 2020 %
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		

19. Investment in Joint Ventures (cont'd)

Joint ventures (cont'd)

		GROUP			
		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 %	31 Mar 2020 %
Held through SATS Food Services Pte. Ltd					
SG IPF Pte. Ltd. [b]	Investment holding (Singapore)	**12,957**	12,957	**60.0**	60.0
Held through SATS Asia-Pacific Star Pte. Ltd.					
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
		34,126	34,126		

[a] Audited by member firm of KPMG International.
[b] Audited by KPMG, Singapore.

19. Investment in Joint Ventures (cont'd)

The Group's material investments in joint ventures are summarised below:

	31 Mar 2021 $'000	31 Mar 2020 $'000
Air India SATS Airport Services Private Limited ("AISATS")	**32,758**	46,232
Other joint ventures	**24,627**	24,954
	57,385	71,186

Aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	2020-21 $'000	2019-20 $'000
Share of loss after tax	**(596)**	(16)
Other comprehensive income	**270**	(30)
Total comprehensive income	**(326)**	(46)

The summarised financial information in respect of Air India SATS Airport Services Private Limited ("AISATS") and Country Foods Pte. Ltd. ("CFPL") based on their respective financial statements and a reconciliation with the carrying amount of the investment in consolidated financial statements are as follows:

	AISATS		CFPL*	
	2020-21 $'000	2019-20 $'000	2020-21 $'000	2019-20 $'000
Revenue	**76,369**	146,887	**–**	84,571
Operating expenses	**(98,297)**	(134,711)	**–**	(83,960)
Interest (expenses)/income	**(5,240)**	(2,222)	**–**	3
(Loss)/profit before tax	**(27,168)**	9,954	**–**	614
Income tax credit/(expense)	**3,575**	(2,036)	**–**	–
(Loss)/profit after tax	**(23,593)**	7,918	**–**	614
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**(23,593)**	7,918	**–**	614

* CFPL became a subsidiary in FY2019-20 subsequent to step up acquisition of remaining 49% equity interest and FY2019-20 only consisted of 5 months results prior to the step up acquisition.

19. Investment in Joint Ventures (cont'd)

Summarised statement of financial position as follow:

	AISATS		CFPL	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Cash and cash equivalents	**845**	1,947	**–**	–
Inventories	**2,283**	3,043	**–**	–
Other receivable	**2,096**	2,118	**–**	–
Trade receivable	**28,751**	64,067	**–**	–
Current assets	**33,975**	71,175	**–**	–
Non-current assets	**99,391**	92,289	**–**	–
Total assets	**133,366**	163,464	**–**	–
Current liabilities	**42,196**	53,473	**–**	–
Non-current liabilities	**25,653**	17,527	**–**	–
Total liabilities	**67,849**	71,000	**–**	–
Net assets	**65,517**	92,464	**–**	–
Net assets excluding goodwill	**65,517**	92,464	**–**	–
Proportion of the Group's ownership	**50.0%**	50.0%	**–**	–
Group's share of net assets	**32,758**	46,232	**–**	–
Carrying amount of the investment	**32,758**	46,232	**–**	–
Group's interest in net assets of investee at beginning of the year/at acquisition date	**46,232**	44,275	**–**	34,610
Group's share of total comprehensive income for the year	**(13,474)**	2,189	**–**	313
Dividends received during the year	**–**	(232)	**–**	–
Reclassification to subsidiary	**–**	–	**–**	(34,923)
Carrying amount of interest in investee at end of the year	**32,758**	46,232	**–**	–

20. Long-Term Investments

	GROUP		COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Quoted equity investment	**303**	211	**–**	–
Unquoted equity investment	**6,060**	6,060	**6,060**	6,060
Loan, secured	**8,065**	21,312	**–**	–
Others	**113**	122	**–**	–
	14,541	27,705	**6,060**	6,060

The secured loan of $8,065,000 (2020: $21,312,000) refers to an investment in a 5-year secured loan of US$5,833,000 (2020: US$14,963,000) with interest rate of 6.5% (2020: 6.5%) per annum (Note 31(c)).

An impairment charge of $12,500,000 has been made on the secured loan during the financial year (Note 31(c)).

21. Deferred Taxation

	GROUP			
	Consolidated Statement of Financial Position		Consolidated Income Statement	
	31 Mar 2021 $'000	31 Mar 2020 $'000	2020-21 $'000	2019-20 $'000
Deferred tax liabilities				
Property, plant and equipment	**47,143**	47,843	**726**	1,298
Intangible assets	**18,354**	21,855	**2,864**	2,522
Provisions	**(683)**	(1,101)	**(414)**	(1,297)
Defined benefit plan	**58**	58	**–**	–
Unremitted foreign dividend and interest income	**6,478**	6,478	**–**	(10)
Fair value gain	**1,112**	1,089	**–**	–
Unutilised tax losses/capital allowances	**(18,391)**	(2,246)	**16,146**	(1,226)
Undistributed earnings of associates/ joint ventures	**13,557**	17,078	**2,082**	(3,086)
Other temporary differences	**1,048**	(352)	**563**	384
	68,676	90,702		
Deferred tax assets				
Provisions	**2,561**	4,661	**272**	(1,202)
Unutilised tax losses	**28,770**	6,249	**24,628**	1,292
Property, plant and equipment	**2,976**	2,768	**694**	2
	34,307	13,678	**47,561**	(1,323)

21. Deferred Taxation (cont'd)

	COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000
Deferred tax liabilities		
Property, plant and equipment	**22,311**	20,765
Provision	**(1,146)**	(1,218)
Unremitted foreign dividend and interest income	**6,478**	6,478
	27,643	26,025

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $33,236,000 (2020: $26,018,000) 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.

22. Other Non-Current Assets

Other non-current assets relate mainly to long-term prepayments and lease deposits.

23. Trade and Other Receivables

	GROUP		COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Trade and other receivables:				
Trade receivables	**132,512**	153,507	**3,050**	1,750
Staff loans	**563**	203	**363**	35
Sundry receivables	**24,189**	35,144	**1,519**	3,010
Government grant receivables	**63,532**	79,996	**11,825**	4,681
Amounts due from related parties – Trade	**70,710**	117,114	**–**	–
Amounts due from related companies – Non-trade	**–**	–	**65,429**	87,441
	291,506	385,964	**82,186**	96,917

Trade receivables are generally on 30 – 90 day terms.

23. Trade and Other Receivables (cont'd)

Trade receivables denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
United States Dollar	**9,311**	2,011	**–**	–

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 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Balance at 1 April	**2,663**	1,305	**22**	146
Exchange differences	**(124)**	28	**–**	–
Write-off against provisions	**(287)**	(15)	**–**	–
Charge/(write-back) to income statement	**11,379**	1,070	**94**	(124)
Acquisition of subsidiary	**–**	424	**–**	–
Disposal of subsidiary	**–**	(149)	**–**	–
Balance at 31 March	**13,631**	2,663	**116**	22
Bad debts (recovered)/write-off directly to income statement	**(1,416)**	60	**1**	–

23. Trade and Other Receivables (cont'd)

Staff loans

There was no interest charge on the staff loans for FY2020-21 and FY2019-20.

Sundry receivables

Sundry receivables are unsecured, interest-free and repayable upon demand.

Amounts due from related parties

The amounts due to the Group are trade-related, with a credit term of 45 days. The amounts due to the Company are unsecured, interest-free and are repayable upon demand.

24. Inventories

	GROUP		COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000 (Restated)	31 Mar 2021 $'000	31 Mar 2020 $'000
Food supplies and dry stores	**119,488**	56,452	**–**	–
Technical spares	**10,121**	10,146	**–**	–
Other consumables	**445**	796	**265**	381
	130,054	67,394	**265**	381
Income Statement:				
Inventories recognised as an expense	**228,593**	339,591	**–**	–
Inclusive:				
– Inventories written down	**1,584**	402	**–**	–

25. Cash and Cash Equivalents

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.00% to 1.6% (2020: 0.00% to 2.2%) per annum. Short-term deposits are made for varying periods of between 7 days and 12 months depending on the expected cash requirements of the Group, and earn interest at the effective interest rate ranging from 0.00% to 1.8% (2020: 0.00% to 2.6%) 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 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Fixed deposits	**767,753**	434,052	**745,000**	369,000
Cash and bank balances	**112,096**	115,153	**16,558**	6,386
	879,849	549,205	**761,558**	375,386

(b) Analysis of capital expenditure cash flows:

	GROUP	
	2020-21 $'000	2019-20 $'000
Additions of property, plant and equipment (Note 14)	**37,825**	73,817
Additions of intangible assets (Note 16)	**24,787**	8,992
Accrual for additions of property, plant and equipment (Note 26)	**(1,078)**	(7,165)
Cash invested in property, plant and equipment and intangible assets	**61,534**	75,644

(c) Cash and cash equivalents denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Australian Dollar	**21**	5,437	**–**	–
United States Dollar	**934**	3,104	**1,870**	1,695
Japanese Yen	**–**	514	**471**	514

26. Trade and Other Payables

	GROUP		COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000 (Restated)	31 Mar 2021 $'000	31 Mar 2020 $'000
Current:				
Trade payables	**158,777**	178,985	**10,659**	8,313
Other payables:				
Tender deposits	**3,661**	3,840	**2,539**	2,556
Accrued expenses	**178,782**	170,756	**17,089**	22,336
Purchase of property, plant and equipment	**16,774**	15,696	**15**	1,533
Others	**125**	824	**–**	16
	199,342	191,116	**19,643**	26,441
Amounts due to related companies	**404**	2,398	**225**	–
Deposits placed by subsidiaries	**–**	–	**91,534**	33,445
Trade and other payables	**358,523**	372,499	**122,061**	68,199
Non-current:				
Deferred considerations	**18,537**	29,455	**–**	–
Accrued expenses	**26,419**	30,999	**8,219**	8,679
Other payables	**44,956**	60,454	**8,219**	8,679

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.

26. Trade and Other Payables (cont'd)

Trade and other payables denominated in foreign currencies are as follows:

	GROUP		COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Australian Dollar	**146**	455	**–**	–
Euro	**55**	161	**–**	–
United States Dollar	**2,256**	2,986	**–**	–
Japanese Yen	**79**	20	**–**	–

Amounts due to related companies

These amounts are trade-related, unsecured, non-interest bearing and repayable on demand. Purchases from related companies are made at agreed terms.

27. Term Loans

	GROUP		COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Unsecured:				
Repayable within one year	**134,062**	106,000	**94,801**	100,000
Repayable after one year	**234,850**	102,430	**150,000**	102,430
	368,912	208,430	**244,801**	202,430
Secured:				
Repayable within one year	**9,231**	6,405	**–**	–
Total term loans	**378,143**	214,835	**244,801**	202,430
Represented by:				
Current	**143,293**	112,405	**94,801**	100,000
Non-current	**234,850**	102,430	**150,000**	102,430
	378,143	214,835	**244,801**	202,430

27. Term Loans (cont'd)

As at 31 March 2021, there were six (2020: six) unsecured loans held by the Group and three (2020: four) unsecured loans held by the Company. The unsecured loans, held by the Company, have an interest rate of 0.49% to 1.66% per annum and maturity date of November 2021 and July 2023. On 30 April 2021, the Company has fully prepaid a term loan of $150,000,000 ahead of its maturity.

There were ten (2020: eight) secured term loans held by the Group as at 31 March 2021. The loans as at 31 March 2021 were secured on the property, plant and equipment and other assets of the subsidiaries.

The weighted average effective interest rate at the end of reporting period were as follows:

Interest Rates	GROUP		COMPANY	
	31 Mar 2021 %	31 Mar 2020 %	31 Mar 2021 %	31 Mar 2020 %
Unsecured term loans:				
Fixed rate	**1.20% – 2.49%**	1.48% – 2.00%	**1.66%**	1.48%
Floating rate	**0.49%**	0.47%	**0.49%**	0.47%
Secured term loans:				
Fixed rate	**3.20% – 5.80%**	4.35% – 6.54%	**–**	–
Floating rate	**–**	–	**–**	–

Hedge of net investments in foreign operations

Included in loans as at 31 March 2021 was the term loans of JPY 7.8 billion (2020: JPY 7.8 billion), approximately $94.8 million (2020: $102.4 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 2021 (2020: nil).

27. Term Loans (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
	Term Loans $'000	Leases $'000	Note Payables $'000	Total $'000
Balance at 1 April 2019	95,437	295	–	95,732
Effect of SFRS(I) 16	–	182,001	–	182,001
Adjustment to SFRS(I) 16 at 1 April 2019	–	4,791	–	4,791
Changes from financing cash flows				
Proceeds from term loans and note payables	106,000	–	198,930	304,930
Repayment of term loans	(3,594)	–	–	(3,594)
Repayment of finance leases and related charges	–	(17,145)	–	(17,145)
Effect of changes in foreign exchange rates	7,373	4,095	–	11,468
Other changes				
Acquisition of subsidiaries	9,619	–	–	9,619
Addition of lease liabilities	–	30,646	–	30,646
Interest expense/professional fees	–	4,923	1,070	5,993
Balance at 31 March 2020	214,835	209,606	200,000	624,441
Balance at 1 April 2020	214,835	209,606	200,000	624,441
Changes from financing cash flows				
Proceeds from term loans and note payables	383,211	–	99,465	482,676
Repayment of term loans	(209,064)	–	–	(209,064)
Repayment of finance leases and related charges	–	(29,120)	–	(29,120)
Effect of changes in foreign exchange rates	(7,490)	(6,267)	–	(13,757)
Other changes				
Addition of lease liabilities	–	17,285	–	17,285
Interest expense/professional fees	2,202	5,449	535	8,186
Termination of contracts	–	(1,662)	–	(1,662)
Upon recognition of loan	(5,551)	–	–	(5,551)
Balance at 31 March 2021	378,143	195,291	300,000	873,434

28. Note Payables

	GROUP		COMPANY	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Note payables	**300,000**	200,000	**300,000**	200,000

Notes payables at 31 March 2021 and 31 March 2020 comprised unsecured notes issued by the Company. The details are set out below.

Multicurrency Medium Term Note Programme

Series	Year of issuance	Fixed interest rate per annum (%)	Date payable	31 Mar 2021 $'000	31 Mar 2020 $'000
001	2020	2.88	Mar 2025	200,000	200,000
002	2021	2.60	Apr 2025	100,000	–

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 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	
	2020-21 $'000	2019-20 $'000
Services rendered by:		
Related parties	**24,453**	30,784
Associates/joint ventures	**–**	6,187
	24,453	36,971
Sales to:		
Related parties	**234,832**	811,512
Associates/joint ventures	**–**	990
	234,832	812,502
Rental income:		
Associates/joint ventures	**–**	485

29. Related Party Transactions (cont'd)

Directors' and key executives' remuneration

	GROUP	
	2020-21 $'000	2019-20 $'000
Directors		
Directors' fees (Note 6)		
– paid by the Company	**980**	1,162
Key executives		
Salary, bonuses and other costs	**6,710**	7,568
CPF and other defined contributions	**58**	53
Share-based compensation expense	**3,111**	4,200
	9,879	11,821

Shares awarded to key executives of the Group during the year and since the commencement of the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are as follows:

Name of participant	Shares granted during financial year	Aggregate shares granted since commencement of plan to end of financial year#	Aggregate shares vested since commencement of plan to end of financial year	Aggregate shares not released at end of financial year
Alexander Charles Hungate	514,500	4,673,636	(3,428,236)	1,245,400
Yacoob Bin Ahmed Piperdi	142,500	1,898,735	(1,594,435)	304,300
Seah Kok Khong, Manfred	142,500	317,600	(66,900)	250,700
Mok Tee Heong Kerry	142,500	277,500	(16,700)	260,800
Denis Suresh Kumar Marie	115,000	978,848	(786,248)	192,600

\# Share grant is adjusted due to achievement of performance condition(s).

30. Capital and Other Commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $118.3 million (2020: $104.3 million) for the Group and $21.6 million (2020: $18.4 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 13 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 bank 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:

	31 Mar 2021		31 Mar 2020	
GROUP	USD $'000	AUD $'000	USD $'000	AUD $'000
Trade and other receivables	**9,311**	**–**	2,011	–
Cash and cash equivalents	**934**	**21**	3,104	5,437
Loan, secured	**8,065**	**–**	21,312	–
Trade and other payables	**(2,256)**	**(146)**	(2,986)	(455)
	16,054	**(125)**	23,441	4,982

The following significant exchange rates have been applied.

	Average rate		Year-end spot rate	
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
USD	**1.363**	**1.374**	1.345	1.424
AUD	**0.985**	**0.932**	1.024	0.877

31. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(a) Foreign Currency Risk (cont'd)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Singapore dollar, as indicated below against the USD 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.

	Effect on profit before tax	
GROUP	2021 $'000	2020 $'000
USD (5% strengthening)	**(803)**	(1,172)
AUD (5% strengthening)	**6**	(249)
USD (5% weakening)	**803**	1,172
AUD (5% weakening)	**(6)**	249

(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 and USD. Information relating to other interest-bearing assets and liabilities are disclosed in the cash and cash equivalents (Note 25) and term loans (Note 27).

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.
- 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)

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 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Effect of an increase in 50 basis points in market interest rates				
Profit before tax	**94**	71	**(1,016)**	(593)
Effect of a decrease in 50 basis points in market interest rates				
Profit before tax	**(94)**	(71)	**1,016**	593

(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 2021 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.

31. Financial Instruments and Financial Risk Management (cont'd)

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:

GROUP	Outstanding balance		Percentage of total financial assets	
Credit profiles	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 %	31 Mar 2020 %
By Industry				
Airlines	**90,644**	194,619	**7.7**	20.7
Financial institutions	**876,072**	549,554	**74.7**	58.6
Others	**205,843**	193,834	**17.6**	20.7
	1,172,559	938,007	**100.0**	100.0
By Region				
Singapore	**1,076,632**	746,798	**91.8**	79.6
Japan	**33,909**	77,821	**2.9**	8.3
Others	**62,018**	113,388	**5.3**	12.1
	1,172,559	938,007	**100.0**	100.0

COMPANY	Outstanding balance		Percentage of total financial assets	
Credit profiles	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 %	31 Mar 2020 %
By Industry				
Airlines	**3,749**	4,370	**0.3**	0.5
Financial institutions	**761,558**	375,473	**63.2**	43.9
Related parties	**426,152**	467,255	**35.4**	54.7
Others	**13,810**	7,686	**1.1**	0.9
	1,205,269	854,784	**100.0**	100.0
By Region				
Singapore	**1,204,543**	852,712	**99.9**	99.8
Others	**726**	2,072	**0.1**	0.2
	1,205,269	854,784	**100.0**	100.0

31. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

Trade receivables

At the end of the reporting period, approximately:

– 35% (2020: 44%) of the Group's trade receivables were due from a major customer located in Singapore.

– 36% (2020: 45%) 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		Carrying value		Impairment loss allowance	
GROUP	31 Mar 2021 %	31 Mar 2020 %	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 $'000	31 Mar 2020 $'000
Not past due	**0.1**	0.17	**141,427**	185,163	**143**	317
Past due 1 to 30 days	**1.08**	0.53	**30,022**	34,368	**323**	182
Past due 31 to 90 days	**0.96**	1.82	**13,287**	38,467	**127**	702
More than 90 days	**40.60**	9.56	**32,117**	15,286	**13,038**	1,462
			216,853	273,284	**13,631**	2,663

31. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

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 2021 are current. The Group assesses that no allowance for impairment loss on other receivables is required.

In the current financial year, the associates and joint ventures of the Group has recorded an allowance for credit losses of $11,800,000 (2020: $28,600,000) arising mainly from a review of its trade and other receivables in view of COVID-19 pandemic. This is recorded in the "Share of results of associates/joint ventures, net of tax" in the consolidated income statements.

Amount due from related companies – non-trade and loan to subsidiaries

The Company held non-trade receivables due from its related companies of $65,429,000 (2020: $87,441,000) and loan to subsidiaries of $360,722,000 (2020: $380,086,000). 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 18). 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.

31. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

Cash and cash equivalents

The Group held cash and cash equivalents of $879.8 million as at 31 March 2021 (2020: $549.2 million). The cash and cash equivalents are held with bank and financial institution counterparties.

	GROUP			
	31 Mar 2021 $'000	31 Mar 2020 $'000	31 Mar 2021 %	31 Mar 2020 %
Investment grade (A to Aaa)	**864,911**	526,139	**98.3**	95.8
Others	**14,938**	23,066	**1.7**	4.2
	879,849	549,205	**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 of $8,065,000 (2020: $21,312,000) which has been fully collaterised with quoted equity shares. Due to the COVID-19 pandemic, the quoted market price has declined and the estimated fair value of the pledged shares is lower than carrying value of the secured loan as at date of financial statements. The Group has performed an assessment on the recoverable amount of the investment using the quoted share price and has made an impairment charge of $12,500,000 in the financial year.

(d) Liquidity Risk

As at 31 March 2021, the Group had at its disposal, cash and cash equivalents amounting to $879.8 million (2020: $549.2 million). In addition, the Group has available short-term credit facilities of approximately $545.1 million (2020: $484.3 million) from revolving credit facilities granted by commercial banks. The Group also has a Medium Term Note Programme to issue Notes up to $2 billion (2020: $500.0 million), out of which the Group has issued $300.0 million (2020: $200.0 million) Notes as at 31 March 2021.

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.

31. Financial Instruments and Financial Risk Management (cont'd)

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 2021					
Financial assets:					
Trade and other receivables	291,506	–	–	–	291,506
Amount due from associates/ joint ventures	1,204	–	–	–	1,204
Cash and cash equivalents	879,849	–	–	–	879,849
Total undiscounted financial assets	1,172,559	–	–	–	1,172,559
Financial liabilities:					
Trade and other payables	320,967	25,929	3,634	9,745	360,275
Amount due to associates/ joint ventures	11,400	–	–	–	11,400
Term loans	165,046	60,071	154,054	6,822	385,993
Note payable	8,360	8,360	316,720	–	333,440
Lease liabilities	23,052	18,813	51,047	155,452	248,364
Total undiscounted financial liabilities	528,825	113,173	525,455	172,019	1,339,472
Total net undiscounted financial assets/(liabilities)	643,734	(113,173)	(525,455)	(172,019)	(166,913)
31 March 2020 (Restated)					
Financial assets:					
Trade and other receivables	385,964	–	–	–	385,964
Amount due from associates/ joint ventures	2,838	–	–	–	2,838
Cash and cash equivalents	549,205	–	–	–	549,205
Total undiscounted financial assets	938,007	–	–	–	938,007
Financial liabilities:					
Trade and other payables	309,071	20,100	29,480	10,874	369,525
Amount due to associates/ joint ventures	10,450	–	–	–	10,450
Term loans	114,303	102,753	–	–	217,056
Note payable	5,760	5,760	217,280	–	228,800
Lease liabilities	29,442	23,832	44,470	169,033	266,777
Total undiscounted financial liabilities	469,026	152,445	291,230	179,907	1,092,608
Total net undiscounted financial assets/(liabilities)	468,981	(152,445)	(291,230)	(179,907)	(154,601)

31. Financial Instruments and Financial Risk Management (cont'd)

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 2021					
Financial assets:					
Trade and other receivables	82,186	–	–	–	82,186
Amount due from associates/ joint ventures	803	–	–	–	803
Loan to subsidiaries	–	–	45,000	315,722	360,722
Cash and cash equivalents	761,558	–	–	–	761,558
Total undiscounted financial assets	844,547	–	45,000	315,722	1,205,269
Financial liabilities:					
Loan from subsidiaries	169,922	–	–	–	169,922
Term loans	95,112	–	152,490	–	247,602
Note payable	8,360	8,360	316,720	–	333,440
Trade and other payables	119,551	6,738	–	–	126,289
Total undiscounted financial liabilities	392,945	15,098	469,210	–	877,253
Total net undiscounted financial assets/(liabilities)	451,602	(15,098)	(424,210)	315,722	328,016
31 March 2020					
Financial assets:					
Trade and other receivables	96,917	–	–	–	96,917
Amount due from associates/ joint ventures	2,395	–	–	–	2,395
Loan to subsidiaries	–	–	–	380,086	380,086
Cash and cash equivalents	375,386	–	–	–	375,386
Total undiscounted financial assets	474,698	–	–	380,086	854,784
Financial liabilities:					
Loan from subsidiaries	67,965	–	–	–	67,965
Term loans	101,295	102,753	–	–	204,048
Note payable	5,760	5,760	217,280	–	228,800
Trade and other payables	64,793	–	8,679	–	73,472
Total undiscounted financial liabilities	239,813	108,513	225,959	–	574,285
Total net undiscounted financial assets/(liabilities)	234,885	(108,513)	(225,959)	380,086	280,499

Notes to the Financial Statements

31 March 2021

31. Financial Instruments and Financial Risk Management (cont'd)

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 2021					
Assets					
Long-term investments	8,178	303	6,060	–	14,541
Trade and other receivables	291,506	–	–	–	291,506
Amount due from associates/joint ventures	1,204	–	–	–	1,204
Cash and cash equivalents	879,849	–	–	–	879,849
	1,180,737	303	6,060	–	1,187,100
Total non-financial assets					1,904,718
Total assets					3,091,818
Liabilities					
Amount due to associates/joint ventures	–	–	–	11,400	11,400
Term loans	–	–	–	378,143	378,143
Note payables	–	–	–	300,000	300,000
Lease liabilities	–	–	–	195,291	195,291
Trade and other payables	–	–	–	340,569	340,569
Deferred consideration	–	–	18,537	–	18,537
	–	–	18,537	1,225,403	1,243,940
Total non-financial liabilities					149,078
Total liabilities					1,393,018

31. Financial Instruments and Financial Risk Management (cont'd)

Classification of Financial Instruments (cont'd)

GROUP	Amortised costs $'000	FVOCI $'000	FVTPL $'000	Other financial liabilities $'000	Total $'000
31 March 2020 (Restated)					
Assets					
Long-term investments	21,434	211	6,060	–	27,705
Trade and other receivables	385,964	–	–	–	385,964
Amount due from associates/joint ventures	2,838	–	–	–	2,838
Cash and cash equivalents	549,205	–	–	–	549,205
	959,441	211	6,060	–	965,712
Total non-financial assets					2,044,816
Total assets					3,010,528
Liabilities					
Amount due to associates/joint ventures	–	–	–	10,450	10,450
Term loans	–	–	–	214,835	214,835
Note payables	–	–	–	200,000	200,000
Lease liabilities	–	–	–	209,606	209,606
Trade and other payables	–	–	–	329,474	329,474
Deferred consideration	–	–	29,455	–	29,455
	–	–	29,455	964,365	993,820
Total non-financial liabilities					211,185
Total liabilities					1,205,005

31. Financial Instruments and Financial Risk Management (cont'd)

Classification of Financial Instruments (cont'd)

COMPANY	Amortised costs $'000	FVTPL $'000	Other financial liabilities $'000	Total $'000
31 March 2021				
Assets				
Long-term investment	–	6,060	–	6,060
Trade and other receivables	82,186	–	–	82,186
Loan to subsidiaries	360,722	–	–	360,722
Amount due from associates/joint ventures	803	–	–	803
Cash and cash equivalents	761,558	–	–	761,558
	1,205,269	6,060	–	1,211,329
Total non-financial assets				1,378,302
Total assets				2,589,631
Liabilities				
Loan from subsidiaries	–	–	169,900	169,900
Term loans	–	–	244,801	244,801
Note payables	–	–	300,000	300,000
Trade and other payables	–	–	126,289	126,289
Lease liabilities	–	–	63,729	63,729
	–	–	904,719	904,719
Total non-financial liabilities				46,776
Total liabilities				951,495
31 March 2020				
Assets				
Long-term investment	–	6,060	–	6,060
Trade and other receivables	96,917	–	–	96,917
Loan to subsidiaries	380,086	–	–	380,086
Amount due from associates/joint ventures	2,395	–	–	2,395
Cash and cash equivalents	375,386	–	–	375,386
	854,784	6,060	–	860,844
Total non-financial assets				1,421,977
Total assets				2,282,821
Liabilities				
Loan from subsidiaries	–	–	67,500	67,500
Term loans	–	–	202,430	202,430
Note payables	–	–	200,000	200,000
Trade and other payables	–	–	73,541	73,541
Lease liabilities	–	–	66,485	66,485
	–	–	609,956	609,956
Total non-financial liabilities				39,758
Total liabilities				649,714

31. Financial Instruments and Financial Risk Management (cont'd)

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 deferred consideration classified as other payables are categories 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, cash and cash equivalents. These financial liabilities include trade and other payables, term loans and finance leases. The carrying amount of the secured loan receivables approximate the fair value of the quoted price of the pledge shares.

32. Leases

Leases as Lessee

The Group leases offices, warehouse and factory facilities. The leases typically run for a period of 17 months to 50 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 2020-21 $'000	Group 2019-20 $'000
Amounts recognised in profit or loss		
Leases under SFRS(I) 16		
Interest on lease liabilities	**5,449**	5,795
Expenses relating to short-term leases	**997**	5,641
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**3,281**	4,270
Amounts recognised in statement of cash flows		
Total cash outflow for leases	**29,120**	17,145

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 a low 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. The Directors will continue to regularly review the Group's capital structure in line with this objective. For the financial years ended 31 March 2021 and 31 March 2020, 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 total debt-equity ratio, which is total debt divided by equity attributable to owners of the Company. The Group keeps the total debt-equity ratio at a level below the required ratio under its debt covenants. The Group includes within total debt, loans and borrowings, finance lease commitments and bank overdraft.

	GROUP		COMPANY	
	31 March		31 March	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Term loans (Note 27)	**378,143**	214,835	**244,801**	202,430
Note payable (Note 28)	**300,000**	200,000	**300,000**	200,000
Lease liabilities	**195,291**	209,606	**63,729**	66,485
Total debt	**873,434**	624,441	**608,530**	468,915
Equity attributable to owners of the Company	**1,546,342**	1,617,491	**1,638,136**	1,633,109
Total debt-equity ratio	**0.56**	0.39	**0.37**	0.29

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, 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 2021				
Revenue	573,753	389,749	6,495	969,997
Operating (loss)/profit	(46,856)	39,039	(2,294)	(10,111)
Net finance (expense)	(4,602)	(3,916)	(7,175)	(15,693)
Share of results of associates/ joint ventures, net of tax	(35,461)	(12,525)	–	(47,986)
Write back of earn-out consideration	13,693	–	–	13,693
Impairment loss on investment in associates, long-term investment and intangible assets	(39,951)	(16,300)	(12,500)	(68,751)
Impairment loss on property, plant and equipments	(8,623)	(7,958)	–	(16,581)
Other non-operating income/(expenses)	181	(1,260)	1,059	(20)
Loss before tax	(121,619)	(2,920)	(20,910)	(145,449)
Income tax credit/(expense)	24,823	13,780	(2,451)	36,152
(Loss)/profit for the year	(96,796)	10,860	(23,361)	(109,297)
As at 31 March 2021				
Segment assets	516,726	260,140	583,903	1,360,769
Property, plant and equipment, ROU assets and investment properties	329,205	250,928	127,751	707,884
Associates/joint ventures	170,494	407,685	–	578,179
Deferred tax assets	25,167	9,101	39	34,307
Intangible assets	207,219	184,404	19,056	410,679
Total assets	1,248,811	1,112,258	730,749	3,091,818
Current liabilities	245,117	153,373	130,770	529,260
Long-term liabilities	192,774	44,113	522,166	759,053
Tax liabilities	26,178	35,579	42,948	104,705
Total liabilities	464,069	233,065	695,884	1,393,018
Capital expenditure	26,174	17,150	19,288	62,612
Depreciation and amortisation charges	52,184	62,276	15,982	130,442

34. Segment Reporting (cont'd)

By Business (cont'd)

	Food Solutions $'000	Gateway Services $'000	Others $'000	Total $'000
Financial year ended 31 March 2020				
Revenue	1,070,477	868,812	1,927	1,941,216
Operating profit/(loss)	136,127	101,141	(11,043)	226,225
Net finance (expense)/income	(2,538)	(3,291)	2,090	(3,739)
Share of results of associates/ joint ventures, net of tax	7,073	4,691	–	11,764
Impairment loss on investment in associates and property, plant and equipment	(12,034)	(6,638)	–	(18,672)
(Loss)/gain on disposal of property, plant and equipment	(749)	82	(1,090)	(1,757)
Other non-operating income/(expenses)	683	(1,409)	811	85
Profit/(loss) before tax	128,562	94,576	(9,232)	213,906
Income tax (expense)/credit	(24,837)	(15,461)	1,998	(38,300)
Profit/(loss) for the year	103,725	79,115	(7,234)	175,606
As at 31 March 2020 (Restated)				
Segment assets	438,806	256,772	375,618	1,071,196
Property, plant and equipment, ROU assets and investment properties	375,031	297,955	136,307	809,293
Associates/joint ventures	235,835	453,151	–	688,986
Deferred tax assets	13,661	–	17	13,678
Intangible assets	220,781	199,426	7,168	427,375
Total assets	1,284,114	1,207,304	519,110	3,010,528
Current liabilities	197,107	178,513	139,176	514,796
Long-term liabilities	121,955	41,902	389,191	553,048
Tax liabilities	49,621	51,039	36,501	137,161
Total liabilities	368,683	271,454	564,868	1,205,005
Capital expenditure	37,699	32,005	13,105	82,809
Depreciation and amortisation charges	45,534	57,472	14,636	117,642

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 2021				
Revenue	850,407	58,714	60,876	969,997
As at 31 March 2021				
Segment assets	1,254,459	60,623	45,687	1,360,769
Property, plant and equipment and investment property	433,285	148,488	126,111	707,884
Associates/joint ventures	29,270	2,022	546,887	578,179
Deferred tax assets	1,740	23,248	9,319	34,307
Intangible assets	166,263	19,310	225,106	410,679
Total assets	1,885,017	253,691	953,110	3,091,818
Capital expenditure	50,953	2,652	9,007	62,612
Financial year ended 31 March 2020				
Revenue	1,549,347	253,449	138,420	1,941,216
As at 31 March 2020 (Restated)				
Segment assets	867,587	98,439	105,170	1,071,196
Property, plant and equipment and investment property	504,150	171,930	133,213	809,293
Associates/joint ventures	31,375	3,063	654,548	688,986
Deferred tax assets	830	12,212	636	13,678
Intangible assets	150,477	20,899	255,999	427,375
Total assets	1,554,419	306,543	1,149,566	3,010,528
Capital expenditure	48,666	14,985	19,158	82,809

Information about major customers

Revenue from two major customers amounted to $352.8 million (2020: $811.0 million), arising from sales by all segments.

35. Comparative Information

On 29 February 2020, the Group acquired 100% equity interest in Monty's Bakehouse UK Limited ("MBUK"). As at 31 March 2020, purchase price allocation for the acquisition of MBUK was not completed and the goodwill was accounted for on a provisional basis.

In the financial year 2021, the purchase price allocation review was finalised, resulting in retrospective adjustment to the fair value attributable to MBUK (Note 17 for details). Following the adjustments, the revised balances as at 31 March 2020 in the statement of financial position and relevant notes to the accounts were restated accordingly.

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 2021 are as follows:

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) $'000	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
Transactions for the Sale of Goods and Services			
SG IPF Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	204
Scoot TigerAir Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	433,700
ST Engineering Synthesis Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	1,600
Singapore Airlines Limited	An associate of the Company's Controlling Shareholder	–	13,603
KrisShop Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	1,527
ST Engineering Aerospace Services Company Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	391
SIA Engineering Company Limited	An associate of the Company's Controlling Shareholder	–	1,657
SMRT Buses Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	106
		–	452,788

Additional Information

required by the Singapore Exchange Securities Trading Limited ("SGX-ST") (cont'd)

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) $'000	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
Transactions for the Purchase of Goods and Services			
Singapore Telecommunications Limited	An associate of the Company's Controlling Shareholder	–	37,465
Singapore Airlines Limited	An associate of the Company's Controlling Shareholder	–	135
ST Engineering Synthesis Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	27,370
		–	64,970

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 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 2021, 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.
SGSSB	SATS Group Services Sdn. Bhd.
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
SITH	SATS Investments Turkey Havacılık Yatırımları Anonim Şirketi
SFTG	SATS Food Turkey Gıda Hizmetleri Anonim Şirketi
MBUK	Monty's Bakehouse UK Limited
IFC	Inflight Foods Co., Ltd.
NDI	Narita Dry Ice Co., Ltd.
NTS	New Tokyo Service Co., Ltd

SATS Acronym

Acronym	Name of Companies
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
GTR	Ground Team Red Sdn. Bhd.
MBGCC	Monty's Bakehouse GCC and Asia General Trading FZE
MBNL	Monty's Bakehouse NL B.V.
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
AAT	Asia Airfreight Terminal Company Limited
Servair	Servair-SATS Holding Company Pte Ltd
MACS	MacroAsia Catering Services, Inc.
TMFK	Taj Madras Flight Kitchen Private Limited
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 Air SATS Cargo 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 1 June 2021

Number of Issued Shares	:	1,124,056,275
Number of Issued Shares (excluding Treasury Shares)	:	1,119,693,320
Class of Shares	:	Ordinary shares
Number/Percentage of Treasury Shares	:	4,362,955 / 0.39%
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	1,153	2.51	51,558	0.01
100 – 1,000	20,007	43.54	12,695,597	1.13
1,001 – 10,000	21,138	46.01	77,750,067	6.94
10,001 – 1,000,000	3,624	7.89	106,484,405	9.51
1,000,001 and above	25	0.05	922,711,693	82.41
Total	**45,947**	**100.00**	**1,119,693,320**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of shares held	%*
1	VENEZIO INVESTMENTS PTE. LTD.	446,123,158	39.84
2	DBS NOMINEES (PRIVATE) LIMITED	158,884,091	14.19
3	CITIBANK NOMINEES SINGAPORE PTE LTD	111,698,187	9.98
4	HSBC (SINGAPORE) NOMINEES PTE LTD	65,334,151	5.83
5	DBSN SERVICES PTE. LTD.	51,342,939	4.59
6	RAFFLES NOMINEES (PTE.) LIMITED	29,081,494	2.60
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,246,440	0.83
8	BPSS NOMINEES SINGAPORE (PTE.) LTD.	7,484,843	0.67
9	PHILLIP SECURITIES PTE LTD	6,257,750	0.56
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,069,516	0.45
11	ALEXANDER CHARLES HUNGATE	3,564,236	0.32
12	OCBC SECURITIES PRIVATE LIMITED	3,535,409	0.32
13	DB NOMINEES (SINGAPORE) PTE LTD	2,904,775	0.26
14	IFAST FINANCIAL PTE LTD	2,785,813	0.25
15	HENG SIEW ENG	2,475,000	0.22
16	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,413,645	0.21
17	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	2,255,188	0.20
18	TAN CHUAN LYE	1,923,301	0.17
19	UOB KAY HIAN PRIVATE LIMITED	1,855,314	0.16
20	YIM CHEE CHONG	1,692,500	0.15
		915,927,750	**81.80**

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 1 June 2021, excluding any ordinary shares held in treasury and subsidiary holdings as at that date.

Information on Shareholdings

as at 1 June 2021

Substantial Shareholders

As at 1 June 2021, 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	–	447,886,336[2] (approximately 40.00%)	447,886,336 (approximately 40.00%)
Tembusu Capital Pte. Ltd.	–	448,097,188[2] (approximately 40.02%)	448,097,188 (approximately 40.02%)
Napier Investments Pte. Ltd.	–	446,123,158[2] (approximately 39.84%)	446,123,158 (approximately 39.84%)
Venezio Investments Pte. Ltd.	446,123,158 (approximately 39.84%)	–	446,123,158 (approximately 39.84%)

Notes:

1 The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 1 June 2021, excluding any ordinary shares held in treasury and subsidiary holdings as at that date.

2 Derived mainly through the direct interest of Venezio Investments Pte. Ltd.

Shareholdings Held by the Public

Based on information available to the Company as at 1 June 2021, approximately 59.03% 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 48th Annual General Meeting of SATS Ltd. (the "**Company**") will be convened and held by way of electronic means on Thursday, 22 July 2021 at 10.00 a.m. (Singapore time) to transact the following business:

Ordinary Business

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.

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.

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.

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.

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.

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.

7. To approve payment of Directors' fees of up to S$1,300,000 for the financial year ending 31 March 2022 (2021: up to S$1,200,000) (2020: up to S$1,300,000).

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.

Special Business

To consider and if thought fit, to pass, with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:

9. That authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) 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

(b) (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, 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 30 June 2021 (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 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, Chapter 50 of Singapore (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**");

(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 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

Prema d/o K Subramaniam
Company Secretary

Singapore, 30 June 2021

Explanatory Notes

1. (a) In relation to Ordinary Resolution No. 2, Mr Alexander Charles Hungate 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 Hungate will, upon re-election, continue to serve as the President and Chief Executive Officer of the Company and a member of the Board Executive Committee.

   (b) In relation to Ordinary Resolution No. 3, 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 will be standing for re-election at the Annual General Meeting. Mr Tan will, upon re-election, continue to serve as a member of the Audit Committee and a member of the Board Risk and Safety Committee. Mr Tan is considered an independent Director.

   (c) In relation to Ordinary Resolution No. 4, Mr Michael Kok Pak Kuan 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 Kok will, upon re-election, continue to serve as a member of the Board Executive Committee and a member of the Remuneration and Human Resource Committee. Mr Kok is considered an independent Director.

   (d) In relation to Ordinary Resolution No. 5, Mrs Deborah Ong 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. Mrs Ong will, upon re-election, continue to serve as a member of the Audit Committee. Mrs Ong is considered an independent Director.

   (e) In relation to Ordinary Resolution No. 6, Ms Vinita Bali 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. Ms Bali is considered an independent Director.

   (f) Mr Yap Chee Meng will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company. Mr Yap 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 Yap will, upon retirement, cease to be the Chairman of the Audit Committee and a member of the Board Risk and Safety 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 2021.

2. Ordinary Resolution No. 7 is to approve the payment of an aggregate sum of up to S$1,300,000 as Directors' fees for the non-executive Directors of the Company for the current financial year ending 31 March 2022 ("**FY2021-22**").

   At the last Annual General Meeting of the Company, shareholders' approval was sought and obtained for the payment of a reduced aggregate sum of up to S$1,200,000 as Directors' fees for the non-executive Directors for the financial year ended 31 March 2021 ("**FY2020-21**"). This was because, as announced on 9 March 2020, the Board took a voluntary 15% reduction in Directors' fees with effect from 1 March 2020 as part of a series of cost-saving measures taken due to the impact of the COVID-19 pandemic on the Company's business. The aggregate amount of Directors' fees paid and/or to be paid to the non-executive Directors for FY2020-21 is S$980,405.14, after taking into account the voluntary 15% reduction in Directors' fees.

   The proposed fees for FY2021-22 of S$1,300,000 (which represents an increase of S$100,000 over the sum approved for FY2020-21) factors in the cessation of the voluntary 15% reduction in Directors' fees with effect from 1 April 2021, which is in line with the cessation of the salary cuts for the President and Chief Executive Officer (PCEO) and the Management of the Company. With the cessation of the 15% voluntary reduction of Directors' fees for the non-executive Directors, the Directors' fees for FY2021-22 are accordingly proposed to be reinstated to the same level as for the financial year ended 31 March 2020.

The proposed fees for FY2021-22, 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 FY2021-22, 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 due to additional Board or Board Committee members being appointed in the course of FY2021-22. 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 2022 (the "**2022 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 FY2021-22 in cash and approximately 30 percent in the form of ordinary shares of the Company ("**Shares**") (FY2020-21: 70 percent in cash and 30 percent in Shares).

The Share component of the Directors' fees for FY2021-22 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 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 FY2020-21.

The cash component of the Directors' fees for FY2021-22 is intended to be paid half-yearly in arrears. The current intention is for the Share component of the Directors' fees for FY2021-22 to be paid after the 2022 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 2022 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 his/her holding 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. The Chairman of the Meeting will accept appointment as proxy for any other shareholder to vote in respect of this Resolution, where such shareholder has given specific instructions in a validly completed and submitted instrument appointing a proxy as to voting, or abstentions from voting, 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 1 June 2021, the Company had 4,362,955 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, which 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 certain 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 1 June 2021 (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 22,393,866 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 22,393,866 Shares at the Maximum Price of S$4.03 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 22,393,866 Shares is approximately S$90,247,280.

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 2021, based on certain assumptions, are set out in paragraph 3.7.4 of the Letter to Shareholders dated 30 June 2021 (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:

1. The Annual General Meeting is being convened, and will be held, by way of electronic means 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. We seek your understanding that hard copies of this Notice will not be printed nor sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at the URL https://www.sats.com.sg/AGM2021 and the SGX website at the URL https://www.sgx.com/securities/company-announcements.

Participation in the AGM via electronic means

2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of, or live at, the Annual General Meeting, addressing of substantial and relevant questions in advance of, or live at, the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 30 June 2021. This announcement may be accessed at the Company's website at the URL https://www.sats.com.sg/AGM2021 and the SGX website at the URL https://www.sgx.com/securities/company-announcements.

Voting by appointing Chairman of the Meeting as proxy

3. **As a precautionary measure due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at the URL https://www.sats.com.sg/AGM2021 and the SGX website at the URL https://www.sgx.com/securities/company-announcements. A member may also appoint the Chairman of the Meeting as his/her/its proxy via the pre-registration website at the URL https://www.sats.com.sg/AGM2021.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the instrument appointing a proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 9 July 2021.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted 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:

      (i) be submitted via email to the Company's Share Registrar at gpe@mncsingapore.com; or
      (ii) be submitted via the pre-registration website at the URL https://www.sats.com.sg/AGM2021,

   in each case not less than 72 hours before the time appointed for holding the Annual General Meeting.

   A member who wishes to submit an instrument appointing a proxy by post or via email must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed instruments appointing a proxy electronically via email or via the pre-registration website at the URL https://www.sats.com.sg/AGM2021.

Annual Report 2020-21 and Letter to Shareholders

6. The Annual Report 2020-21 and the Letter to Shareholders dated 30 June 2021 (in relation to the proposed renewal of the mandate for interested person transactions and the proposed renewal of the share purchase mandate) may be accessed at the Company's website at the URL https://www.sats.com.sg/AGM2021.

   The above documents will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company 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 the appointment of the Chairman of the Meeting as proxy 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.

Additional Information on Directors Seeking Re-election

(Information as at 1 June 2021)

Name of Director	Alexander Charles Hungate	Tan Soo Nan	Michael Kok Pak Kuan	Deborah Tan Yang Sock (Mrs Deborah Ong)	Vinita Bali
Date of appointment	**27 July 2011**	**25 April 2016**	**6 March 2015**	**16 November 2020**	**10 May 2021**
Date of last re-appointment (if applicable)	**19 July 2018**	**19 July 2018**	**18 July 2019**	**NA**	**NA**
Age	**55**	**73**	**70**	**62**	**66**
Country of principal residence	**Singapore**	**Singapore**	**Singapore**	**Singapore**	**India**
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board considered the Nominating Committee's recommendation and assessment on Mr Hungate's background, expertise, experience and commitment in the discharge of his duties as an Executive Director and President and Chief Executive Officer of SATS Ltd., and is satisfied that he will continue to provide the Board with insights into the business.	The Board considered the Nominating Committee's recommendation and assessment on Mr Tan's background, expertise, experience, independence and commitment in the discharge of his duties as an Independent Director of SATS Ltd., and is satisfied that he will continue to contribute to the Board.	The Board considered the Nominating Committee's recommendation and assessment on Mr Kok's background, expertise, experience, independence and commitment in the discharge of his duties as an Independent Director of SATS Ltd., and is satisfied that he will continue to contribute to the Board.	The Board considered the Nominating Committee's recommendation and assessment on Mrs Deborah Ong's background, expertise, experience, independence and commitment in the discharge of her duties as an Independent Director of SATS Ltd., and is satisfied that she will continue to contribute to the Board.	The Board considered the Nominating Committee's recommendation and assessment on Ms Bali's background, expertise, experience, independence and commitment in the discharge of her duties as an Independent Director of SATS Ltd., and is satisfied that she will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Executive Director • President & Chief Executive Officer • Member, Board Executive Committee	• Non-Executive and Independent Director • Member, Board Risk and Safety Committee • Member, Audit Committee	• Non-Executive and Independent Director • Member, Board Executive Committee • Member, Remuneration and Human Resource Committee	• Non-Executive and Independent Director • Member, Audit Committee	Non-Executive and Independent Director
Professional qualifications	• Master of Arts in Engineering, Economics and Management, Oxford University, UK • Master of Business Administration (Baker Scholar), Harvard Business School, USA	• Bachelor of Business Administration, University of Singapore • Associate, IFS School of Finance (formerly the Chartered Institute of Bankers) • Program for Management Development, Harvard Business School	• Senior Executive Programme, London Business School, UK • Advanced Management Program, Harvard Business School, USA	• Bachelor of Accountancy (Honours), National University of Singapore • Fellow, Institute of Singapore Chartered Accountants • Fellow, Certified Practising Accountants (CPA) Australia	• Bachelor of Economics – University of Delhi • Master of Management Studies – Jamnalal Bajaj Institute of Management Studies, Bombay University

Additional Information on Directors Seeking Re-election

(Information as at 1 June 2021)

Name of Director	Alexander Charles Hungate	Tan Soo Nan	Michael Kok Pak Kuan	Deborah Tan Yang Sock (Mrs Deborah Ong)	Vinita Bali
Working experience and occupation(s) during the past 10 years	Mr Hungate was the Chief Executive Officer of HSBC Singapore. He joined HSBC in 2007 as Group Managing Director of Personal Financial Services and Marketing, based in London. With over 25 years of global leadership experience, Mr Hungate also served as the Managing Director, Asia Pacific for Reuters, based in Hong Kong, and Co-Chief Executive Officer, Americas and Global Chief Marketing Officer for Reuters, based in New York. Mr Hungate first joined the Board as an Independent Director on 27 July 2011 and was subsequently appointed as the President and Chief Executive Officer of the Company on 1 January 2014. He is currently a Non-Executive and Independent Director and the Chairman of the Remuneration and Human Capital Committee of United Overseas Bank Limited. He also serves as a member of the Singapore Economic Development Board and the Future Economy Council ("**FEC**"), and co-chairs the FEC Sub-Committee for Connectivity.	Mr Tan had previously held the positions of Chief Executive Officer at Singapore Pools (Private) Limited, Singapore Totalisator Board, and Temasek Capital (Private) Limited as well as Senior Managing Director of DBS Bank. He was also previously a Director of OSIM International Ltd, Chairman of Temasek Foundation Management Services CLG Limited and has had over 30 years of experience in banking and financial services. He is currently an Executive and Non-Independent Director of Raffles Medical Group Ltd and Raffles Health Insurance Pte. Ltd. He is also serving on the board of various companies.	Mr Kok joined Dairy Farm International Holdings Limited in 1973 and held various senior management positions within the group, before he retired as Group Chief Executive Officer of Dairy Farm International Holdings Limited in 2012. Mr Kok currently serves as a Director of various companies.	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.	Ms Bali was the Chief Executive Officer of Britannia Industries Ltd., a publicly listed bakery and dairy company in India, from 2005 to 2014. Since 2014, she has been serving as a Non-Executive Director on global and Indian boards. She is currently an Independent Director of Cognizant Technology Solutions Corporation, and a Non-Executive Director of CRISIL Ltd and Syngene International Ltd.
Shareholding interest in the listed issuer and its subsidiaries	3,564,236 ordinary shares in SATS Ltd. 190,400 unvested shares awarded under the SATS Restricted Share Plan 1,055,000 contingent awards under the SATS Performance Share Plan	Direct Interest: 43,500 ordinary shares in SATS Ltd. Deemed Interest: 4,088 ordinary shares in SATS Ltd. through his spouse	15,300 ordinary shares in SATS Ltd.	Nil	Nil
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 1 June 2021)

Name of Director	Alexander Charles Hungate	Tan Soo Nan	Michael Kok Pak Kuan	Deborah Tan Yang Sock (Mrs Deborah Ong)	Vinita Bali
Other Principal Commitments* including Directorships					
Past (for the last 5 years)	*Other listed companies* Nil *Other principal commitments* • Chairman, Country Foods Pte. Ltd. (FKA SATS BRF Food Pte. Ltd.) • Chairman, SATS HK Limited • Chairman, SATS-Creuers Cruise Services Pte. Ltd. • Director, Air India SATS Airport Services Private Limited • Director, Food & Allied Support Services Corporation Pte. Ltd. • Director, SATS Yihai Kerry (Langfang) Food Co., Ltd. • Director, SATS Kunshan Food Co., Ltd. (FKA SATS Yihai Kerry (Kunshan) Food Co., Ltd.) • Director, Singapore International Chamber of Commerce	*Other listed companies* • Non-Executive and Independent Director, OSIM International Pte. Ltd. (Delisted on 29 August 2016) *Other principal commitments* Nil	*Other listed companies* • Non-Executive Director, Dairy Farm International Holdings Limited *Other principal commitments* • KPK & Son Realty Pte Ltd	*Other listed companies* Nil *Other principal commitments* • Partner, PricewaterhouseCoopers LLP, Singapore • Deputy Chairperson, Ngee Ann Polytechnic • Board member, Singapore Tourism Board • Board member, CPA Australia	*Other listed companies* • Non-Executive Director, Smith & Nephew plc. (LSE) • Non-Executive Director, Titan Company Ltd. (BSE/NSE) • Non-Executive Director, Bunge Ltd. (NYSE) *Other principal commitments* • Chairman, Global Alliance for Improved Nutrition • Non-Executive Director, Syngenta Ltd. • Chair, Board of Governors of Welham Girls' School
Present	*Other listed companies* • Non-Executive and Independent Director/Chairman of the Remuneration and Human Capital Committee, United Overseas Bank Limited *Other principal commitments* • Member, Singapore Economic Development Board • Member, Future Economy Council • Co-Chairman, Connectivity, Sub-Committee of The Future Economy Council • Member, National Youth Achievement Award Association Advisory Board • Chairman, Asia Airfreight Terminal Company Limited • Chairman, TFK Corporation • Chairman, SATS China Co., Ltd. • Director, Mumbai Cargo Service Center Airport Private Limited • Director, SATS (India) Co. Private Limited • Director, SATS Investments Pte. Ltd. • Director, SATS Investments (II) Pte. Ltd.	*Other listed companies* • Executive and Non-Independent Director, Raffles Medical Group Ltd. • Non-Executive and Independent Director, Engro Corporation Limited *Other principal commitments* • Executive and Non-Independent Director, Raffles Health Insurance Pte. Ltd. • Director, ICE Futures Singapore Pte. Ltd. • Director, ICE Clear Singapore Pte. Ltd. • Director, ICE Singapore Holdings Pte. Ltd. • Director, Temasek Foundation Ltd. (formerly known as Temasek Foundation Management Services CLG Limited) • Director, Woh Hup Trust • Director, TF IPC Pte. Ltd.	*Other listed companies* • Non-Executive and Independent Director / Chairman of Remuneration Committee, Jardine Cycle and Carriage Limited • Non-Executive and Independent Director, Mapletree North Asia Commercial Trust Management Ltd. (formerly known as Mapletree Great China Commercial Trust Management Limited) (The Manager of Mapletree North Asia Commercial Trust) *Other principal commitments* Nil	*Other listed companies* Nil *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 • Council member, Council for Estate Agencies • Member, Legal Service Commission	*Other listed companies* • Independent Director, Cognizant Technology Solutions Corporation (NASDAQ) • Non-Executive Director, CRISIL Ltd. (BSE/NSE) • Non-Executive Director, Syngene International Ltd. (BSE/NSE) *Other principal commitments* • Member, Board of Governors, Indian Institute of Management, Bangalore • Non-Executive Director, Fabindia Overseas Pvt. Ltd.

* "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018.

Additional Information on Directors Seeking Re-election

(Information as at 1 June 2021)

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	Alexander Charles Hungate	Tan Soo Nan	Michael Kok Pak Kuan	Deborah Tan Yang Sock (Mrs Deborah Ong)	Vinita Bali
(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

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Proxy Form

SATS Ltd.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

IMPORTANT

1. The Annual General Meeting is being convened, and will be held, by way of electronic means 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. Printed copies of the Notice of Annual General Meeting will not be sent to members. Instead, the Notice of Annual General Meeting will be sent to members by electronic means via publication on the Company's website at the URL https://www.sats.com.sg/AGM2021 and the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of, or live at, the Annual General Meeting, addressing of substantial and relevant questions in advance of, or live at, the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 30 June 2021. This announcement may be accessed at the Company's website at the URL https://www.sats.com.sg/AGM2021 and the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. **As a precautionary measure due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.**
4. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 9 July 2021.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 June 2021.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.**

*I/We ____ (Name)

____ (*NRIC/Passport No./Co. Regn. No.)

of ____ (Address)

being a *member/members of SATS Ltd. (the "**Company**") hereby appoint the Chairman of the Meeting as *my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on Thursday, 22 July 2021 at 10.00 a.m. (Singapore time) and at any adjournment thereof in the following manner:

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 Alexander Charles Hungate as Director			
3	Re-election of Mr Tan Soo Nan as Director			
4	Re-election of Mr Michael Kok Pak Kuan as Director			
5	Re-election of Ms Deborah Tan Yang Sock (Mrs Deborah Ong) as Director			
6	Re-election of Ms Vinita Bali as Director			
7	Approval of Directors' fees for the financial year ending 31 March 2022			
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, Chapter 50 of Singapore			
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 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 the Chairman of the Meeting as your proxy 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 the Chairman of the Meeting as your proxy 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 the Chairman of the Meeting as your proxy is directed to abstain from voting in the "**Abstain**" box provided in respect of that resolution.* ***In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.***

Dated this ____________ day of ____________ 2021

____
Signature(s) of Member(s) or Common Seal

Total Number of Shares Held

Important: Please read notes on the reverse side

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the member.
2. **As a precautionary measure due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** This proxy form may be accessed at the Company's website at the URL https://www.sats.com.sg/AGM2021 and the SGX website at the URL https://www.sgx.com/securities/company-announcements. A member may also appoint the Chairman of the Meeting as his/her/its proxy via the pre-registration website at the URL https://www.sats.com.sg/AGM2021. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the instrument appointing a proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 9 July 2021.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
   a. if submitted 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:
      i. be submitted via email to the Company's Share Registrar at gpe@mncsingapore.com; or
      ii. be submitted via the pre-registration website at the URL https://www.sats.com.sg/AGM2021,

   in each case not less than 72 hours before the time appointed for holding the Annual General Meeting.
   A member who wishes to submit an instrument appointing a proxy by post or via email must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
   Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed instruments appointing a proxy electronically via email or via the pre-registration website at the URL https://www.sats.com.sg/AGM2021.
5. The instrument appointing the Chairman of the Meeting as proxy must, if submitted by post or electronically via email, be under the hand of the appointor or of his attorney duly authorised in writing or, if submitted electronically via the pre-registration website at the URL https://www.sats.com.sg/AGM2021, be authorised by the appointor via the online proxy appointment process through the website. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must, if submitted by post or electronically via email, be executed either under its seal or under the hand of an officer or attorney duly authorised or, if submitted electronically via the pre-registration website at the URL https://www.sats.com.sg/AGM2021, be authorised via the online proxy appointment process through the website. Where an instrument appointing the Chairman of the Meeting as proxy 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 appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument appointing a proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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Please affix postage stamp

The Company Secretary
SATS Ltd.
c/o M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

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3rd fold along this line and glue overleaf. Do not staple.

Corporate Information

As at 1 June 2021

Board of Directors

Euleen Goh Yiu Kiang
Chairman, Independent Non-Executive

Alexander Charles Hungate
President and Chief Executive Officer, Executive Director

Independent Non-Executive
Achal Agarwal
Vinita Bali
Chia Kim Huat
Michael Kok Pak Kuan
Jenny Lee Hong Wei
Deborah Tan Yang Sock (Deborah Ong)
Jessica Tan Soon Neo
Tan Soo Nan
Yap Chee Meng
Yap Kim Wah

Board Committees

Audit Committee
Yap Chee Meng (Chairman)
Deborah Ong
Jessica Tan Soon Neo
Tan Soo Nan
Yap Kim Wah

Board Executive Committee
Euleen Goh Yiu Kiang (Chairman)
Alexander Charles Hungate
Achal Agarwal
Michael Kok Pak Kuan

Board Risk and Safety Committee
Yap Kim Wah (Chairman)
Chia Kim Huat
Tan Soo Nan
Yap Chee Meng

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
Michael Kok Pak Kuan

Company Secretary

Prema d/o K Subramaniam

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
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

Audit Partner: Quek Shu Ping
(Appointed since FY2020-21)

Group Management Board

Alexander Charles Hungate
President and Chief Executive Officer

Manfred Seah Kok Khong
Chief Financial Officer

Spencer Low Kin-Ming
Chief Executive Officer, Consumer Services
Chief Strategy & Sustainability Officer

Tan Li Lian
Chief Human Capital Officer

Tan Chuan Lye
Chairman, Food Solutions

Kerry Mok Tee Heong
Chief Executive Officer, Food Solutions

Yacoob Bin Ahmed Piperdi
Chief Executive Officer, Gateway Services

Denis Suresh Kumar Marie
Chief Executive Officer, SATS India

Donny Cheah Chi Choy
Chief Executive Officer, SATS Greater China

SATS LTD.
(Company Registration No.: 197201770G)
Registered Office:
20 Airport Boulevard
SATS Inflight Catering Centre 1
Singapore 819659
T: (65) 6542 5555

SATS LTD.
Company Registration No. 197201770G

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