IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing.

The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the notes, investors must not be (i) a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) or (ii) located within the United States. The attached information memorandum is being sent at your request and by accepting this e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. person, as defined in Regulation S under the Securities Act nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the notes described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) under Section 274 of the SFA, a relevant person (as defined under Section 275(2) of the SFA) pursuant to Section 275(1), or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described herein. A reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents or information transmitted via this medium may be altered or changed during the process of transmission and consequently none of SATS Ltd., DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited, any other Dealer(s) nor any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

Restrictions: The attached information memorandum is being furnished in connection with an offering of notes exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the notes described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of SATS Ltd., DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited or any other Dealer(s) to subscribe for or purchase any of the notes described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering of notes do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealer or any affiliate of the dealer is a licensed broker or dealer in that jurisdiction, the offering of notes shall be deemed to be made by the dealers or such affiliate on behalf of SATS Ltd. in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession the attached information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the notes described therein.**

Actions that You May Not Take: If you receive the attached information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any notes by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO, AND YOU MAY NOT, FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive the attached information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

SATS LTD.

(Incorporated in the Republic of Singapore on 15 December 1972)
(UEN/Company Registration No. 197201770G)

S$500,000,000
Multicurrency Medium Term Note Programme
(the "MTN Programme")

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by SATS Ltd. (the "**Issuer**") pursuant to the MTN Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined in the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the securities or securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

A reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the MTN Programme or such Notes.

Arrangers

DBS　　　　OCBC Bank

This Information Memorandum is dated 2 November 2018.

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NOTICE

DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited (together, the "**Arrangers**") have been authorised by SATS Ltd. (the "**Issuer**") to arrange the S$500,000,000 Multicurrency Medium Term Note Programme (the "**MTN Programme**") described herein. Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "**Notes**") denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies (if any) and the MTN Programme. The Issuer, having made all reasonable enquiries, confirms that this Information Memorandum contains all information which is material in the context of the MTN Programme and the information contained herein is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered and that there are no other facts the omission of which in the context of the MTN Programme and the issue and offering of the Notes would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports or summary financial statements or audited consolidated accounts or unaudited interim results of the Issuer and its subsidiaries and associated companies (if any) and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with (a) all such documents which are incorporated by reference herein and (b) with respect to any series or tranche of Notes, any Pricing Supplement (as defined herein) in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

The past audited financial statements of the Issuer which are not contained in the Information Memorandum can be found on the website of the Issuer and the SGX-ST (as defined herein).

Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section "Summary of the MTN Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Note (as defined herein) in bearer form or a Permanent Global Note (as defined herein) in bearer form which will be deposited on the issue date with, either CDP (as defined herein) or a common depositary for Euroclear (as defined herein) and/or Clearstream, Luxembourg (as defined herein) or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of not less than one month from their respective issue dates, or such other tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to herein) shall be S$500,000,000 (or its equivalent in any other currencies) or such higher amount as may be agreed between the Issuer and the Arrangers.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, either of the Arrangers or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, either of the Arrangers or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum (or any part thereof) or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information (or any part thereof) or into whose possession this Information Memorandum or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the U.S. and include Notes in bearer form that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, either of the Arrangers or any of the Dealers to subscribe for or purchase, any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes from time to time to be issued pursuant to the MTN Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA (as defined herein) and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the business, prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arrangers and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Issuer, either of the Arrangers, any of the Dealers or any of their respective officers, employees or agents is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, or the creditworthiness or otherwise of the Issuer or its subsidiaries or associated companies (if any). Neither of the Arrangers, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, neither of the Arrangers nor any of the Dealers makes any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, neither of the Arrangers, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, neither of the Arrangers nor any of the Dealers accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by either of the Arrangers or any of the Dealers or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

In connection with the issue of any series of Notes, one or more Dealers named as stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin at any time, on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Notes is made and, if begun, may be ended or discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series of Notes and 60 days after the date of the allotment of the relevant series of Notes. Any stabilisation action will be in accordance with the law.

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein) and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, either of the Arrangers or any of the Dealers lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under the section "Subscription, Purchase and Distribution" on pages 110 to 113 of this Information Memorandum.

Product Classification pursuant to Section 309B of the SFA

The Pricing Supplement in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B of the SFA.

The Issuer will make a determination in relation to each issue under the MTN Programme of the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Pricing Supplement will constitute notice to each of the "relevant persons" for purposes of section 309B(1)(c) of the SFA.

Markets in Financial Instruments Directive II

The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors

If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Any person(s) who is/are invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for, purchase or otherwise acquire any of the Notes consult their own legal and other advisers before subscribing for, purchasing or acquiring the Notes. Any decision to invest in and subscribe for and/or purchase the Notes should be made on the basis of the Conditions (as defined herein) and the information contained in this Information Memorandum.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposition of the Notes.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:–

"*Affinity*"	:	Affinity Suite of Services.
"*Agency Agreement*"	:	The Agency Agreement dated 9 March 2010 made between (1) the Issuer, as issuer, (2) OCBC, as issuing and paying agent, (3) OCBC, as agent bank, and (4) the Trustee, as trustee, as amended and restated by an amended and restated agency agreement dated 2 November 2018 made between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, and (4) the Trustee, as trustee, and as further amended, varied or supplemented from time to time.
"*Agent Bank*"	:	DBS Bank Ltd.
"*AirAsia*"	:	AirAsia Berhad.
"*AR*"	:	Augmented reality.
"*Arrangers*"	:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited.
"*AAT*"	:	Asia Airfreight Terminal.
"*ASEAN*"	:	Association of Southeast Asian Nations.
"*AGV*"	:	Automated Guided Vehicles.
"*AVA*"	:	Agri-Food and Veterinary Authority.
"*Business Day*"	:	A day (other than a Saturday or Sunday or a gazetted public holiday) on which commercial banks in Singapore are open for business.
"*CAAS*"	:	Civil Aviation Authority of Singapore.
"*CAG*"	:	Changi Airport Group (Singapore) Pte. Ltd.
"*CDP*"	:	The Central Depository (Pte) Limited.
"*Clearstream, Luxembourg*"	:	Clearstream Banking S.A.
"*Companies Act*" or "*Act*"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"*Couponholders*"	:	The holders of the Coupons.

"*Coupons*"	:	The interest coupons appertaining to an interest bearing definitive Note.
"*Creuers*"	:	Creuers del Port de Barcelona S.A.
"*DBS*"	:	DBS Bank Ltd.
"*Dealers*"	:	Persons appointed as dealers under the MTN Programme.
"*DFASS*"	:	DFASS (Singapore) Pte. Ltd.
"*Directors*"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.
"*ECI*"	:	Early check-in services.
"*EU*"	:	European Union.
"*Euroclear*"	:	Euroclear Bank SA/NV.
"*F&B*"	:	Food and beverages.
"*Food Solutions*"	:	The Group's food solutions business comprising in-flight catering, institutional catering, food distribution and logistics, chilled and retort food manufacturing, hospitality services and airline linen and laundry services.
"*FY*"	:	Financial year ended 31 March.
"*Gateway Services*"	:	The Group's gateway services business encompassing airport and cruise terminal services, including ground and cargo handling, passenger and security services, baggage handling, apron services and cargo logistics services.
"*Group*"	:	The Issuer and its subsidiaries.
"*HPB*"	:	Health Promotion Board.
"*IATA*"	:	International Air Transport Association.
"*IGHC*"	:	IATA Ground Handling Council.
"*ISO*"	:	International Organisation for Standardisation.
"*Issuer*" or "SATS"	:	SATS Ltd.
"*Issuing and Paying Agent*"	:	DBS Bank Ltd.
"*IT*"	:	Information technology.

"*ITA*"	:	The Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"*Latest Practicable Date*"	:	19 October 2018.
"*MAS*"	:	The Monetary Authority of Singapore.
"*MBCCS*"	:	Marina Bay Cruise Centre Singapore.
"*MTN Programme*"	:	The S$500,000,000 Multicurrency Medium Term Note Programme of the Issuer as described in this Information Memorandum.
"*Noteholders*"	:	The holders of the Notes.
"*Notes*"	:	The notes to be issued by the Issuer under the MTN Programme.
"*NUS*"	:	National University of Singapore.
"*OCBC*"	:	Oversea-Chinese Banking Corporation Limited.
"*PCIL*"	:	SATS Premium Check-in Lounge.
"*PRC*"	:	The People's Republic of China.
"*Pricing Supplement*"	:	In relation to a Series or Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum, issued specifying the relevant issue details in relation to such Series or, as the case may be, Tranche.
"*Principal Subsidiary*"	:	Has the meaning ascribed to it in Condition 9 of the Notes.
"*Programme Agreement*"	:	The Programme Agreement dated 9 March 2010 made between (1) the Issuer, as issuer, and (2) DBS and OCBC, as arrangers and dealers, as amended, varied or supplemented from time to time.
"*PT CAS*"	:	PT Cardig Aero Services Tbk.
"*PT JAS*"	:	PT Jasa Angkasa Semesta, Tbk.
"*RFID*"	:	Radio Frequency Identification Systems.
"*SATS Asia-Pacific Star*"	:	SATS Asia-Pacific Star Pte. Ltd.
"*SATS BRF Food*"	:	SATS BRF Food Pte. Ltd.
"*SATS Food Services*"	:	SATS Food Services Pte. Ltd., a wholly-owned subsidiary of the Issuer (formerly known as Singapore Food Industries).

"*SATS HK*"	:	SATS HK Limited.
"*SCCS*"	:	SATS-Creuers Cruise Services Pte. Ltd.
"*Securities Act*"	:	U.S. Securities Act of 1933, as amended.
"*Series*"	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
"*SFA*"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
"*SGX-ST*"	:	Singapore Exchange Securities Trading Limited.
"*Shares*"	:	Ordinary shares in the capital of the Issuer.
"*SIA*"	:	Singapore Airlines Limited.
"*SIA Group*"	:	SIA and its subsidiaries.
"*SICC 1*"	:	SATS In-flight Catering Centre 1.
"*SICC 2*"	:	SATS In-flight Catering Centre 2.
"*Singapore Food Industries*"	:	Singapore Food Industries Pte. Ltd., now known as SATS Food Services.
"*Temasek*"	:	Temasek Holdings (Private) Limited.
"*TFK*"	:	TFK Corporation.
"*Tracer*"	:	The Group's RFID XPS Track and Trace initiative.
"*Tranche*"	:	Notes which are identical in all respects (including as to listing).
"*Trust Deed*"	:	The Trust Deed dated 9 March 2010 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, varied or supplemented from time to time.
"*Trustee*"	:	DBS Trustee Limited.
"*ULD*"	:	Unit local device.
"*UK*"	:	United Kingdom.

"*UAE*"	:	United Arab Emirates.
"*United States*" or "*U.S.*"	:	United States of America.
"*S$*" or "*$*" and "*cents*"	:	Singapore dollars and cents respectively, the lawful currency of Singapore.
"*US$*"	:	United States dollars, the lawful currency of the United States.
"*%*"	:	Per cent.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act, or as the case may be, the SFA.

CORPORATE INFORMATION

Board of Directors	:	Ms. Goh Yiu Kiang Euleen (Chairman) Mr. Alexander Charles Hungate (President and Chief Executive Officer) Mr. Achal Agarwal Mr. Chia Kim Huat Mr. Kok Pak Kuan Ms. Tan Soon Neo Jessica Mr. Tan Soo Nan @ Tan Soo Nam Mr. Yap Chee Meng Mr. Yap Kim Wah
Company Secretaries	:	Ms. Prema d/o K. Subramaniam Ms. Low Siew Tian
Registered Office	:	20 Airport Boulevard SATS Inflight Catering Centre 1 Singapore 819659
Auditors to the Issuer	:	KPMG LLP Public Accountants and Certified Public Accountants 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Arrangers of the MTN Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982 Oversea-Chinese Banking Corporation Limited 63 Chulia Street #03-05 OCBC Centre East Singapore 049514
Legal Advisers to the Arrangers and the Trustee	:	Allen and Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Trustee for the Noteholders	:	DBS Trustee Limited 12 Marina Boulevard, Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982

SUMMARY OF THE MTN PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	SATS Ltd.
Arrangers	:	DBS and OCBC.
Dealers	:	DBS and OCBC and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd.
Trustee	:	DBS Trustee Limited.
Description	:	Multicurrency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S$500,000,000 (or its equivalent in other currencies) or such higher amount as may be agreed between the Issuer and the Arrangers.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Notes may be issued from time to time under the MTN Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes shall have maturities of not less than one month from their respective issue dates or such other tenor as may be agreed between the Issuer and relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.

Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s). Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and at maturity and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	:	The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s).
Custody of the Notes	:	Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream, Luxembourg.

Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu,* without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer from time to time outstanding.
Redemption and Purchases	:	If so provided on the face of the Notes and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Notes and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Negative Pledge	:	So long as any of the Notes remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries will, create or permit to subsist any security over the whole or any part of its undertakings, assets, property or revenues, present or future, where such security is created, or intended to be created, to secure the indebtedness of the Issuer and/or its Principal Subsidiaries (unless such security is forthwith extended equally or rateably to the indebtedness of the Issuer in respect of the Notes), save for: (1) liens or rights of set-off arising solely by operation of law (or by agreement evidencing the same) and in the ordinary course of its business; (2) (a) any security created over any asset existing on or prior to the date of the Trust Deed and as disclosed in writing to the Trustee on or prior to the date of the Trust Deed (provided that the amount secured is not increased) (all such securities, if any, the "**Existing Securities**") or (b) any security to be created over any asset which is the subject of the Existing Securities in connection with any replacement or refinancing of any of its outstanding indebtedness which at the date of the Trust Deed is secured by the Existing Securities (provided that the amount secured is not increased pursuant to such replacement or refinancing); (3) any security created on or in connection with any asset acquired and/or developed by it after the date of the Trust Deed (but not over any asset of the Issuer on or prior to the date of the Trust Deed) for the sole purpose of financing that acquisition and/or development and securing a principal amount not exceeding the cost of that acquisition and/or, as the case may be, the cost of that development;

(4) any title transfer or retention of title arrangement entered into by the Issuer in the ordinary course of its business or trading with suppliers of goods;

(5) any other security created or outstanding with the prior consent in writing of the Trustee or the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed);

(6) any netting or set-off-arrangements entered into by the Issuer in the ordinary course of its banking arrangements; or

(7) any security (other than any contemplated in paragraphs (1) to (6) above) created over any assets of the Issuer existing as at the date of the Trust Deed, the aggregate value of which (when aggregated with the value of any other security created under paragraphs (1), (4), (5) and (6) above) shall not exceed in aggregate an amount equal to 20 per cent. of the Consolidated Total Assets of the Group (as shown by the latest audited consolidated accounts of the Group).

For the purposes of the paragraph above, "**Consolidated Total Assets**" means the aggregate amount of all the assets of the Group as shown by the latest consolidated audited financial statements of the Group.

Financial Covenants : So long as any of the Notes remains outstanding, the Issuer will ensure that the ratio of Consolidated Borrowings to Consolidated Tangible Net Worth will not at any time be more than 2.0:1 and the Consolidated Tangible Net Worth will not at any time be less than S$500,000,000.

For the purposes of the paragraph above:

(1) "**Consolidated Borrowings**" means, in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(i) bank overdrafts and all other indebtedness in respect of borrowed money owing and/or payable by any member of the Group to Financial Institutions;

(ii) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(iii) the liabilities of the Issuer under the Trust Deed or the Notes; and

(iv) any redeemable preference shares issued by any member of the Group;

(2) "**Consolidated Tangible Net Worth**" means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(i) the share capital of the Issuer for the time being issued and paid up; and

(ii) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund and profit and loss account) of the Group on a consolidated basis;

all as shown in the then latest audited consolidated balance sheet of the Group but after:

(a) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraph (ii) above of the Group since the date of the latest audited consolidated balance sheet of the Group;

(b) excluding any sums set aside for future taxation; and

(c) deducting:

(aa) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;

(bb) all goodwill and other intangible assets;

(cc) any debit balances on consolidated profit and loss account; and (dd) any amounts arising from a writing-up after the date of the Trust Deed of the book value of any property of the Group (any increases in the book value of property which results from its transfer being deemed for this purpose to have arisen from a writing-up); and

(3) "**Financial Institutions**" includes banks, finance companies, leasing companies and factoring companies and any corporation or entity carrying on financing business.

Non-Disposal Covenant : So long as any of the Notes remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of the whole of its assets nor of any part of its assets which, when aggregated with all other disposals required to be taken into account under Clause 15.31 of the Trust Deed, is substantial in relation to its total assets which could have a material adverse effect (as defined in the Trust Deed) on it. The following disposals shall not be taken into account:

(i) disposals in the ordinary course of business;

(ii) any disposal or sale of assets from the Issuer to any of its subsidiaries or from one of its subsidiaries to any other subsidiaries of the Issuer;

(iii) any leasings made in the ordinary course of business;

(iv) the payment of cash as consideration for the acquisition of any asset on normal commercial terms;

(v) the temporary application of funds not immediately required in its business in the purchase or making of investments, or the realisation of such investments;

(vi) disposals of assets in exchange for assets which are comparable or superior as to type, value and quality;

(vii) transactions made at arm's length and on normal commercial terms, including disposals in exchange for cash consideration;

(viii) disposals of assets which are obsolete, excess or no longer required for the purpose of the Issuer's business;

(ix) (a) any disposals of any assets by way of securitisation, (b) any outright sale of the Issuer's assets into a real estate investment trust or (c) any sale and leaseback of any asset; or

		(x) any disposal which the Trustee or the Noteholders by way of Extraordinary Resolution shall have agreed shall not be taken into account.
Taxation	:	Payments of principal and interest on the Notes and the Coupons will be free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, subject to certain exceptions set out in the terms and conditions of the Notes, the Issuer will pay such additional amount as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required. For further details, see the section on "Singapore Taxation" below.
Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	:	For a description of certain restriction on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The MTN Programme and any Notes issued under the MTN Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed (as amended and supplemented, the "**Trust Deed**") dated 9 March 2010 made between (1) Singapore Airport Terminal Services Limited (the "**Issuer**") and (2) DBS Trustee Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended and supplemented, the "**Deed of Covenant**") dated 9 March 2010, relating to the Notes executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and Coupons referred to below. The Issuer has entered into an Agency Agreement (as amended and supplemented, the "**Agency Agreement**") dated 9 March 2010 made between (1) the Issuer, (2) Oversea-Chinese Banking Corporation Limited, as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**") and agent bank (in such capacity, the "**Agent Bank**"), and (3) the Trustee, as trustee. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note, a Zero Coupon Note, a combination of any of the foregoing or any other type of Note (depending upon the Interest and Redemption/Payment Basis shown on its face).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

(b) Title

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer from time to time outstanding.

3. Negative Pledge and Financial Covenants

(a) Negative Pledge

The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding (as defined in the Trust Deed), it will not, and will ensure that none of its Principal Subsidiaries will create or permit to subsist any security over the whole or any part of its undertakings, assets, property or revenues, present or future, where such security is created, or intended to be created, to secure the indebtedness of the Issuer and/or its Principal Subsidiaries (unless such security is forthwith extended equally or rateably to the indebtedness of the Issuer in respect of the Notes) save for:

(i) liens or rights of set-off arising solely by operation of law (or by agreement evidencing the same) and in the ordinary course of its business;

(ii) (1) any security created over any asset existing on or prior to the date of the Trust Deed and as disclosed in writing to the Trustee on or prior to the date of the Trust Deed (provided that the amount secured is not increased) (all such securities, if any, the "**Existing Securities**") or (2) any security to be created over any asset which is the subject of the Existing Securities in connection with any replacement or refinancing of any of its outstanding indebtedness which at the date of the Trust Deed is secured by the Existing Securities (provided that the amount secured is not increased pursuant to such replacement or refinancing);

(iii) any security created on or in connection with any asset acquired and/or developed by it after the date of the Trust Deed (but not over any asset of the Issuer on or prior to the date of the Trust Deed) for the sole purpose of financing that acquisition and/or development and securing a principal amount not exceeding the cost of that acquisition and/or, as the case may be, the cost of that development

(iv) any title transfer or retention of title arrangement entered into by the Issuer in the ordinary course of its business or trading with suppliers of goods;

(v) any other security created or outstanding with the prior consent in writing of the Trustee or the Noteholders by way of an Extraordinary Resolution;

(vi) any netting or set-off-arrangements entered into by the Issuer in the ordinary course of its banking arrangements; or

(vii) any security (other than any contemplated in Conditions 3(a)(i) to 3(a)(vi)) created over any assets of the Issuer existing as at the date of the Trust Deed, the aggregate value of which (when aggregated with the value of any other security created under Conditions 3(a)(i), 3(a)(iv), 3(a)(v) and 3(a)(vi)) shall not exceed in aggregate an amount equal to 20 per cent. of the Consolidated Total Assets (as defined in the Trust Deed) of the Group (as shown by the latest audited consolidated accounts of the Group).

(b) Financial Covenants

The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that:

(i) the ratio of Consolidated Borrowings (as defined in the Trust Deed) to Consolidated Tangible Net Worth (as defined in the Trust Deed) will not at any time be more than 2.0:1; and

(ii) the Consolidated Tangible Net Worth will not at any time be less than S$500,000,000.

4. (I) **Interest on Fixed Rate Notes**

(a) **Interest Rate and Accrual**

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

(b) **Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon.

(II) **Interest on Floating Rate Notes or Variable Rate Notes**

(a) **Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) Rate of Interest – Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 A.M. SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof) and as adjusted by the Spread (if any);

(C) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page (as defined below) as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(D) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations;

(E) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 A.M. SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace Page ABSI for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 A.M. SINGAPORE TIME" and under the column headed "USD SIBOR" (or such other page as may replace Page ABSI for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate	=	the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Premium or Discount	=	the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and
T	=	the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(D) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (C) above is not quoted on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) or if Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \text{ x SIBOR} + \frac{(\text{Premium x 36500})}{(\text{T x Spot Rate})} + \frac{(\text{SIBOR x Premium})}{(\text{Spot Rate})} \text{ x } \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})}$$

$$- \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR	=	the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" and under the column headed "USD SIBOR" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Spot Rate	=	the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" and under the column headed "SPOT" (or such other page as may replace the Reuters Screen ABSIRFIX06 Page for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Premium or Discount	=	the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear on the Reuters Screen ABSIRFIX06-7 Pages under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" (or such other page as may replace the Reuters Screen ABSIRFIX06-7 Pages for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and
T	=	the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(E) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (D) above is not quoted on the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Swap Rates quoted by the Reference Banks to the Agent Bank) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Interest Period concerned in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \text{ x SIBOR} + \frac{(\text{Premium x 36500})}{(\text{T x Spot Rate})} + \frac{(\text{SIBOR x Premium})}{(\text{Spot Rate})} \text{ x } \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \text{ x SIBOR} - \frac{(\text{Discount x 36500})}{(\text{T x Spot Rate})} - \frac{(\text{SIBOR x Discount})}{(\text{Spot Rate})} \text{ x } \frac{365}{360}$$

where:

SIBOR	=	the rate per annum at which United States dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;
Spot Rate	=	the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium	=	the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore interbank market;
Discount	=	the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore interbank market; and
T	=	the number of days in the Interest Period concerned;

(F) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate for the relevant Interest Period shall be determined in accordance with (E) above on the basis of the quotations of those Reference Banks providing such quotations; and

(G) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) Rate of Interest – Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Note, (i) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Notes denominated in Singapore dollars) a day on which banks and foreign exchange markets are open for general business in Singapore and (2) (in the case of Notes denominated in Euros) a day on which the TARGET System is open for settlement in Euros and (3) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters Monitor Money Rates Service ("**Reuters**")) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) and the Agency Agreement to the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 5(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(h)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any Floating Rate Note, Variable Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the relevant currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the rate and/or amount of interest payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the rate and/or amount of interest need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the rate of interest for any Interest Period or to calculate the amount of interest payable in respect of the Notes, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

5. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

(c) Purchase at the Option of Noteholders

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase

Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(e) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 5(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

The Issuer or any of its subsidiaries may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of its subsidiaries may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Interest

Payments of principal and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Issuing and Paying Agent and its specified office are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint additional or other Issuing and Paying Agents, provided that it will at all times maintain an Issuing and Paying Agent having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Issuing and Paying Agent and the Trustee, adversely affect the interests of the holders.

(d) Unmatured Coupons

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) Default Interest

(i) If on or after the due date for payment of any sum in respect of Notes or, as the case may be, the Coupons denominated in Singapore dollars, payment of all or any part of such sum shall not be made against due presentation of such Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. The Issuer shall pay any unpaid interest accrued on the amount so unpaid on the last business day of the calendar month in which such interest accrued and any interest payable under this Condition 6(f)(i) which is not paid on the last business day of the calendar month in which it accrued shall be added to the overdue sum and itself bear interest accordingly.

(ii) If on or after the due date for payment of any sum in respect of Notes or, as the case may be, the Coupons denominated in a currency other than Singapore dollars, payment of all or any part of such sum shall not be made against due presentation of such Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to one per cent. per annum above the cost to the Issuing and Paying Agent (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on it by any relevant authority or authorities) of funding by whatever means the Issuing and Paying Agent determines to be appropriate an amount equal to the unpaid sum for such period (not exceeding three months) as the Issuing and Paying Agent considers appropriate. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly.

(iii) Interest at the rate(s) determined in accordance with Conditions 6(f)(i) or 6(f)(ii) shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

7. Taxation

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being (i) a resident of, or a permanent establishment in, Singapore or (ii) a non-resident of Singapore who has purchased the Notes using funds from his or its Singapore operations); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

The Notes and Coupons shall become void unless presented for payment within five years from the appropriate Relevant Date for payment.

9. Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer does not pay any sum payable by it under any of the Notes within seven days of its due date;

(b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in Condition 9(a) above) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if, in the opinion of the Trustee, that default is capable of remedy, it is not remedied within 30 days of its occurrence;

(c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any material respect or is or proves to have been incorrect in any material respect when made or deemed repeated and, if, in the opinion of the Trustee, the circumstance resulting in such incorrect or misleading representation, warranty or statement is capable of remedy, it is not remedied within 30 days of its occurrence;

(d) (i) any indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed moneys is declared due and payable or accelerated (in each case) prior to its stated maturity as a result of the occurrence of an event of default, howsoever called;

(ii) the Issuer or any of its Principal Subsidiaries defaults in the repayment or discharge of any such indebtedness when due or at the expiration of any grace period originally applicable thereto or permitted under the agreement or other document evidencing or constituting such indebtedness; or

(iii) the Issuer or any of its Principal Subsidiaries fails to pay when properly called upon to do so under any guarantee or indemnity for borrowed moneys,

Provided always that the aggregate amount of the indebtedness in respect of which one or more of the events referred to in this Condition 9(d) having occurred equals or exceeds S$50,000,000 (or its equivalent in any other currency);

(e) the Issuer or any of its Principal Subsidiaries being adjudicated, or otherwise being declared by any legal process to be, insolvent, or becoming insolvent, or admitting, in writing its inability to pay its debts, or being deemed unable (within the meaning of Section 254 of the Companies Act, Chapter 50 of Singapore) to pay its debts as they mature or become due, or stopping, suspending or threatening to stop or suspend payment of all or any material part of its debts or taking any proceedings or other steps with a view to the rescheduling or deferral of all its indebtedness (or of any material part of its indebtedness which it will or might otherwise be unable to pay when due) or proposing or making any assignment or arrangement or composition with or for the benefit of its creditors or any class of creditors (within the meaning of Section 210 of the Companies Act, Chapter 50 of Singapore);

(f) a distress, execution or other legal process being levied or enforced upon or sued out against all or any material part of the assets of the Issuer or any of its Principal Subsidiaries and such distress, execution or other legal process is not dismissed, removed or discharged within 30 days (or such longer period as the Trustee may permit) of the date of such distress, execution or other legal process being levied, enforced upon or sued out;

(g) any security on or over all or a material part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable;

(h) an order is made or a resolution being passed or any step (other than those of a frivolous or vexatious nature) being taken for the winding up, amalgamation, reconstruction, reorganisation, merger, consolidation or dissolution of the Issuer or any of its Principal Subsidiaries other than a winding up or dissolution for the purposes of or pursuant to an amalgamation, consolidation, reorganisation, merger or reconstruction and the terms thereof having been previously approved in writing by the Trustee or the Noteholders by way of an Extraordinary Resolution;

(i) a receiver, judicial manager, trustee, agent or similar officer being appointed of or in relation to the Issuer or any of its Principal Subsidiaries or of the whole or any material part of the assets of the Issuer or any of its Principal Subsidiaries;

(j) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any material part of its property or assets (in each case, otherwise than for the purposes of such an amalgamation, consolidation, reorganisation, merger or reconstruction as referred to in Condition 9(h) or as permitted under Clause 15.32 of the Trust Deed);

(k) a moratorium is agreed or declared in respect of all or any material part of the indebtedness of the Issuer or any of its Principal Subsidiaries or any step is taken by any governmental authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer or any of its Principal Subsidiaries;

(l) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 14.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable) and if, in the opinion of the Trustee, such non-compliance is capable of remedy, it is not, in the opinion of the Trustee, remedied within 30 days of its occurrence;

(m) it is or will become unlawful for the Issuer to perform or comply with any one or more of its payment or other material obligations under any of the Issue Documents or any of the Notes;

(n) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(o) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature and which are being contested in good faith) is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) in respect of claims against the Issuer or any of its Principal Subsidiaries, exceeding in aggregate S$10,000,000 (or its equivalent in other currencies) which, if adversely determined, has or could have a material adverse effect on the Issuer or on the Group taken as a whole;

(p) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in Conditions 9(e), 9(f), 9(g), 9(h), 9(i) or 9(k); or

(q) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

In these Conditions:

(1) "**Principal Subsidiaries**" means, at any particular time, SATS Airport Services Pte Ltd, SATS Airport Catering Pte Ltd and any subsidiary of the Issuer:

(aa) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 25 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or

(bb) whose profits before tax as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 30 per cent. of the consolidated profits before tax of the Group as shown by such audited consolidated accounts,

provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

(I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and

(II) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the earlier of (x) the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets or (as the case may be) profits before tax as shown by the accounts of such subsidiary (consolidated (if any) in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 25 per cent. of the total assets or, as the case may be, 30 per cent. of the consolidated profits before tax as of the Group, as shown by such audited consolidated accounts and (y) the date of a report by the Auditors (as defined in the Trust Deed) as described below dated on or after the date of the relevant transfer which shows the total assets of such subsidiary to be less than 25 per cent. of the total assets or, as the case may be, 30 per cent. of the consolidated profits before tax, of the Group. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

(2) "**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

10. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

11. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any amount of interest in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear Bank and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

12. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

15. Notices

Notices to the holders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Notes (as defined in the Trust Deed) are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or the Depository for communication by it to the Noteholders, except that if the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

16. Governing Law

The Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

17. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce or enjoy the benefit of any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

THE ISSUER

1. BACKGROUND

The Issuer is a leading provider of gateway services and food solutions. The Group's comprehensive scope of gateway services encompasses airport and cruise terminal services, including ground and cargo handling, passenger and security services, baggage handling, apron services and cargo logistics services, while its food solutions business comprises in-flight catering, institutional catering, food distribution and logistics, chilled and retort food manufacturing, hospitality services and airline linen and laundry services.

As at the Latest Practicable Date, the Issuer has a multinational business with a presence in 13 countries, 62 cities and has operations in 60 airports. The Group has a significant share of the ground handling and airline catering services at Singapore Changi Airport, based on the total number of scheduled flights at Singapore Changi Airport. For the FY 2017-2018, the Group handled a total of 106.7 million passengers, 661,000 flights, 4.7 million tonnes of cargo, and produced 171.2 million meals.

The Issuer has been listed on the SGX-ST since 12 May 2000 and as at the Latest Practicable Date, it has a market capitalisation of S$5,413,804,800.

2. KEY MILESTONES

Incorporated in Singapore on 15 December 1972, the Issuer was previously a wholly-owned subsidiary of SIA established to manage SIA's ground handling and airline catering requirements in Singapore. The Issuer was listed on the SGX-ST on 12 May 2000 with SIA as its major shareholder. Through an *in-specie* distribution by SIA of its entire shareholding in the Issuer to its shareholders in 2009, Temasek became a major shareholder of the Issuer. As at 23 May 2018, Temasek has a 40.01% deemed interest in the Issuer.

In April 2009, the Issuer completed the acquisition of Singapore Food Industries, which has since been renamed as SATS Food Services in February 2017.

In November 2010, the Issuer launched Coolport@Changi which became Asia's first on-airport perishables handling facility, dedicated to end-to-end cold-chain handling of temperature-sensitive perishables and pharmaceutical airfreight for import, export and transshipment.

In December 2010, the Issuer acquired a majority stake in TFK. This acquisition marked the Issuer's foray into the Japanese airline catering market, enabling the Issuer to strengthen its relationships with customers and its capability to serve them at airports in Narita and Haneda.

In June 2011, the Issuer launched its new brand identity to mark the start of the Group's journey to build a unified and consistent representation across its Food Solutions and Gateway Services businesses. The new logo was unveiled on 7 June 2011 by the then Minister for Trade and Industry, Mr Lim Hng Kiang.

In December 2011, the Issuer won the bid to manage and operate the new MBCCS with Creuers, Europe's leading cruise terminal operator. The partners formed a 60-40 joint venture company, SCCS, with the Issuer holding the majority stake.

In March 2013, the Issuer jointly won the bid to provide catering and hospitality services at Singapore Sports Hub with Delaware North Companies, Inc., one of the largest privately held hospitality companies in the world. The partners formed a 70-30 joint venture company, SATS Delaware North Pte. Ltd., with the Issuer holding the majority stake. The partnership brought together two organisations with a combined 160 years of experience in delivering large-scale catering and hospitality solutions that commensurates with the scale and length of the Singapore Sports Hub catering contract.

In February 2014, the Issuer, through two wholly-owned subsidiaries, acquired a 41.65% interest in PT CAS, a company incorporated in Indonesia and listed on the Indonesia Stock Exchange since 5 December 2011. PT CAS is a leading food solutions and gateway services provider in Indonesia, with subsidiaries providing airfreight handling, ramp handling, passenger services, aircraft line maintenance, aviation catering services, institutional catering services and facility management services. Indonesia is an important market for the Issuer due to its topography as an island nation which makes air travel the most reliable and efficient mode of transportation for both people and cargo across the archipelago. In addition, its growing economy and middle class population continues to drive greater demand for safe and high quality food and travel.

In February 2016, the Issuer, through its wholly-owned subsidiary, successfully acquired a 49% interest in Brahim's Airline Catering Holdings Sdn Bhd (now known as Brahim's SATS Investment Holdings Sdn Bhd). This acquisition is in line with the Issuer's strategy of growing the scale of its food business and enhancing its connectivity to better serve its customers across key airports in the region. Kuala Lumpur International Airport is an important and growing aviation hub, and is one of busiest airports in Asia, with high frequency connections to Singapore and other major hubs where the Issuer is present.

In April 2016, the Issuer, through its wholly-owned subsidiary SATS Asia-Pacific Star, entered into a joint venture with DFASS, to provide in-flight duty-free/duty-paid sales and concessions, mail order and pre-order sales, supply of liquors for in-flight pouring services, and operate ground-based duty-free and/or duty-paid retail sales in Singapore, through a joint venture company called DFASS SATS Pte. Ltd.

In August 2016, the Issuer became the first international cargo handler to win a tender to build and operate a cargo terminal in Dammam, Saudi Arabia. The cargo handling concession is valid for 22.5 years from 2016 and the cargo terminal will be capable of handling 150,000 tonnes of cargo annually. Saudi Arabia is a key aviation hub in the Middle East for the Issuer.

In November 2016, the Issuer, through its wholly-owned subsidiary, acquired a 33% interest in Oman SATS Cargo LLC, subsequently renamed as Oman Air SATS Cargo LLC. This partnership with Oman Air has enhanced connectivity for the Issuer's customers across Asia.

In December 2016, the Issuer introduced smart watches and Bluetooth bone-conduction headsets for use in its technical ramp operations. This has enhanced operational communications and resulted in increased productivity and safety. The Issuer has since been awarded a patent in Singapore for its novel 'Ramp Services Control System and Method' invention which incorporates, among other things, the use of such smart watches and bone-conduction headsets.

In December 2016, the Group also received EU approval as an authorised establishment for the provision of meat transshipment services between New Zealand and the EU. This approval attests to the Group's expertise and high standards in perishable handling and also paves the way for new trade flows via Singapore, with cost-effective and speedier multi-modal delivery to Europe.

In March 2017, the Group divested 51% of its share in SATS HK to Voltaire Capital Investment Limited, a subsidiary of Hong Kong Airlines Limited. The Group's divestment brought significant new volumes and operating scale to its Hong Kong hub, with Hong Kong Airlines Limited's large base load contributing to improved utilisation of existing facilities and providing better operating leverage.

In May 2017, the Group launched its Technology Innovation Centre, TechnIC@SATS. TechnIC@SATS is supported and co-funded by CAAS and the Singapore Economic Development Board. TechnIC@SATS provides technological solutions to business units within the Group to develop new capabilities and increase productivity. Examples include the Issuer's Smart Wheelchair System, a convoy of wheelchairs using vision-based technology that allows a single staff to guide three wheelchairs at the same time and Dolly, an AGV that uses Follow-Me technology to enable one staff to transport more than one food trolley per trip.

In July 2017, the Group launched an innovative Smartgate Volumetric Scanner that allows the weight and volume of shipments to be measured and recorded simultaneously within seconds.

In August 2017, the Group launched Ready To Travel, a travel application by the Issuer's wholly-owned subsidiary Ready To Travel Pte. Ltd., which provides useful and timely information to travellers of their point-to-point navigation within certain airports. In addition, travellers are able to purchase a variety of services through the application such as access to airport lounges, concierge assistance, overseas data connectivity and insurance coverage.

In September 2017, the Group began deploying AR smart glasses across its ramp operations with the goal of reducing cargo and baggage loading time by 25%.

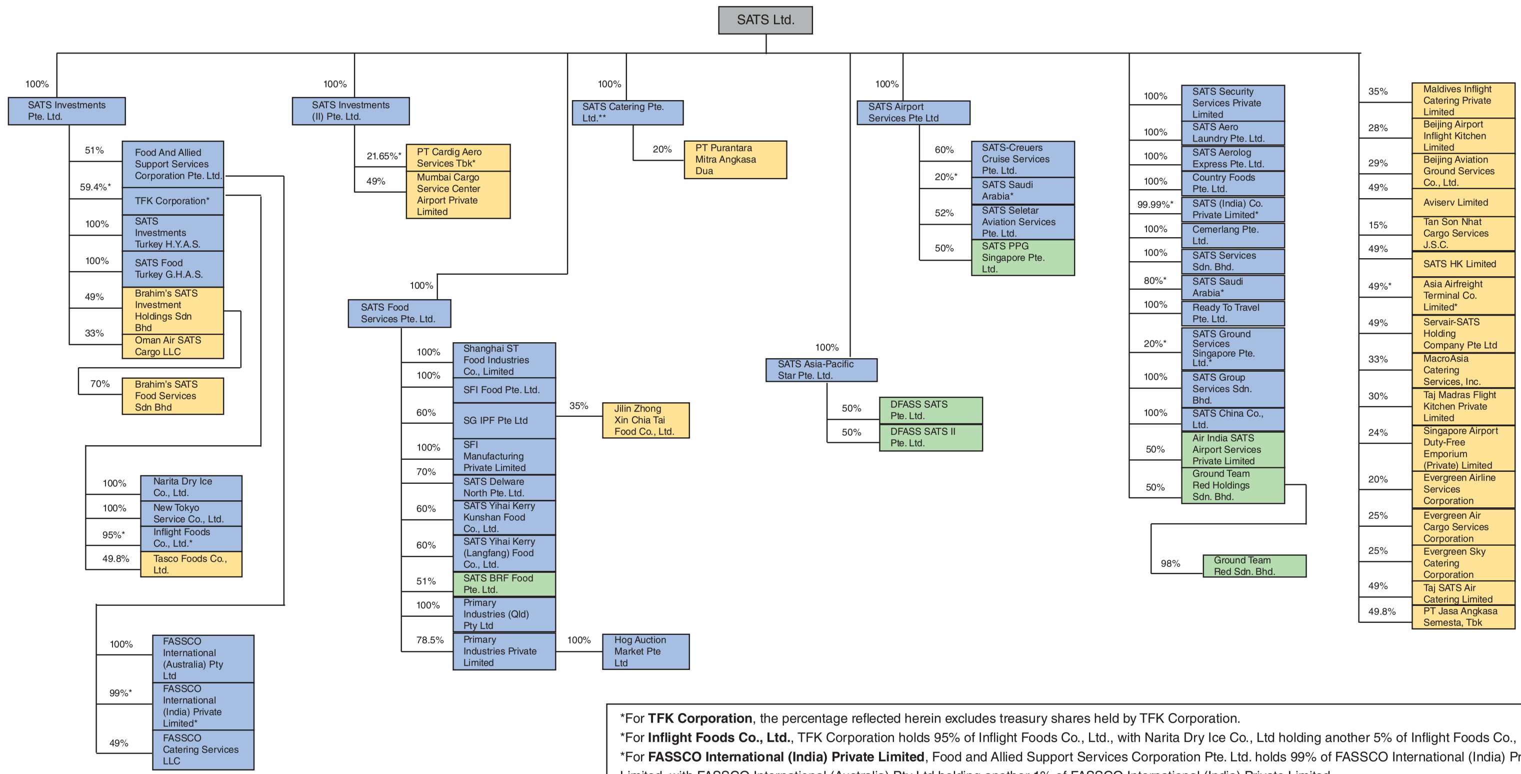
In December 2017, the Group deepened its footprint in India by forming a joint venture with Cargo Service Center India Private Limited to manage an international cargo terminal in Mumbai that commenced operations in April 2018.

In January 2018, the Issuer and AirAsia concluded a ground handling partnership in Malaysia and Singapore. The new partnership will give the Issuer, which already owns a 49% stake in Brahim's SATS Investment Holdings Sdn Bhd, further access to the Malaysian ground handling market and 15 new airports in Malaysia.

In February 2018, the Group completed the building of kitchen extension, C2+ at SICC 2. Equipped with automated sauce and ingredient dispensers as well as robotic wok paddles, the highly automated kitchen operations at C2+ will add 10% more capacity to current meal production in Singapore. This will help to meet the higher demand for meals brought about by the robust growth in passenger traffic at Changi Airport.

3. CORPORATE STRUCTURE

As at the Latest Practicable Date, the Issuer's group structure is as follows:



Legend:

Subsidiary
Joint Venture
Associate

Note: Classification herein is based on accounting standards adopted by the Issuer.

*For **TFK Corporation**, the percentage reflected herein excludes treasury shares held by TFK Corporation.

*For **Inflight Foods Co., Ltd.**, TFK Corporation holds 95% of Inflight Foods Co., Ltd., with Narita Dry Ice Co., Ltd holding another 5% of Inflight Foods Co., Ltd.

*For **FASSCO International (India) Private Limited**, Food and Allied Support Services Corporation Pte. Ltd. holds 99% of FASSCO International (India) Private Limited, with FASSCO International (Australia) Pty Ltd holding another 1% of FASSCO International (India) Private Limited.

*For **SATS (India) Co. Private Limited**, SATS Ltd. 99.99% of SATS (India) Co. Private Limited, with SATS Airport Services Pte. Ltd. holding another 0.01% of SATS (India) Co. Private Limited.

*For **PT Cardig Aero Services Tbk**, SATS Investments (II) Pte. Ltd. holds 21.65% of PT Cardig Aero Services Tbk, with Cemerlang Pte. Ltd. holding another 20% of PT Cardig Aero Services Tbk.

*For **SATS Saudi Arabia**, SATS Ltd. holds 80% of SATS Saudi Arabia directly, with SATS Airport Services Pte. Ltd. holding another 20% of SATS Saudi Arabia.

*For **SATS Ground Services Singapore Pte. Ltd.**, SATS Ltd. holds 20% of SATS Ground Services Singapore Pte. Ltd. directly, with Ground Team Red Holdings Sdn. Bhd. holding another 80% of SATS Ground Services Singapore Pte. Ltd.. The entity has been classified as being a subsidiary according to accounting standards.

*For **Asia Airfreight Terminal Company Limited**, SATS Ltd. has on 17 March 2017 entered into a Sale and Purchase Agreement in relation to the sale of 4% of the issued shares in the capital of Asia Airfreight Terminal Company Limited.

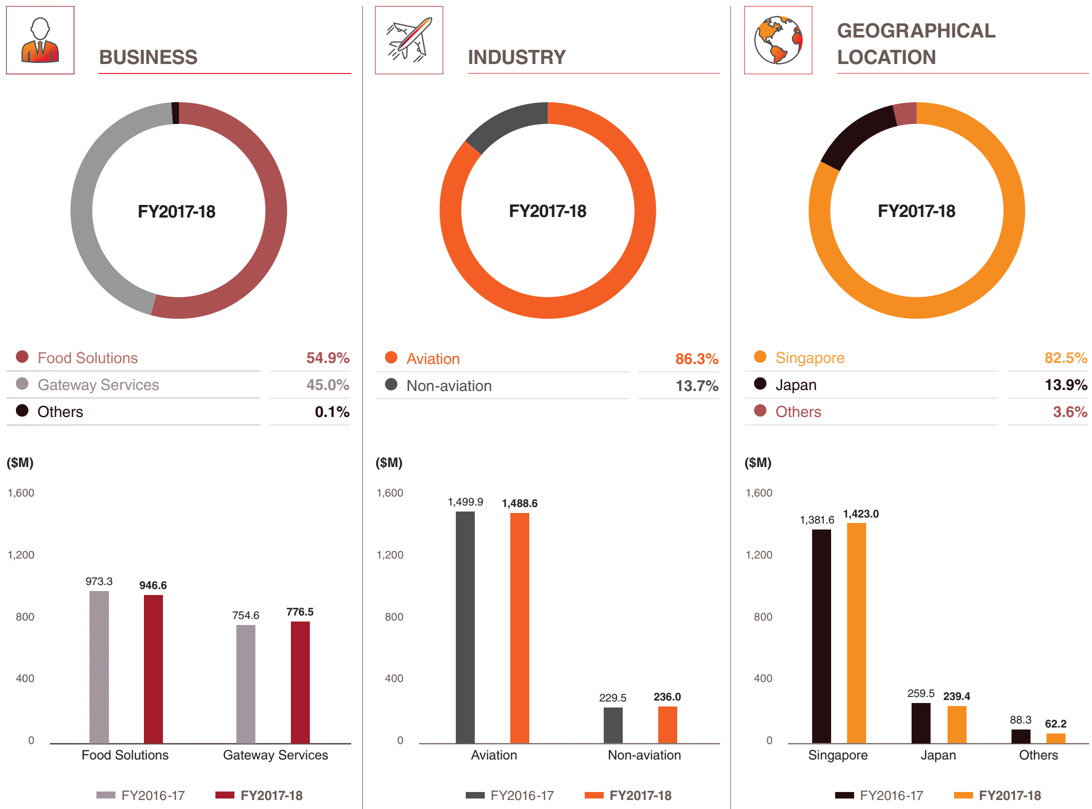
** The entity referred to as "SATS Airport Catering Pte Ltd" in page 44 of this Information Memorandum is "SATS Catering Pte. Ltd." in this chart.

4. PRINCIPAL BUSINESS ACTIVITIES

The Group's core businesses are (i) Gateway Services; and (ii) Food Solutions.

Revenue – by Business, Industry and Geographical Location

The breakdown in revenue contribution by each of the Group's principal business segments, industry and geographical location expressed as a percentage of total revenue of the Group for FY 2017-2018 as at 31 March 2018 is set out in the diagram below:



Notes:

- Food Solutions: revenue from inflight catering, institutional catering, chilled, frozen and retort food manufacturing, 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 corporate services.

Notes:

- Aviation: revenue from aviation-related businesses in Food Solutions and Gateway Services.
- Non-aviation: revenue from SATS Food Services and its subsidiaries, Food and Allied Support Services Corporation and its subsidiaries, SCCS and corporate services.

Notes:

- Singapore: revenue from Food Solutions and Gateway Services within Singapore.
- Japan: revenue from TFK and its subsidiaries.
- Others: revenue from SATS Food Services' subsidiaries in PRC and Australia, Food and Allied Support Services Corporation's subsidiary in the UAE, SATS HK and SATS Saudi Arabia.

A. Gateway Services

Since its opening in 1981, Singapore Changi Airport has established itself as a leading aviation hub. It is currently one of the world's busiest airports for international air cargo, handling 2.13 million tonnes in 2017, with transshipment volumes accounting for almost half of the throughput. The Issuer is one of two ground handlers servicing Singapore Changi Airport. Globally, the Issuer runs ground handling operations at nearly 60 airports across Asia Pacific and the Middle East. Besides its operations in Singapore, the Issuer has also established a network in Asia through joint ventures in PRC, Hong Kong, India, Indonesia, Oman, Saudi Arabia, Taiwan, Vietnam and Malaysia.

The Group's Gateway Services business encompasses airfreight handling, handling of perishable cargo, passenger services, apron services (including ramp handling, baggage handling and aircraft cleaning) and security. The Issuer's low-cost carrier handling unit, SATS Asia-Pacific Star, also aligns the Issuer's service proposition to the differentiated needs of low-cost carriers, offering an alternative platform with a lower cost structure, without compromising on quality.

The Group also provides a customised end-to-end logistics solution, offering a dedicated team, ready infrastructure and support for requirements ranging from gateway services (air and ocean) to warehousing. Other services include kitting, quality control checks, express logistics for ship and aircraft spare parts as well as management of specialised event logistics.

In Hong Kong, the Issuer's 49%-owned associate, SATS HK, offers passenger and ramp handling services to various airlines such as Qantas Airways, Thai Airways and Asiana Airlines at the Hong Kong International Airport, while AAT has a number of partnerships with various airlines such as Singapore Airlines Cargo and Asiana Airlines. The Group has strengthened the position of SATS HK in Hong Kong by establishing a long-term partnership with Hong Kong Airlines at its Hong Kong hub for ramp services. AAT has also been awarded a cargo handling contract by Hong Kong Airlines. The airline's large base load will not only contribute to improved utilisation of existing facilities and provide better operating leverage, the increased scale will also enhance service and connectivity for the Group's customers.

In Indonesia, the Issuer's associate PT CAS has subsidiaries providing airfreight handling, ramp handling, passenger services, aircraft line maintenance, aviation catering services, institutional catering services and facility management services. Another associate of the Issuer, PT JAS, is primarily involved in providing ground and cargo handling services. PT JAS serves a diverse range of customers from different countries, including Singapore Airlines, Cathay Pacific Airways and Emirates. In India, the Issuer's joint venture, Air India SATS Airport Services, is similarly engaged in providing ground and cargo handling services to a wide range of airlines such as Air India, Emirates and Malaysia Airlines.

The Group has also recognised the growth opportunities offered by PRC's substantial market size and is making expansion efforts in that direction. For instance, the Group's associate, Beijing Aviation Ground Services Co. Ltd., has partnerships with numerous airlines, including Hainan Airlines, China Eastern Airlines, China Southern Airlines, Qantas Airways and Singapore Airlines.

The total revenue from the Group's Gateway Services business has grown by 2.9% from FY 2016-2017 to FY 2017-2018. The Gateway Services business accounted for 45% of the total revenue of the Group in FY 2017-2018. As at the Latest Practicable Date, the Group serves 74 out of 98 passenger and freighter airlines operating at Singapore Changi Airport and the Issuer's network of ground handling and airline catering operations spans 60 airports in 13 countries in the world.

Airfreight handling services

The Group provides handling services at Singapore Changi Airport for the export, import and transshipment of airfreight and mail. As at the Latest Practicable Date, the Group operates six airfreight terminals which includes Coolport@Changi and the e-Commerce AirHub at Singapore Changi Airport.

The airfreight facilities are equipped with advanced technology and three automated material handling systems. This enables the Group to provide a high level of service to its airline clients. As at the Latest Practicable Date, these facilities have a combined warehouse space of 140,000 square metres and are capable of handling up to 2.1 million tonnes of cargo and mail per year. The Group handles the import, export and transshipment of a wide variety of cargo at its facilities, including perishables and pharmaceuticals, high value goods and approved dangerous goods.

Fuelled by rising internet penetration and increasing disposable incomes, Asia Pacific is poised to be the largest and fastest growing retail e-commerce market worldwide with sales projected to top US$2.3 trillion by 2019. Seizing this opportunity, the Group officially launched SATS e-Commerce AirHub in April 2017. The S$21 million facility, co-funded by CAAS enhances Singapore Changi Airport's e-commerce mail sorting capability to support the growing e-commerce market. This new 7,000 square metres facility can handle as many as 1,800 mailbags a day and has tripled the Group's processing capacity for mail packages to enable a 50% quicker turnaround time. This facility will generate significant productivity gains through large-scale automation and job redesign.

The Issuer is one of the first airfreight operators in Asia to use RFID technology to trace express cargo at piece level through Tracer. With this, the Group is able to provide enhanced visibility as well as seamless delivery and improved reliability.

For FY 2017-2018, the Group handled 1.8 million tonnes of airfreight (excluding mail and courier bags), or approximately 85.3% of the total airfreight (2.14 million tonnes) which arrived at, departed from and transited through Singapore Changi Airport.

As at the Latest Practicable Date, through joint ventures, the Group also provides airfreight handling services at airports in Ho Chi Minh City in Vietnam; Hong Kong Special Administrative Region and Beijing in PRC; Taipei in Taiwan; India; Oman and at various Indonesian airports including Jakarta, Surabaya and Denpasar.

As part of the Group's efforts to provide high quality service corridors to customers across the network, the Group's associate, Beijing Aviation Ground Services, is also upgrading its cold room facility and going through training to be accredited by the IATA Centre of Excellence for Independent Validators. Beijing Aviation Ground Services Co. Ltd. has also rolled out Tracer in September 2018.

Perishables handling centre

SATS Coolport is Asia's first on-airport perishables handling centre. It is dedicated to the cold chain handling of perishables and pharmaceutical airfreight for import, export and transshipment. The facility is strategically located in the Free Trade Zone within Singapore Changi Airport, so that customers transshipping goods do not have to pay Singapore duties. Its direct airside access also allows cargo shipment to be constantly moved within a secure cold chain, from the facility to the aircraft and vice versa. It has multi-tiered zones maintained at temperatures ranging from -28°C to 18°C to handle a wide range of commodities such as ornamental fish, meats, fresh produce, pharmaceuticals and flowers. A host of value-added propositions including warehousing and regional redistribution services, multi-modal transportation, replenishment of dry ice and inventory management and control facilities are offered as components of a comprehensive cool chain logistics solution. Certified by the IATA as the world's first Centre of Excellence for Independent Validators in Pharmaceutical Handling since 2015, SATS Coolport complements Singapore's efforts to grow as Asia's leading biomedical hub.

SATS Coolport was designed in accordance with internationally recognised Hazard Analysis and Critical Control Points ("**HACCP**") guidelines for food safety and in compliance with the highest international standards of cool chain integrity. It is also the first Halal-certified air cargo hub for perishables in the Asia-Pacific region.

SATS Coolport is also the world's first ground handling facility to be authorised by the EU to carry out meat transshipment services between New Zealand and the EU. This approval attests to the Group's expertise and high standards in perishable handling and also paves the way for new trade flows via Singapore, with cost-effective and speedier multi-modal delivery to Europe.

In FY 2017-2018, the Group handled 293,000 tonnes of perishable cargo. As at the Latest Practicable Date, SATS Coolport has an estimated annual operating capacity of 250,000 tonnes of perishable cargo and a floor space of 8,000 square metres.

The Issuer has also established partnerships with Swiss WorldCargo and Cargologic to establish a secure cold-chain corridor between Singapore and Zurich. Further adding to the Group's cold-chain network, the Issuer, through its joint venture in India, has recently opened a perishables handling facility, AISATS Coolport, which provides end-to-end temperature-controlled solutions for perishable shipments.

Passenger and terminal management services

The Passenger Services business unit provides a full range of processes, products and services to its airline clients at all passenger terminals at Singapore Changi Airport. These services include:

- the operation of check-in, transfer, boarding gate and airline service counters. Off airport check-in and Fast and Seamless Travel (FAST) check-in with Passenger Services Fast Ambassadors facilitate passenger travel for an enhanced customer experience;

- the provision of staff assistance to arriving, departing, transferring and transiting passengers at each service touchpoint, where passengers are given the necessary information and details required to facilitate their arrival, departure, transfer or transit;

- the provision of personalised special assistance to passengers with special needs. The Issuer is the only ground handler which provides a lounge environment for passengers with special needs and reduced mobility. These SATS Special Services lounges are available in Terminals 1, 2 and 3;

- the provision of foreign language interpreters to assist non-English speaking passengers;

- the provision of delay and disruption handling services where the team ensures hub transfer is executed well for passengers and baggage from late inbound flights and irregular operations;

- the provision of ECI for the majority of its airline clients. The Issuer's ECI facilities are able to serve passengers 18 hours prior to their flights. The Issuer's ECI facilities benefit passengers by allowing early completion of the check-in process which in turn gives passengers the option of entering the departure hall early to enjoy the airport facilities without check-in anxieties. This creates better customer experiences for these passengers. In particular, the Issuer's ECI facility in

Terminal 1 adopts a lounge concept, which means that passengers are now able to avoid queueing at the main check-in counters and can wait in comfort for their turn to check-in;

- the operation of the PCIL for first class and business class passengers travelling on SATS-handled airlines. PCIL provides exclusive and premium service for these passengers. Passengers can proceed directly to immigration through private access upon checking-in. PCIL facilities are available in Terminals 1, 2 and 3;

- the operation of SATS Premium Lounges for premium passengers in Terminals 1, 2, 3 and 4. The SATS Premium Lounges showcase luxurious and comfortable lounge seats, a buffet spread including alcoholic beverages, international newspapers and magazines, high-end shower facilities with bath amenities, massage chairs and free wireless internet access. In Terminal 4, SATS Premium Lounge is operated by SATS PPG Singapore Pte. Ltd., a joint venture with Plaza Premium Group since May 2017;

- the provision of lounge services to DBS Treasures Lounges, Qantas and British Airways in Terminals 1, 2 and 3;

- the operation of the SATS Integrated Control Centre round-the-clock under the command of SATS Duty Terminal Managers to oversee operations across all areas (both above and below the wing) where it serves as a single point of contact for SATS airline customers to facilitate swift information sharing and provide quick and decisive responses to ensure departure punctuality and competent handling of disruptions, delays and crises. The SATS Integrated Control Centre was established in 1981 to coordinate hub handling services. The Issuer is the only ground handler in Singapore Changi Airport which is co-located with key airport agencies at the Airport Operations Control Centre;

- the deployment of technology which allows the Issuer to minimise resources and improve productivity, such as the Smart Wheelchair System and the AGVs. The Smart Wheelchair System uses vision-based technology which enables one staff to handle three wheelchairs at the same time, and the AGV uses Follow-Me technology which enables staff to transport and handle passengers and food trolleys to the lounges in Terminals 1, 2 and 3;

- arrival and departure handling and crew handling for non-commercial and private flights, chartered flights as well as commercial and revenue flights;

- arrival and departure handling of VIP and/or VVIP passengers at the VIP complex; and

- the provision of the region's first sea-to-air baggage transfer service at the SATS Cruise-Fly facility at MBCCS. This service allows early check-in for flights departing within the same day of the ship's arrival into Singapore and eliminates the hassle of checking in, depositing bags and collecting boarding passes.

Aside from the above, customers who prefer personalised services during their wait at Singapore Changi Airport could avail themselves of Affinity. Upon sign-up, Affinity would grant customers access to the exclusive PCIL, usage of the SATS Premier Lounge and a personalised concierge service prior to boarding and during transit.

The Issuer is also in the midst of developing iPAX, a mobile application which extracts information from existing databases to provide front liners with real-time event monitoring to facilitate resource planning and improve the Group's responsiveness. iPAX will also provide the Group with the flexibility of enabling ground fulfilment in any location within Singapore Changi Airport.

For FY 2017-2018, the Group handled a total of 49.9 million airline passengers at Singapore Changi Airport, or approximately 79% of the airline passengers using Singapore Changi Airport during that period.

In May 2018, the Issuer's wholly-owned subsidiary, SATS Airport Services Pte. Ltd., entered into a joint venture with Jet Aviation (Asia Pacific) Pte. Ltd. and Universal Singapore Airport Services Pte. Ltd. to provide terminal management services as the operator of the Seletar Airport Business Aviation Center. SATS owns 52% of the joint venture, SATS Seletar Aviation Services Pte. Ltd., with the other two shareholders each holding 24%.

Apron services

The Group provides apron services (including ramp handling, baggage handling and aircraft interior cleaning) to passenger and freighter airlines operating at Singapore Changi Airport.

In addition, the Group also provides other services such as flight operations and load control services to various airlines at Singapore Changi Airport and other major airports.

For FY 2017-2018, the Group provided apron services to approximately 71% of all the passenger and freighter aircraft flights arriving at, departing from and transiting through Singapore Changi Airport.

1. *Ramp handling services*

Ramp handling services include the operation of ground support equipment for embarking and disembarking aircraft passengers and crew and the loading and unloading of mail, baggage and cargo to and from passenger and freighter aircraft.

In December 2016, the Group pioneered the use of smart watches on the ramp to communicate work duty schedules and instructions in real-time. Previously, work orders were printed out and changes in operations had to be communicated manually or re-printed. Along with the smart watches, ramp staff were also given Bluetooth bone-conduction headsets that allowed them to receive calls hands-free, improving safety when they operate aircraft tugs to manoeuvre planes. The Issuer has since received a patent in Singapore for its novel 'Ramp Services Control System and Method' invention which incorporates, among other things, the use of such smart watches and bone-conduction headsets.

In July 2017, the Group launched an innovative Smartgate Volumetric Scanner that allows the weight and volume of shipments to be measured and recorded simultaneously within seconds. The technology not only allows for the measurements to be recorded in the database automatically, it also improves accuracy in dimension checks, thereby increasing productivity and efficiency.

On 5 September 2017, the Issuer announced the introduction of AR smart glasses in its ramp handling operations. The ergonomically-designed smart glasses will provide the ramp handling staff with critical information such as loading instructions in real-time. Using the wearable AR smart glasses, operators will be able to scan visual markers found on baggage and cargo containers that provide details such as weight, unit number, loading sequence and the allocated position within the aircraft. This hands-free process improves safety, and increases the accuracy and efficiency of baggage and cargo loading. Through the use of this technology, baggage and cargo loading time has been reduced from 60 minutes to 45 minutes, thereby enabling a quicker turnaround for planes. This new development will also allow flight controllers within the control centre to better supervise and provide instructions to operators on how to handle cargo with special handling requirements.

2. Baggage handling services

Baggage handling services involve the sorting and loading of checked-in baggage in Singapore and the sorting and transferring of transit passengers' baggage, in preparation for loading onto departing flights and the unloading and segregation of baggage of arriving flights.

The Issuer operates a sophisticated Baggage Reconciliation System to automatically track baggage, perform passenger bag matching and baggage offloading, as well as a World Tracer system to track the status of mishandled bags and expedite the recovery of bags to passengers in the shortest time possible.

3. Aircraft interior cleaning services

Aircraft interior cleaning services involve the cleaning, tidying and dressing up of the aircraft cabin, crew compartments, aircraft toilets, the replacement of seat pocket items and the supply of freshly laundered blankets, head rest and pillow covers, towels and other amenities.

Security

The Group provides aviation security services to airlines and other related organisations in the airport as well as non-aviation related services to agencies across Singapore. The comprehensive suite of aviation related security services encompasses passenger profile screening, cargo and catering security, fraudulent document checks, guard and escort services, anti-sabotage checks and aircraft protection services. These security services complement the Group's ground handling operations and the Issuer is the only ground handling agency which owns an auxiliary police force in Singapore.

Marina Bay Cruise Centre Singapore

In December 2011, the Issuer won the bid to manage and operate MBCCS with Creuers through the joint venture company, SCCS. The Singapore Tourism Board announced in 2011 that SCCS will operate the purpose-built 28,000 square metre terminal for a ten-year term, with an option to extend for another five years. MBCCS officially opened on 22 October 2012.

In FY 2017-2018, the Issuer handled 189 ship calls, a year-on-year increase of 28.6%. In addition, the Issuer celebrated the handling of its two millionth passenger and 500th ship call since commencing operations in 2012. In FY 2017-2018, the Issuer also welcomed new vessels including Costa NeoRomantica, AIDAPerla, Norwegian Joy, Majestic Princess, L'Austral, World Dream, AIDACara, Norwegian Jewel, Star Legend and Viking Sun. In addition to Royal Caribbean and Princess Cruises, Genting Dream with a thrice-weekly call is homeporting at MBCCS. Tapping on Asia's growing cruise tourism and the travel retail business, DFASS SATS Pte. Ltd. launched duty-free concession stands at MBCCS. In July 2017, MBCCS won the "Cruise Passenger's Best Cruise Port Award" by Cruise Passenger, an Australian publication.

Since 2012, the Issuer has also been providing a Cruise-Fly service from MBCCS. The Fly-Cruise service was introduced in September 2016. These services offer passengers convenience and a seamless travel experience from the airport terminal to the pier, and vice versa. Cruise-Fly expedites the check-in and boarding processes as passengers will no longer have to go through the hassle of checking-in at the airport. For Fly-Cruise, passengers are greeted at the aerobridge as they disembark and their luggage is seamlessly transferred from the airport to their cruise cabin, giving them the convenience of relaxing and enjoying the sights of Singapore without the hassle of their luggage.

B. Food Solutions business

The Group's Food Solutions business is one of the largest integrated food service businesses in Singapore, with a wide portfolio of food-related businesses including in-flight catering, commercial catering and the sale of various food products. Outside Singapore, it has several joint-venture overseas airline catering operations across Asia. Further, in line with the Group's strategy of feeding and connecting Asia, it is also expanding its geographical presence in key regional markets.

The Food Solutions business accounted for 54.9% of the total revenue of the Group in FY 2017-2018.

In-flight catering services

The Group is an established in-flight caterer with over 60 years of experience. It has earned a reputation as the first-choice caterer for several well-known airlines. The Group is also well-positioned to serve a rapidly growing region with a large network of kitchens across key hubs in Asia. As at the Latest Practicable Date, the Issuer serves 47 airlines at Singapore Changi Airport, including new customers such as Hebei Airlines.

In December 2010, the Issuer acquired a majority stake in TFK. This acquisition marked the Issuer's foray into the Japanese airline catering market, enabling the Issuer to strengthen its relationships with key customers, while increasing the Issuer's capability to serve them from two aviation kitchens located in Narita and Haneda.

As at the Latest Practicable Date, through joint ventures, the Group also provides airline catering services at the major international airports in Taipei, in Taiwan; Macau Special Administrative Region and Beijing, in PRC; Chennai, Mumbai, Bangalore, Delhi, Goa and Kolkata, in India; Manila, in the Philippines; Male, in the Maldives; Kuala Lumpur and Penang, in Malaysia; and Jakarta, in Indonesia.

In line with the Group's strategy to constantly innovate and improve its services, Maldives Inflight Catering has developed a new private jet menu in order to address the lack of Arabic and premium offerings, and expanded to cater to Leeli Lounge at the airport as well as to airport staff.

As at the Latest Practicable Date, the Group operates two advanced in-flight catering centres in Singapore at SICC 1 and SICC 2 with a combined production capacity of over 105,000 meals a day. The Group employs a pool of cosmopolitan chefs and the catering centres also have ethnic specialty kitchens dedicated to Oriental, Thai, Indian, Middle-Eastern, Muslim, Japanese, Korean and Western cuisines as well as a dedicated boutique bakery that produces premium quality bakery products. The Group has also signed on the National Culinary Team to develop new menu ideas for its customers. SICC 2 has undergone an S$18 million expansion to increase its total aviation production capacity to 120,000 meals a day and to introduce a new highly automated production line which is capable of processing food on a large scale, enhancing consistency of taste and quality, while reducing labour-intensive processes.

As at the Latest Practicable Date, the Group provides airline catering services to 47 of the 61 scheduled passenger and freighter airlines operating at Singapore Changi Airport. The Group produced a total of 31 million in-flight meals for FY 2017-2018.

Commercial Catering

The Group offers convenient and essential food solutions for both large-scale markets such as the military and food retail stores as well as individual consumers.

1. *Large-scale event catering solutions*

The Group provides quality food and service solutions for large-scale events and caters to the needs for all occasions (including corporate events, social functions, indoor and outdoor celebrations). Some of the events for which the Group has provided large-scale catering for include the Trump-Kim summit, the Lee Kuan Yew Singapore state funeral, the Singapore National Day Parade and National Education Shows, as well as the Singapore Grand Prix and festive appreciation meals for SBS Transit bus captains.

2. *Institutional catering*

With a number of catering facilities, a large pool of catering personnel and logistics support staff, the Group is one of the leading institutional caterers in Singapore. Further, through SATS Food Services (formerly known as Singapore Food Industries), the Group is able to grow its institutional catering business by tapping on its expertise in running large central kitchens to provide high quality and safe food. For instance, the Group is collaborating with Singapore's HPB on its integrated "Healthy Meals in Schools Programme" to develop a range of healthy, nutritious and well-balanced meals for schools. In 2017, SATS Food Services was endorsed by HPB as a Healthier Caterer which is able to provide healthier menus that comply with HPB's Healthier Catering guidelines. Aside from schools, the Group has been catering to the Singapore Armed Forces since 1997. The Group has also secured a 10-year total logistics package contract from the SAF, which has been extended till 30 March 2020, commencing retrospectively from 1 April 2010. The provision of logistics and support services include catering services, providing wholesome, healthy and just-in-time meals for thousands of servicemen.

The success of such collaborations has paved the way for new contracts and the Group has been appointed to supply pre-schools with centralised catering services. For schools, this raises productivity and lowers manpower and operational costs as there is no longer a need for dedicated space and staff to prepare meals on-site.

The Group also caters to acute, intermediate and long-term care hospitals, providing in-patient meal catering, therapeutic meal customisation, food service concierge and hotel-styled room service as well as sales of a la carte food and beverages. FASSCO Catering Services LLC, in the UAE, has also won a new hospital contract to expand its catering business in the Middle East to Dubai and Abu Dhabi. As at the Latest Practicable Date, the Group offers catering services to two hospitals in the UAE. In Singapore, SATS Food Services was awarded the contract to supply food catering services for the new 1,400-bed Sengkang General and Community Hospitals which has commenced operations in August 2018.

Food Products

The Group through SATS BRF Food, its joint venture with BRF GmbH, brings to its customers a wide range of food products from around the world. Meticulously selected, hygienically packaged and precisely distributed, the Group ensures that it caters to both the most popular as well as the most customised requirements of each individual customer.

The Group offers a selection of ready sauces, soup and gravies from South East Asia such as Singapore chilli crab, Thai green curry, mapo tofu, tikka masala, satay, premium clam chowder, frozen red, white and other sauces such as tomato, bolognese, veloute, béchamel and brown sauce. These products are sealed in convenient, easy-to-use packs to retain the natural goodness and authentic flavour of the products.

The Group also distributes a number of meat and seafood products under its own brand names such as “Farmpride” and “Amir’s” as well as “Sadia”, “Perdigao” and “Perdix” from BRF GmbH’s brand portfolio. The meat products include poultry, pork, franks, beef and lamb products. The Group also offers ready-to-heat and serve meals such as Italian lasagna, sausage casseroles, spaghetti bolognese, spaghetti carbonara, chicken nuggets and chicken burgers.

Most of these products can be found in major supermarkets such as Fairprice, Sheng Siong, Cold Storage and Giant.

5. MAJOR CUSTOMERS AND SUPPLIERS

Major customers

As at the Latest Practicable Date, the Group provides:

1. airport services to 74 out of 98 passenger and freighter airlines operating at Singapore Changi Airport; and

2. airline catering services to 47 of 61 scheduled passenger and freighter airlines.

The Group's main client for each of its ground handling and airline catering services is SIA.

Suppliers

The Group purchases food and raw materials from various overseas and local sources and suppliers and is not dependent on any single major supplier for its manufacturing and catering business.

6. BUSINESS STRATEGIES

The Group has adopted a four-pronged approach in order to capture business opportunities in the region.

Seeking organic growth in existing portfolio

Firstly, anticipating future demand and the region's market potential, the Group continues to seek organic growth in its existing portfolio. Notably, the Group's Japan in-flight catering operations TFK has returned to profitability with additional volume from new contracts.

Notably, the Group has opened a perishable handling facility in India – AISATS Coolport – which provides end-to-end temperature-controlled solutions for perishable shipments to harness the potential of the steady increase in perishable cargo volume in Bengaluru. In PRC, the Group is making headway with SATS Yihai Kerry Kunshan Food with the completion of its central kitchen in March 2017. SATS Yihai Kerry Kunshan Food commenced commercial operations in June 2017, and is growing its customer base from large Western to Asian quick service restaurants, theme parks and supermarkets (such as Hema Supermarket which is Alibaba's Online-to-Offline store, Haidilao and Shanghai Disneyland). This investment will help the Issuer tap on the increasing demand for safe and high quality food in PRC.

Brahim's SATS Food Services in Malaysia has also expanded into non-aviation catering to provide meals on board Keretapi Tanah Melayu Berhad's electric train services as well as rail cafes at its stations and terminals.

Leveraging on the Group's expertise to expand across Asia and the Middle East

Secondly, the Group is leveraging on its expertise in building out its core businesses to expand its regional presence across Asia and the Middle East. The Group is the first international cargo handler to be awarded a cargo handling licence in Dammam, Saudi Arabia. This comes on the heels of a new joint venture with Oman Air to form Oman Air SATS Cargo in early 2016. These add to the Group's efforts to enhance connectivity for its cargo customers in the region by providing cargo handling services with Oman as a transit hub.

The Group's culinary expertise and reputation for running large central kitchens efficiently has also opened up options to create new partnerships in key cities. The growth in passenger traffic across Asia has given the Group opportunities to win new customers and deepen its relationships with existing ones. In FY 2017-2018, the Group's new customers include Qantas Airways in Beijing, Qatar Airlines and China Southern Airlines in Kuala Lumpur, Air Canada in Tokyo, Hebei Airlines and Norwegian Air in Singapore, Xiamen Airlines and Royal Brunei Airlines in the Philippines, Air France and Alitalia in the Maldives and AirAsia in India.

Building complementary and adjacent businesses to create new revenue streams

To serve its customers better and create new revenue streams in a competitive global business environment, the Group is entering complementary and adjacent businesses. In 2016, the Group successfully completed the construction of SATS eCommerce AirHub, a highly automated mailbag sortation facility.

The Group has also sought to convert its touchpoints into service and sales opportunities. One of the ways that the Group has identified to complement the user experience is by adding further services and product offerings to customer interactions with the Issuer and enhancing the sell-through of travel retail. To this end, the Group has established a 50-50 travel retail joint venture with DFASS, through the Issuer's subsidiary SATS Asia-Pacific Star. By combining the experience of DFASS in the in-flight retail business with the Issuer's passenger reach and experience, the Group will benefit from cost savings while innovating and developing new ways of retailing to travellers and fulfilling their orders. In March 2018, SIA, DFASS and the Group, through the Issuer's subsidiary SATS Asia-Pacific Star, also entered into a Points of Agreement that will harness the strengths of the three partners to create an omni-channel e-commerce travel retail experience for SIA's customer base of more than 30 million travellers.

Unlocking value with innovation and technology

Underpinning the Group's ability to scale, expand and grow adjacent businesses is the deployment of technology. The Group adopts a technology-driven, people-led approach to innovation in order to differentiate itself from its competitors and better serve a dynamic market. Whenever technology is deployed, the Group retrains its employees to acquire new skills and redesigns the job to enable employees to upgrade to higher value jobs. Technology has enhanced productivity as evidenced by the improvement in Value Added per Employment Cost (VApEC) by 3.2% from FY 2016-2017 to FY 2017-2018.

Technology is also deployed in the core areas of the Group's business to improve productivity and enhance quality. To further strengthen the Group's Food Solutions business, the Group invested S$18 million to expand SICC 2 and introduced a new highly automated production line which is capable of processing food on a large scale, enhancing consistency of taste and quality, while reducing labour-intensive processes. Through innovation, the Group aims to create greater value for its customers. The building of the kitchen extension, C2+, at SICC 2 was also completed in February 2018. Equipped with automated sauce and ingredient dispensers as well as robotic wok paddles, the highly automated kitchen operations at C2+ will add 10% more capacity to current meal production in Singapore. This will help to meet the higher demand for meals brought about by the robust growth in passenger traffic at Singapore Changi Airport.

The Group's ware wash has also been automated to allow segregation and stacking of various types of wares automatically. To further increase productivity, the Group has also automated food delivery trolleys that transport food to the lounges at the airport. With automation, one employee will be able to move up to three carts weighing up to 200 kg each at one go with the push of a button, instead of making several trips.

In July 2016, the Group launched the SATS Meal Ordering System for schools where parents can order meals for their children online. This helps to improve productivity with lower administration and greater transparency for parents. In Japan, TFK's 19 "LEAN" projects have reduced food material purchasing costs and consumption, executed cross-functional staff deployment and improved work efficiency, ultimately achieving S$4.2 million in savings. In its kitchen operations, a new auto-filling machine for liquids and semi-liquid products now enables hot filling in packets, eliminating double handling and shortening the process while extending shelf life.

To enable smart decisions, technology is used to provide customer analytics. As a ground handler, the Issuer interfaces with passengers at several touchpoints during their time on the ground and is in a position to integrate the physical and digital aspects of a traveller's journey. The Issuer's wholly-owned subsidiary, Ready to Travel Pte. Ltd., recently launched Ready To Travel, a predictive mobile concierge application that provides advice for stress-free travel, real-time, point-to-point airport advisory as well as in-app purchases of travel essentials. The mobile application aims to provide passengers with a seamless travel experience.

In order to advance the Group's Gateway Services business, the Issuer has partnered with Swiss WorldCargo and Cargologic to establish a secure, temperature-controlled cold chain corridor between Singapore and Zurich. Recently, SATS Coolport, in partnership with International Enterprise Singapore and AVA, has received EU approval as an authorised establishment for the provision of meat transshipment services between New Zealand and the EU.

The Issuer has also spearheaded the adoption of technology in the freight forwarding industry. In 2015, the Issuer developed "e-Acceptance", a system that has simplified airfreight export clearances with three modes of advance shipment security information transfer to meet the varied needs of cargo agents and harness the technical expertise of the Issuer in cargo handling. This system has reduced the number of steps taken for export lodge-in acceptance from eighteen to eight, thereby enhancing efficiency and productivity in the airfreight export clearance process.

Further, the Issuer has integrated smart watches and bone-conduction headsets within its technical ramp operations in order to increase service agility, while achieving higher levels of safety and collaboration. The smart watches allow ramp staff to receive duty schedules and instructions in real-time, while the Bluetooth bone-conduction headsets allow them to receive calls hands-free. These initiatives improve safety and productivity, and the Issuer has since received a patent in Singapore for its novel 'Ramp Services Control System and Method' invention which incorporates, among other things, the use of such smart watches and bone-conduction headsets. The Issuer also uses AR smart glasses in ramp handling to provide staff with critical information such as loading instructions in real-time. Through the use of wearable AR technology, operators will be able to scan visual markers found on baggage and cargo containers that provide details such as weight, unit number, loading sequence and the allocated position within the aircraft. Coupled with video streaming capabilities, these smart glasses provide the control centre with a real-time view of on-ground processes, thus enabling greater flexibility in manpower management.

The Issuer has also made progress in converting to the use of renewable energy and water. To reduce carbon emissions, the Group has a four-year master plan to turn all diesel-fuelled ground equipment to electric power. As at 31 March 2018, 48 hybrid tractors are being used for the Group's operations in Singapore Changi Airport Terminal 2 and 3 and a solar panel installation in the Group's Airfreight Terminal 5 and 6 provides 4.5GWh/year of electricity for the Group's activities. The modernisation of chillers and the installation of energy-saving high bay lights have reduced electricity consumption between FY 2014-2015 and

FY 2017-2018 by approximately 10GWh. In India, the Group's associate, Air India SATS Airport Services Private Limited, has also introduced solar panels in some of their ground handling equipment.

In August 2018, the Issuer published its inaugural sustainability report showcasing its sustainability framework which is built on three pillars: (i) sustainable nutrition; (ii) treasuring resources; and (iii) connecting people. In all three pillars of the sustainability framework, technology is utilised to improve productivity and achieve scale: food technology is used for sustainable nutrition; automation is used to optimise resources; and digitised platforms results in better connectivity.

The Group is also investing in next generation training aids including virtual reality technology which is a highly visual approach that can simulate accurate on-ground scenarios within a safe and controlled environment. This also allows staff to undergo training at their own time and convenience, without disruption to their work schedules and ground operations.

7. COMPETITIVE STRENGTHS OF THE GROUP

The Group's business benefits from a number of competitive strengths, including:

Widely recognised brand

The Group is a locally established brand that has successfully developed strong brand recognition in Singapore over the past 45 years. Leveraging on its domain experience and core competency in ground services as well as its culinary expertise, the Issuer is well known in Singapore to be innovative, and for providing good quality products and excellent services. As a testament to the brand, the Group has won various awards throughout the years including the Gold award for the "Best Caterer" category by Cathay Pacific, as well as the "Ground Handler of the Year – Industry Choice Winner" award at the annual Payload Asia Awards. In the area of technological innovation, the Issuer recently won the "Innovator of the Year Award" at the IATA Ground Handling Council 2018.

Please refer to the section "Awards and Accolades" below for further details.

The integrated nature of the Group's business, cutting across various industries, means that it has plenty of opportunities to market the Group's brand across many different platforms. In particular, the Group's recent collaboration with HPB on its integrated "Healthy Meals in Schools Programme" to develop a range of healthy, nutritious and well-balanced meals for schools will further increase the visibility of the Group's brand.

An unwavering focus on quality

As a premium service provider, the Group is passionate about excellence and constantly strives to deliver the highest quality and value to its customers.

In its Food Solutions business, the Group has established a robust Food Safety and Quality Management System aimed at enabling its customers to meet its clients' expectations for safety, speed and accuracy. To further ensure that the quality of its products are maintained through the food process chain, the Group has an end-to-end integrated quality assurance and traceability system which covers food sourcing, suppliers approval, storage, central food processing, as well as meal preparation and catering services. The Group's processes adhere to International Flight Services Association World Food Safety Guidelines for Airline Catering, Singapore Food Regulations, AVA's food safety standards, HACCP and ISO 22000 Food Safety Management System. In 2017, the Group also obtained the Aquaculture

Stewardship Council Chain of Custody Certification and Marine Stewardship Council Chain of Custody Certification for seafood.

For Gateway Services, connectivity is key to maintaining quality. The Group strives to connect its operations across its network in the region to provide its customers and partners with seamless, reliable and consistent solutions.

Investing in technology and innovation

In order to position itself for future growth, the Group continues to invest in technology and spearhead innovative solutions to achieve better synergies within its operations, improve productivity, enhance digital experiences of its customers and partners and improve the quality of its food and services.

By improving the Group's offerings with innovative and technology-driven solutions, the Group is able to stay ahead of the curve amidst a challenging environment. In December 2016, the Issuer became the first ground handler worldwide to receive the IATA accreditation for ramp services training and is now an authorised training centre with exclusive rights to train ground handlers in 10 Asian countries. The Issuer is also the world's first ground handler to integrate smart watches in technical ramp operations, which enhances operational communication to improve productivity, safety and collaboration. The Issuer is also one of the first airfreight operators in Asia to use RFID technology to trace express cargo at piece level through Tracer. In Hong Kong, AAT has likewise introduced RFID technology on ULD tags, integrating this with its Cargo Management System and Material Handling System in order to improve and streamline ULD handling processes. The Group has also designed an integrated air cargo handling system – COSYS – which automates and simplifies ground handling, and provides real-time flight and shipment tracking information which helps in monitoring workflow and improving service levels and efficiency.

On 24 May 2017, the Issuer unveiled its Technology Innovation Centre, TechnIC@SATS. TechnIC@SATS is supported and co-funded by CAAS and the Singapore Economic Development Board. Together, the three organisations have committed S$110 million to TechnIC@SATS. TechnIC@SATS provides technological solutions to business units within SATS to develop new capabilities and increase productivity. Since 2014, the Issuer has deployed robotics and automation such as the Flexible Assembly Line, AGV and Automated Cutlery Sorter in its Food Solutions operations. Today, the Issuer showcases the new technologies that are being trialed in other areas of its operations. Some of these include: (i) the Smart Wheelchair System, a convoy of wheelchairs using vision-based technology that allows one staff to handle three wheelchairs at the same time; and (ii) Dolly, an AGV that uses Light Detection and Ranging technology to enable Follow-Me technology that allows up to three food carts to be transported at one time by one employee.

In 2018, the Group partnered Jetstar Asia on their launch of Max Airport Service where iPads are used to assist travellers with document checks and the purchase of add-on items such as extra luggage. The Group has also commenced the handling of Jetstar Asia's onboard food and beverage retail programme from August 2018. These efforts of collaboration, both on ground and in-flight, will deliver a seamless travel experience for Jetstar Asia travellers travelling through their Southeast Asia hub in Singapore.

SATS Passenger Services is also in the midst of developing iPAX, a mobile application which extracts information from existing databases to provide front liners with real-time event monitoring, to facilitate resource planning and improve the Group's responsiveness. iPAX will also provide the Group with the flexibility of enabling ground fulfilment in any location within the airport.

Optimised and reliable supply chain

Given the Group's scale, size and geographical reach, it is generally able to benefit from its strong purchasing power, enabling lower unit raw material costs through economies of scale, which provides the Group with an important competitive edge to win new businesses.

Although the Group does not significantly rely on any single supplier at a group level, the Group enjoys long-lasting and stable relationships with key suppliers through strategic partnerships, which enhance cost competitiveness as well as stability and quality of raw material supply. The Group performs quality audits when selecting new suppliers, periodic audits on existing suppliers and regular checks on the raw materials procured. This ensures the reliability of the supply chain and improves quality control.

A sustainable talent pipeline

The Group benefits from the experience and industry know-how of many of its staff who have been with the Group for many years. A large number of the Group's managers have a long history of operating in the Food Solutions and Gateway Services businesses, a solid track record of long-term profitable growth through business cycles and a shared culture of control and operational efficiency. To develop the Group's future leaders and support of skills mastery as well as promote lifelong learning, the Group launched its SATS Academy on 4 July 2018.

The SATS Academy aims to develop and implement programmes to help employees realise their full potential as they "Grow with SATS" and pave the way for a sustainable talent pipeline with core skills and competencies required to support the growth of the Issuer and the industry. Prior to the launch of the academy, the Group's domain excellence has been recognised by global bodies like IATA, where it was awarded the world's first centre of excellence for independent validators for pharmaceutical handling in November 2014, and recognised as an accredited ramp services training centre for the region in November 2016. The Group has consistently invested in employee development and was recognised with the SkillsFuture Employer Award in 2017.

Through the SATS Academy, the development of employees is achieved through a three-pronged approach. The first approach of the SATS Academy is to develop employees to realise their full potential and groom the next generation of talent and skilled labour for the industry. This is achieved via the alignment of SATS training programmes for recognition under the Singapore SkillsFuture Framework so that employees receive nationally recognised certifications. In addition, the academy also designs and implements a series of customised programmes to build new capabilities and provides opportunities for work-study arrangements across all levels within the Group so that employees may continually upgrade themselves.

The second approach is to accelerate the rollout of improved pedagogies and innovations to improve training effectiveness. For example, the Ground Service Equipment (GSE) simulator recently developed by the Group achieved a world first in versatility by being able to simulate a total of six different ground vehicles found at the airside, thereby providing employees the flexibility of training without interrupting operations.

The third and final approach is to leverage on the Group's scale and connectivity so that the training and development programmes can be extended to subsidiaries and joint ventures globally to provide standardised high quality development for the Group's employees and service delivery to customers.

As the Group expands its presence in the region, its employees are expected to be more entrepreneurial and future-ready to lead and drive change. The SATS Global Leaders Programme has been developed to groom promising leaders for global leadership positions in the Group's overseas subsidiaries and joint ventures. Other programmes such as SATS Connect and SATS Hackathon are customised to develop new leadership competencies that will help them to accelerate transformation or implement design thinking in their work.

With a deliberate move towards transformation, the Group has adopted business streamlining across the various business areas, including the Gateway Services and Food Solutions businesses. Under Gateway Services, employees are reskilled to take on new roles created through the automation of the mail sortation system in the eCommerce Airhub which enhances productivity in operations, as well as the adoption of mobile applications such as iPax where services are rendered through iPads, "Follow-me" robots and smart wearables which transforms the way work is being done. For Food Solutions, new technologies such as automated hot meal dispensers are adopted to create a SMART dinning foodservice, while the commercial catering cookhouse-dining hall model is redesigned to leverage on the Group's economies of scale in food production. The Group's employees are equipped with new knowledge and skillsets to adopt the new enhanced service standards with a focus on improving the experience for its customers. In addition, employees will be trained to operate new technologies that are brought in as part of the inflight catering kitchen automation which will be extended to commercial catering, as well as the chilled and frozen food manufacturing business.

The Group also places a strong emphasis on attracting, recruiting, motivating and retaining the best talents through competitive remuneration and progressive policies such as pay-for-performance, so as to achieve the Group's goals and deliver sustainable shareholder value. The adoption of technology has also created opportunities for the Group's employees to enhance their skills and benefit from the Group's progressive wage model. The Group also works collaboratively with unions to guide its employees to make the best use of their SkillsFuture credit so that they remain competitive and relevant in the workforce. In India, Air India SATS Airport Services Private Limited has a similar programme with Unnathi Protection of Human Rights Society on skills upgrading.

As the Group advances its vision of Feeding and Connecting Asia, the Issuer believes it is important to cultivate a learning culture and put in place a proper recognition system to reward its employees. This can be seen from the numerous awards achieved by the Group, such as the 2018 Top Employer Award, the Best Chief Executive Officer and Best Managed Board at the Singapore Corporate Awards, the 2017 SkillsFuture Employer Award and the Leading HR Leader Award by the Singapore HR Awards.

8. GENERAL COMPETITIVE CONDITIONS IN INDUSTRY

A. Gateway Services business and Food Solutions business (airline catering)

Competition from within Singapore

There are currently two companies licensed by CAG to provide ground handling services and airline catering services at Singapore Changi Airport. Apart from the Issuer, Dubai-based, dnata, holds the other licence granted by CAG. It is a subsidiary of the Emirates Group and is a global ground handler and in-flight caterer with a presence in multiple locations.

To strengthen its position as the leading ground handler in Singapore Changi Airport, the Group has mobilised resources to build and strengthen its relationship with key airline customers to expand its ties with these customers on a network-wide basis. This effort will in the longer term bring about greater synergies in the marketing and promotion of the Group's products and services on a global basis to sustain its leading position in Singapore.

Competition from outside Singapore

The future business prospects of the Group are significantly dependent upon the continued success of Singapore Changi Airport as a regional and international hub and transit point in Southeast Asia.

The Issuer expects that the Group's business will continue to grow to the extent that the frequency of flights and the number of passengers arriving at, departing from and transiting through Singapore Changi Airport continue to increase. To the extent that airlines use other international airports in Asia (where the Group is not present) as an alternative to Singapore Changi Airport for passenger and freighter flights, the business, results of operations and financial condition of the Group may be materially and adversely affected.

For airline catering specifically, the Group also faces competition from non-traditional meal sources from around the world, such as frozen and/or ambient meal suppliers, which disrupt the traditional fresh cook-chill business model. The long shelf-life of these meals means that competition is no longer restricted by geographical location. If the Group is unable compete effectively with these non-traditional meal sources, the Group's business, results of operations and financial condition could be materially and adversely affected.

Competition for airline catering

As in the case with the self-handling of passenger services, passenger airlines can also choose to "double-cater" their in-flight meals for transit and short-haul flights. The "double-catering" of in-flight meals involve the purchase of in-flight meals for two flight sectors without needing to purchase any in-flight meals from the Group at Singapore Changi Airport, or its joint ventures in other airports. Often, airlines with their own airline catering business would "double-cater" for short-haul sectors.

The impact of "double-catering" by airlines on the Group's revenue is limited as its viability depends on a number of factors such as the duration of the flights and the comparative quality and cost of airline catering at the airport where the flight originates.

Competition for airfreight handling services

The Group faces competition from airfreight handlers at other leading international airports in Asia, such as Hong Kong International Airport and Bangkok International Airport, particularly if these Asian airports including their home-based airlines become more attractive as transshipment options for airfreight.

Singapore Changi Airport is a transshipment hub for airfreight mainly because it is located in a free trade zone, is efficient and has high flight frequency to many destinations. In order to maintain its competitive edge, the Issuer has partnered with Swiss WorldCargo and Cargologic to establish a secure cold-chain corridor between Singapore and Zurich. Further adding to its cold-chain network, the Issuer, through its joint venture in India, has also opened a perishables handling facility – AISATS Coolport – which provides end-to-end temperature-controlled solutions for perishable shipments. This is the second perishables handling facility within the Issuer's cold-chain network.

B. Food Solutions business (excluding airline catering)

Catering business

Despite having the facilities to produce high quality and safe food and being a choice caterer for national events in Singapore, the Group faces intense competition from within a relatively saturated F&B industry, including incumbents providing similar catering services to its customers.

Food products

Due to the relatively low barriers to entry in the F&B industry, the Group faces numerous competitors under its food products business segment.

C. Competitive landscape for regional expansion

The Group's areas of focus for overseas expansion include the Asia-Pacific and the Middle-East regions where the aviation industry is expected to rebound in line with the improved economic outlook. However, a number of these markets are dominated by state-or airline-owned ground handlers and in-flight caterers, and the pace of liberalisation has been relatively slow compared to the more developed aviation markets in the United States and Europe. Further, some major international ground handlers and in-flight caterers may compete aggressively to expand their presence in the Asia-Pacific and Middle-East regions.

9. AWARDS AND ACCOLADES

In recognition of the high quality of its services, the Group has received a number of awards and certifications from its international airline clients and other industry organisations for its Gateway Services and Food Solutions businesses including:

- "Best Short Haul Caterer 2013" by All Nippon Airways for the second consecutive year;
- "Station of the Year" for the Asia Pacific region by Delta Airlines in 2014;
- Silver medalist for Public Service Excellence Award conferred by the Indonesian Ministry of Transportation in 2014;
- Gold award in Cathay Pacific's Caterer Performance Recognition Program in 2014;
- "Best Inflight Caterer Award" at Delhi airport for the third consecutive year in 2014;
- "Ground Service Equipment Safety Innovation Award" at the 17th Annual Ground Handling International Conference in 2015;
- 10 awards at the 2015 AVA Food Safety Awards. In recognition of achieving 20 consecutive years of grade "A" ratings, the Issuer also received the inaugural Platinum Award;
- "2015 Caterer of the Year" by Jetstar Japan and "Best Catering Award 2015" from Air China;
- AVA Food Safety Platinum Award in 2015 – SATS Catering Pte Ltd In-flight Catering Centre 1 (20 consecutive years of 'A' grading);

- AVA Food Safety Platinum Award in 2015 – SATS Catering Pte Ltd In-flight Catering Centre 2 (20 consecutive years of ‘A’ grading);

- “Most Scalable Transformation Award” at the 2016 Singapore International Chamber of Commerce Awards;

- “Best Cooperation Award” by Lufthansa Cargo at its “Supplier Awards” ceremony held in Berlin in 2016;

- “Air Cargo Terminal Operator of the Year” at the annual Supply Chain Asia Awards in 2016;

- “Hong Kong Awards for Industries 2016: Productivity and Quality Certificate of Merit”;

- ISO 9001 quality system certification along with two new quality certifications – the Environment Protection Management System ISO 14001 and the Occupational Health and Safety System ISO 18001: 2016 Certification;

- “Best Ground Handling Company” by Hong Kong Airlines in 2016;

- “Best Ground Handler” by India Cargo Awards for the second consecutive year in 2016;

- “Best Air Cargo Terminal Operator” by the Indian Chamber of Commerce at the Indian Supply Chain and Logistics Excellence Awards for the sixth consecutive year in 2016;

- “Singapore Airlines CEO Transforming Customer Service Award 2016” by Singapore Airlines;

- Gold award in Cathay Pacific’s caterers’ performance recognition programme;

- two Gold, four Silver and two Bronze awards at the Food and Hotel Asia Culinary Challenge for FY 2016-2017. The Issuer was also awarded Gold for the “Best Caterer” category by Cathay Pacific in 2016;

- “Top 20 Malaysia Business Excellence Award” in 2016;

- “Best Catering Award” from both Air China and Air Tahiti Nui in 2016;

- “Beijing Airport Safety Award” by the Beijing Airport Safety Committee for being free from aircraft incidents and food issues in 2016;

- “Best Airline Caterer” by Philippine Airlines for outstanding performance in providing high quality meals and customer service in 2016;

- 2016 QSAI Silver Award of Excellence in Catering Quality bestowed by Medina Quality;

- “Best Caterer 2016 – Gold Award” by Cathay Pacific;

- “Ground Handler of the Year – Industry Choice Winner” at the annual Payload Asia Awards for the fourth consecutive year in 2017;

- “Top of the World” award from Cebu Pacific Airways for the second consecutive year in 2017;

- “Best Cold Chain Cargo Terminal of the Year” at the Cold Chain Strategy Summit 2017;

- "Best Cold Chain Warehousing Company" by India Cargo Awards 2017;
- "Asia Pacific Airport Lounge of the Year 2017" by Priority Pass;
- "IFSA 2017 Compass Awards – Caterer of the Year" awarded by the International Flight Services Association in 2017;
- "Best In Class" for Malaysia Productivity Corporation's Malaysia Business Excellence Framework in 2017;
- Gold in the Top 100 companies in the Maldives in 2017;
- Gold in All Nippon Airways Best Caterer Worldwide Award in 2017;
- "Best Service" by Air China in 2017;
- "Best Caterer for Mid and Short-Haul Routes" by Korean Air in 2017;
- AVA Food Safety Gold Award in 2017 – SATS Food Services (15 consecutive years of 'A' grading);
- AVA Food Safety Gold Award in 2017 – SATS BRF Food (15 consecutive years of 'A' grading);
- "IGHC Innovator Award 2018" by IATA;
- "Best Air Cargo" and "Best Ground Handling Service Provider" by Wings India in 2018;
- "International Cargo Ground Handler of the Year (Highly Acclaimed)" by the STAT Trade Times in 2018;
- "Best Technological Collaboration" at the 2018 Singapore International Chamber of Commerce Awards;
- "Best Green Air Cargo Terminal Operator" at the 2018 Asian Freight, Logistics & Supply Chain Awards; and
- Gold Award at the Workplace Safety and Health Innovation Awards 2018.
- "Caterer of the Year" at the PAX International Readership Awards 2018;
- "IFSA 2018 Compass Awards – Caterer of the Year" awarded by the International Flight Services Association in 2018; and
- AVA Food Safety Partner (since 2010 and status is subject to renewal every two years).

C. Corporate governance

- being awarded one of the top 50 publicly listed companies in ASEAN, as well as one of the top two publicly listed Singapore companies with outstanding achievement, at the inaugural ASEAN Corporate Governance Awards 2015, organised by the Philippine Securities and Exchange Commission;

- the Bronze Award for the "Best Managed Board" category of the Singapore Corporate Awards 2017 for companies with S$1 billion and above in market capitalisation;

- the Gold Award for the "Best Managed Board" category of the Singapore Corporate Awards 2018 for companies with S$1 billion and above in market capitalisation;

- the "Best Chief Executive Officer" award at the Singapore Corporate Awards 2018 for companies with S$1 billion and above in market capitalisation;

- 5th best-governed and transparent Singapore-listed company at the Singapore Governance and Transparency Index 2018;

- Runner-up for "Singapore Corporate Governance Award, Big Cap" at the 19th SIAS Investors' Choice Awards; and

- "Most Transparent Company Award, Services" at the 19th Securities Investors Association (Singapore) Investors' Choice Awards.

10. LICENCES/PATENTS/RIGHTS OWNED OR USED BY THE GROUP

The Group has obtained a number of operating licences relating to its businesses.

As regards its Gateway Services business and in-flight catering sector, the Issuer's key operating licences are for the provision of ground handling, airline catering and aviation security services at Singapore Changi Airport issued by CAG. The licences issued by CAG are granted for periods of 10, 20 and five years respectively, and may be renewed.

As regards its Food Solutions business, through the acquisition of Singapore Food Industries in 2009, the Group holds the only abattoir and hog auction licence granted by the AVA.

The Issuer has been awarded patents by the Singapore Registry of Patents for its tow hitch system and its safety ladder, both of which serve to minimise work injury incidents, as well as a patent for its novel 'Ramp Services Control System and Method' invention which incorporates the use of smart watches and bone-conduction headsets.

A number of trademarks are used in the Group's businesses, including but not limited to the Issuer's 'SATS' trademarks, which have been registered in Singapore, Vietnam, the UK, the UAE, Taiwan, Saudi Arabia, Philippines, the Maldives, Malaysia, Macau, Japan, Indonesia, India, Hong Kong, PRC, Brunei Darussalam and Australia.

With the acquisition of SATS Food Services (formerly known as Singapore Food Industries), the Group also holds a range of trademarks relating to its various food businesses and retail product lines in Singapore and other countries.

11. DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

As at the date of this Information Memorandum, the Directors of the Issuer are set forth below:

Name	Position
Goh Yiu Kiang Euleen	Chairman, Non-Executive and Independent Director
Alexander Charles Hungate	Executive Director, President and Chief Executive Officer
Achal Agarwal	Non-Executive and Independent Director
Chia Kim Huat	Non-Executive and Independent Director
Kok Pak Kuan	Non-Executive and Independent Director
Tan Soon Neo Jessica	Non-Executive and Independent Director
Tan Soo Nan @ Tan Soo Nam	Non-Executive and Independent Director
Yap Chee Meng	Non-Executive and Independent Director
Yap Kim Wah	Non-Executive and Independent Director

Ms Goh Yiu Kiang Euleen
Chairman, Non-Executive and Independent Director

Ms Goh is the Chairman of the Board. She is also the Chairman of the Board Executive Committee, Remuneration and Human Resource Committee and Nominating Committee. Ms Goh was appointed as a Director in August 2013 and assumed her current role as Chairman of the Board on 19 July 2016.

Prior to that, Ms Goh was the Group Head of Corporate and Institutional Banking Sales at Standard Chartered Bank and has also served as Chief Executive Officer of Standard Chartered Bank, Singapore.

She is currently a Director of CapitaLand Limited, DBS Group Holdings Ltd, Royal Dutch Shell plc, DBS Bank Ltd., Singapore Health Services Pte. Ltd. and Temasek Trustees Pte. Ltd. She also serves as the Chairman of DBS Foundation Ltd and Chairman of the Governing Council of Singapore Institute of Management.

Ms Goh qualified as a Chartered Accountant in England and is a Member of the Chartered Institute of Taxation, UK, Associate Member of the Institute of Financial Services, UK, Fellow of the Institute of Singapore Chartered Accountants as well as Fellow of the Singapore Institute of Directors.

Mr Alexander Charles Hungate
Executive Director, President and Chief Executive Officer

Mr Hungate is the President and Chief Executive Officer of the Group, with overall responsibility for leading the Group. He is a Board Director and a member of the Board Executive Committee. Mr Hungate joined the Group as Executive Director in July 2013 and assumed his current role on 1 January 2014. Mr Hungate first joined the Group's board as an Independent Director in July 2011.

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.

He is currently an Independent Director of United Overseas Bank Limited and a Board Member of the Singapore Economic Development Board.

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.

Mr Achal Agarwal
Non-Executive and Independent Director

Mr Agarwal joined the Issuer's Board as a Non-Executive and Independent Director in September 2016. He is a member of the Board Executive Committee and Remuneration and Human Resource Committee.

He is currently a director of Kimberly-Clark Asia Pacific Headquarters Pte. Ltd., Kimberly-Clark India Private Limited, Asia Venture Philanthropy Network Limited, World Wide Fund for Nature Singapore and Singapore International Chamber of Commerce. He is also the President of Asia Pacific, Kimberly-Clark Corporation.

Mr Agarwal graduated with a Bachelor's degree with Honours in History from the University of Delhi. He also holds a Masters in Business Administration from the University of Delhi. Mr Agarwal has also attended the Advanced Management Programme at the Wharton Business School, United States.

Mr Chia Kim Huat
Non-Executive and Independent Director

Mr Chia joined the Issuer's Board as a Non-Executive and Independent Director in March 2017. He is a member of the Board Risk and Safety Committee and Nominating Committee.

He is currently a director of Ascendas Hospitality Fund Management Pte. Ltd., Ascendas Hospitality Trust Management Pte. Ltd., R&T Corporate Services Pte. Ltd., the Financial Board of the Singapore Chinese Chamber of Commerce and the Singapore Centre for Chinese Language Limited.

Mr Chia holds a Bachelor of Law (Honours) degree from NUS.

Mr Kok Pak Kuan
Non-Executive and Independent Director

Mr Kok joined the Issuer's Board as a Non-Executive and Independent Director in March 2015. He is a member of the Board Executive Committee and Remuneration and Human Resource Committee.

He is currently a director of Dairy Farm International Holdings Limited, Jardine Cycle and Carriage Limited and Mapletree North Asia Commercial Trust.

Mr Kok has attended the Senior Executive Programme at the London Business School, UK and the Advanced Management Programme at the Harvard Business School, United States.

Ms Tan Soon Neo Jessica
Non-Executive and Independent Director

Ms Tan joined the Issuer's Board as a Non-Executive and Independent Director in April 2017. She is a member of the Nominating Committee and Audit Committee.

She is currently a director of CapitaLand Commercial Trust Management Limited, Changi Health Fund (Ltd.) and RM Network Pte Ltd.

Ms Tan holds a Bachelor of Social Sciences (Honours) degree and Bachelor of Arts (Economics and Sociology) degree from the NUS.

Mr Tan Soo Nan @ Tan Soo Nam
Non-Executive and Independent Director

Mr Tan joined the Issuer's Board as a Non-Executive and Independent Director in April 2016. He is the Chairman of the Board Risk and Safety Committee and member of the Audit Committee.

He is currently a director of Raffles Medical Group Ltd, Engro Corporation Limited, Raffles Health Insurance Pte. Ltd., ICE Futures Singapore Pte. Ltd., ICE Clear Singapore Pte. Ltd., ICE Singapore Holdings Pte. Ltd., Temasek Foundation Management Services CLG Limited, Woh Hup Trust and SPD (Serving People with Disabilities).

Mr Tan holds a Bachelor in Business Administration degree from the University of Singapore and is an Associate of the IFS School of Finance (formerly the Chartered Institute of Bankers). Mr Tan also attended the Programme for Management Development at the Harvard Business School, United States.

Mr Yap Chee Meng
Non-Executive and Independent Director

Mr Yap joined the Issuer's Board as a Non-Executive and Independent Director in October 2013. He is the Chairman of the Audit Committee and member of the Board Risk and Safety Committee.

He is currently a director of The Esplanade Co Ltd, Keppel Land Limited, Pavilion Gas Pte. Ltd., RHB Investment Bank Berhad and RHB Securities Singapore Pte. Ltd. He is also the Non-Executive Chairman of RHB Asset Management Group and AXA Insurance Pte. Ltd.

Mr Yap qualified as a Chartered Accountant in England and is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of the Institute of Singapore Chartered Accountants.

Mr Yap Kim Wah
Non-Executive and Independent Director

Mr Yap joined the Issuer's Board as a Non-Executive and Independent Director in July 2016. He is a member of the Audit Committee and Board Risk and Safety Committee.

He is currently the Deputy Chairman & Executive Director of the Baking Industry Training College Pte. Ltd. and also a board member of SMRT Corporation Ltd. and SMRT Trains Ltd.

Mr Yap holds a First Class Honours in Mechanical Engineering from the University of Singapore and is a Registered Engineer (Mechanical) with the Professional Engineers Board, Singapore. Mr Yap has also attended the Executive Development Program at Houston University, United States and the Advanced Management Program at Harvard Business School, United States.

Senior Management

Mr Alexander Charles Hungate
Executive Director, President and Chief Executive Officer

Please refer to pages 74 to 75 for information on Mr Alexander Charles Hungate.

Mr Tan Chuan Lye
Chairman, Food Solutions

Mr Tan is the Chairman, Food Solutions of the Group since January 2014. Prior to this, he was the Group's President and Chief Executive Officer from April 2012 to December 2013.

Mr Tan joined the Group 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 the Group's Changi Airport Terminal 2 operations. He was the Group's 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, SFI Manufacturing Private Limited, and SATS Delaware North Pte. Ltd.

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

Mr Seah Kok Khong
Chief Financial Officer

Mr Seah joined the Group as Chief Financial Officer in September 2017. He oversees the finance, treasury and insurance, investor relations, public affairs and branding functions of the Group.

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

Before joining the Group, Mr Seah was the 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 Corporation Ltd, Mr Seah led a special task force that developed and facilitated the transition of SMRT Trains Limited to the new rail financing framework, and managed the subsequent privatisation of SMRT Corporation Ltd by Temasek in 2016.

Mr Seah sits on various Boards of the Group's subsidiaries. Mr Seah graduated with a Bachelor of Science (First Class Honours) degree in Mathematics from Queen Mary College, University of London and obtained his Masters degree in Business Administration from the London Business School. He was professionally trained in London, where he qualified as a Chartered Accountant, and has been conferred an Advanced Diploma in Corporate Finance (CF) and a Fellow of the Institute of Chartered Accountants in England and Wales (FCA).

Mr Yacoob Piperdi
Executive Vice President, Gateway Services

Mr Piperdi is the Group's Executive Vice President, Gateway Services since January 2014. Prior to this, he was its Executive Vice President, Food Solutions.

Mr Piperdi joined the Group in April 1981. He has assumed various positions including Senior Vice President, Cargo Services; Vice President, Apron Services; Vice President, Cargo Services; and Vice President, SICC 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 the sports catering, cruise terminal management and in-flight duty-free and duty-paid retail sales businesses.

Mr Piperdi sits on various Boards of the Group's subsidiaries and associate companies. He is the Chairman of DFASS SATS Pte. Ltd. and Chairman of SCCS. Mr Piperdi is a member of Saudi Arabia's Private Sector Logistics Advisory Team.

He graduated from NUS with a Bachelor of Arts (Honours) degree, majoring in English.

Mr Kerry Mok
Executive Vice President, Food Solutions

Mr Kerry Mok joined the Group as Executive Vice President, Food Solutions in June 2018. Prior to this, he was the Chief Executive Officer 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) degree.

Mr Eugene Cheng
Executive Vice President, Group Services

Mr Cheng is the Group's Executive Vice President, Group Services. He joined the Group in May 2017, and oversees the Group's business development, strategic investments and mergers and acquisitions, corporate strategy, legal and secretariat, risk and safety as well as corporate admin and support services functions. He is responsible for working closely with the Group's business units and leading the acceleration of its strategy of feeding and connecting Asia.

Prior to this, Mr Cheng was the Chief Corporate Officer of IMC Industrial Group where he led its business planning, controllership, financial management, process management, legal, corporate secretarial, insurance, health, safety and security divisions. He was concurrently the Managing Director of IMC Industrial Group's Marine & Offshore Engineering Group, where he had overall responsibility for strategy and business development, as well as resource planning to achieve the Company's strategic, business and financial objectives.

Mr Cheng brings with him many years of professional experience spanning strategic and financial corporate leadership, investment banking advisory as well as accounting. He was previously the Group Chief Financial Officer of Ezra Holdings Limited. Mr Cheng has also worked in investment banks that include JP Morgan and Citigroup (formerly Salomon Smith Barney) and accounting firm Arthur Anderson.

Mr Cheng graduated from Nanyang Technological University with a Bachelor of Accountancy (First Class Honours) degree and a Master of Accountancy degree. He has published papers in peer reviewed accounting and financial journals.

Mr Denis Suresh Kumar Marie
Executive Vice President, Special Projects, Ground Services

Mr Marie is the Executive Vice President, Special Projects, Ground Services of the Group. He was promoted to his current position in August 2018 and is responsible for the operational planning of new ventures and business opportunities, as the Group develops its expansion plans. He concurrently oversees the operations of SATS Security Services Pte Ltd.

Mr Marie joined the Group in October 2001 as General Manager of SATS Security Services Pte Ltd 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.

Mr Marie has a wealth of experience in security and law enforcement. Before joining the Group, he held senior positions in training and security management, including the appointment of Deputy Assistant Commissioner with Certis CISCO Security Pte Ltd (formerly known as CISCO Security Pte Ltd).

Mr Marie sits on various Boards of the Group's subsidiaries. He graduated from the Oklahoma City University in the U.S. with a Bachelor of Science degree, majoring in Business Administration.

Ms Tan Li Lian
Senior Vice President, Human Capital

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

Ms Tan leads the Human Capital team in talent attraction and resource planning, rewards and performance management, human capital development, employee relations, organisation development and all other human capital related programmes across the SATS Group.

Before joining the Group, 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 Singapore Human Resources Institute Leading Human Resource Leader Award in 2015.

Ms Tan graduated from Texas A&M University with a Bachelor's degree in Business Administration, majoring in Finance.

Mr Albert Pozo
Chief Digital Officer

Mr Pozo joined the Group as Chief Digital Officer on 2 May 2018 to spearhead the digital transformation of the Group's products, processes, and technology in order to achieve productivity gains and innovate new services.

Prior to this, Mr Pozo was President of Amadeus Asia Pacific ("**Amadeus**"), responsible for leading over 4,000 employees in the region and generating over EUR 700 million in revenue. Mr Pozo first joined Amadeus in 1993 and has held a variety of roles including Vice President, Global Customer Group, Managing Director of Amadeus Germany, Director of Product Marketing, Senior Manager, Airlines Sales and Direction. Prior to Amadeus, Mr Pozo worked for Swissair for five years.

Mr Pozo holds an Honours degree in Linguistics from Universitat Autonoma de Barcelona, and has also completed executive programmes at INSEAD and the University of St Gallen.

12. FINANCIAL REVIEW FOR THE PAST THREE FINANCIAL YEARS ENDED 31 MARCH 2016 TO 2018 AND FIRST QUARTER ENDED 30 JUNE 2018

The following is a summary of the audited consolidated financial results of the Group for the financial years ended 31 March 2016, 31 March 2017 and 31 March 2018 and the unaudited consolidated financial results of the Group for the first quarters ended 30 June 2017 and 30 June 2018:

(in S$ million)	**Financial period/year ended**			
	30.6.2018	**31.3.2018**	**31.3.2017**	**31.3.2016**
Equity attributable to owners of the Company				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(42.7)	(32.8)	(30.3)	(47.2)
Share-based compensation reserve	17.6	15.0	12.6	12.4
Statutory reserve	9.9	9.2	8.3	8.1
Foreign currency translation reserve	(139.3)	(143.4)	(111.1)	(126.6)
Revenue reserve	1,494.2	1,431.0	1,362.0	1,278.9
Other reserves*	(13.5)	(12.8)	(5.9)	(2.7)
	1,694.1	1,634.1	1,603.5	1,490.8
Non-controlling interests	135.7	132.5	87.7	74.3
Total equity	1,829.8	1,766.6	1,691.2	1,565.1

(in S$ million)	Financial period/year ended			
	30.6.2018	31.3.2018	31.3.2017	31.3.2016
Non-current assets				
Property, plant and equipment	560.2	560.1	538.7	516.8
Investment properties	8.6	8.9	10.4	13.9
Intangible assets	157.8	157.5	157.9	163.7
Investment in associates	611.5	604.1	590.1	480.2
Investment in joint ventures	252.8	244.7	80.7	65.9
Long-term investments	20.8	20.0	25.3	8.3
Deferred tax assets	10.3	10.7	11.6	15.5
Defined benefit plan	0.7	0.7	–	–
Other non-current assets	6.0	6.6	8.2	11.8
	1,628.7	1,613.3	1,422.9	1,276.1
Current assets				
Trade and other receivables	309.7	298.5	271.2	277.4
Prepayments and deposits	20.2	16.2	17.4	18.4
Amounts due from associates/ joint ventures	5.3	4.6	6.7	10.4
Inventories	24.3	22.5	21.9	22.4
Cash and short-term deposits	439.7	373.3	505.8	489.9
Assets of disposal groups classified as held for sale	20.5	19.9	33.5	11.1
	819.7	735.0	856.5	829.6
Current liabilities				
Trade and other payables	366.5	331.7	316.1	309.0
Amounts due to associates/ joint ventures	1.9	3.5	4.9	–
Income tax payable	60.4	57.3	58.6	51.4
Term loans	9.9	9.8	10.0	109.6
Finance leases	0.3	0.3	0.4	0.3
Liabilities of disposal groups classified as held for sale	–	–	5.1	–
	439.0	402.6	395.1	470.3
Net current assets	380.7	332.4	461.4	359.3
Non-current liabilities				
Deferred tax liabilities	63.1	61.6	55.4	55.4
Term loan	96.2	96.0	97.5	–
Finance leases	0.1	0.3	0.7	0.8
Defined benefit plan	–	–	2.3	3.1
Other payables	20.2	21.2	37.2	11.0
	179.6	179.1	193.1	70.3
Net assets	1,829.8	1,766.6	1,691.2	1,565.1

* Other Reserves consist of Gain/(Loss) on Reissuance of Treasury Shares, Capital Reserve and Fair Value Reserve.

Summary of Profit and Loss Accounts

(in S$ million)	1st quarter		Full Year		
	2018-19	**2017-18**	**2017-18**	**2016-17**	**2015-16**
Revenue	439.4	426.5	1,724.6	1,729.4	1,698.2
Staff costs	(211.4)	(214.3)	(833.3)	(856.7)	(825.9)
Cost of raw materials	(63.7)	(57.9)	(252.5)	(257.9)	(282.7)
Licence fees	(22.3)	(21.6)	(84.2)	(67.5)	(68.0)
Depreciation and amortisation charges	(20.1)	(18.8)	(78.5)	(73.5)	(70.4)
Company premise and utilities expenses	(26.5)	(26.9)	(103.5)	(109.6)	(108.1)
Other costs	(30.5)	(33.5)	(146.2)	(133.6)	(128.4)
Expenditure	(374.5)	(373.0)	(1,498.2)	(1,498.8)	(1,483.5)
Operating profit	64.9	53.5	226.4	230.6	214.7
Interest on borrowings	(0.2)	(0.2)	(0.8)	(1.2)	(1.1)
Interest income	1.0	1.3	4.1	4.6	3.5
Share of results of associates/joint ventures, net of tax	15.3	15.5	71.2	65.2	48.0
Other non-operating (loss)/ income, net	(0.1)	0.1	20.7	9.9	0.1
Profit before tax	80.9	70.2	321.6	309.1	265.2
Income tax expense	(14.7)	(13.0)	(56.1)	(48.3)	(46.8)
Profit for the period/year	66.2	57.2	265.5	260.8	218.4
Profit attributable to:					
Owners of the Company	63.9	57.3	261.5	257.9	220.6
Non-controlling interests	2.3	(0.1)	4.0	2.9	(2.2)
	66.2	57.2	265.5	260.8	218.4
Underlying net profit(1)	**63.9**	**57.3**	**236.1**	**234.3**	**218.1**

Underlying net profit refers to net profit attributable to owners of the Company excluding the following one-off items:

	1st quarter		Full Year		
	2018-19	**2017-18**	**2017-18**	**2016-17**	**2015-16**
(i) Gain on disposal of assets held for sale, net of tax	–	–	9.3	9.3	–
(ii) Write-back of earn-out consideration	–	–	4.5	–	–
(iii) Loss on divestment/dilution of interest in associates	–	–	–	(0.7)	–
(iv) Surplus arising from finalisation of valuation	–	–	11.6	15.0	–
(v) Net gain from transfer of business to a joint venture	–	–	–	–	2.5

First quarter ended 30 June 2018

Group revenue grew $12.9 million or 3% to $439.4 million, with growth in both Food Solutions and Gateway Services. Revenue from Food Solutions was higher by $6.4 million or 2.7% to $239.5 million while Gateway Services' revenue rose $6.5 million or 3.4% to $199.6 million. Excluding the impact of the deconsolidation of SATS HK – a wholly owned subsidiary, which the Group has divested 51% interest to Voltaire Capital Investment Limited in July 2017 – the Group's underlying revenue would have increased by $24.5 million or 5.9% while Gateway Services' revenue would have reflected a higher growth of $18.1 million or 10%.

Operating profit for the Group rose to $64.9 million, $11.4 million or 21.3% over the same quarter last year, in line with the growth in revenue.

Share of results from associates/joint ventures was $15.3 million, lowered by $0.2 million or 1.3% over the same period last year with lower contributions from Gateway Services' associates/joint ventures, partially compensated by Food Solutions' improved performance.

Group net profit attributable to owners of the Company for the Group achieved $63.9 million, a growth of $6.6 million or 11.5% compared to the corresponding quarter last year.

Financial year ended 31 March 2017 to financial year ended 31 March 2018

Group revenue was $1,724.6 million, $4.8 million or 0.3% lower than the last year. The revenue from Food Solutions fell $26.7 million or 2.7% to $946.6 million, mitigated by the growth in Gateway Services' revenue, with increase of $21.9 million or 2.9% to $776.5 million. Excluding the impact of the deconsolidation of SATS HK, the Group's underlying revenue would have increased $25.8 million or 1.5% while Gateway Services' revenue would have reflected a growth of $52.5 million or 7.3%.

Operating profit for the current year was $226.4 million, lower by $4.2 million or 1.8% from last year.

Share of after-tax profits from associates/joint ventures for the year was $71.2 million, a growth of $6 million or 9.2% over last year, attributable to improvement in Gateway Services' associates/joint ventures, partially offset by reduction in Food Solution's associates/joint ventures performance.

Other non-operating income/(loss), net for the year increased by $10.8 million mainly due to the gain of $15.5 million on disposal of assets held for sale as well as the write back of $4.5 million to the profit and loss for the earn-out consideration due on the acquisition of additional equity interest in MacroAsia Catering Services, Inc.

Group net profit attributable to owners of the Company for the year achieved $261.5 million, $3.6 million or 1.4% higher than last year. The underlying net profit was $236.1 million, $1.8 million or 0.8% higher year-on-year.

Financial year ended 31 March 2016 to financial year ended 31 March 2017

Compared to last year, the Group revenue increased $31.2 million or 1.8% to $1,729.4 million. The revenue from Food Solutions increased $5.6 million or 0.6% to $973 million while Gateway Services' revenue improved $24.9 million or 3.4% to $750.8 million. Excluding the food distribution revenue transferred to SATS BRF Food, the Group's underlying revenue would have increased $76.4 million or 4.5% while Food Solutions' underlying revenue would have increased $50.8 million or 5.3%.

Operating profit for the year was $230.6 million, an improvement of $15.9 million or 7.4% over last year, as a result of a positive jaws ratio whereby the rate of increase in operating expenditure is below that of the revenue growth.

Share of after-tax profits from associates/joint ventures for the year was $65.2 million, an increase of $17.2 million or 35.8% from last year. Both Food Solutions and Gateway Services associates/joint ventures have shown improvement, particularly from Food Solutions' associates/joint ventures which included the negative goodwill of $15 million from the acquisition of Evergreen Sky Catering Corporation.

Other non-operating (loss)/income, net increased by $9.8 million mainly due to gain on disposal of $9.3 million from the disposal of the Senoko property. This is partially offset by a loss of $0.2 million from the divestment of its interest in an associate, International Airport Cleaning Co., Ltd., and a loss of $0.5 million on dilution of shareholdings from 40% to 28% in its associate, Beijing Airport Inflight Kitchen Limited.

Group net profit attributable to owners of the Company for the year was $257.9 million, $37.3 million or 16.9% higher than last year. The underlying net profit was $234.3 million, $16.2 million or 7.4% higher than last year.

Financial year ended 31 March 2015 to financial year ended 31 March 2016

Compared to last year, Group's revenue fell $55 million or 3.1% to $1,698.2 million. The drop was mainly from Food Solutions where revenue declined $84.1 million or 8% to $967.4 million, due to transfer of the food distribution revenue to SATS BRF Food, weakening of the Japanese Yen and the loss of revenue from the divestment of its Australian subsidiary, Urangan Fisheries Pty Ltd ("**Urangan**"). Excluding the food distribution revenue transferred to SATS BRF Food and divestment of Urangan, the Group's revenue would have increased $53.2 million or 3% while the Food Solutions' revenue increase would have been $24.1 million or 2.3%. Gateway Services' revenue grew $28.9 million or 4.1% to $725.9 million compared to last year.

With operating expenses falling at a faster pace than revenue yielding positive results, the Group's operating profit for the year was $214.7 million, a significant increase of $36.7 million or 20.6% over last year.

Interest income for the year increased $1.9 million mainly due to higher interest from deposits.

Share of after-tax profits from associates/joint ventures for the full year was $48 million, reflecting a slight decline of $0.1 million or 0.2% compared to last year. The Food Solutions' associates/joint ventures have shown better performance while the Gateway Services' associates/joint ventures' performance has deteriorated slightly.

Other non-operating (loss)/income, net, includes a net gain from transfer of business to a joint venture of $2.5 million, comprising the fair value gain of $13.3 million on re-measurement of the retained interest in SATS BRF Food and the loss on disposal of interest in SATS BRF Food of $10.8 million. This arose from the completion of the transfer of the food distribution business to SATS BRF Food and the sale of 49% stake in SATS BRF Food to BRF GmBH.

The gain is offset by impairment loss on property, plant and equipment of $2.1 million as well as loss on disposal of property, plant and equipment of $0.3 million.

Group net profit attributable to owners of the Company for the year FY 2015-16 was $220.6 million, $24.9 million or 12.7% higher than last year. The underlying net profit was $218.1 million, $22.2 million or 11.3% higher than last year.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors in or existing holders of the Notes should carefully consider all of the information set forth in this Information Memorandum including the risk factors set out below. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the businesses of the Issuer or the Group or any decision to purchase, own or dispose of the Notes. Additional risks which the Issuer is currently unaware of may also impair the Issuer's and/or the Group's business, assets, financial condition, performance or prospects. If any of the following risk factors develops into actual events, the business, assets, financial condition, performance or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Notes may be adversely affected.

LIMITATIONS OF THIS INFORMATION MEMORANDUM

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or an existing holder of the Notes may require in investigating the Issuer and/or the Group, prior to making an investment or divestment decision in relation to the Notes issued under the MTN Programme. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer or its subsidiaries and associated companies (if any), either of the Arrangers or any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or such part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subsidiaries and/or associated companies (if any), the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

RISKS ASSOCIATED WITH THE GROUP'S BUSINESS

The Group depends on the SIA Group for a substantial portion of its business

The Group depends on the SIA Group for a substantial portion of its business. The Group expects that the SIA Group will continue to account for a significant percentage of its airline revenue arising from its businesses in the foreseeable future.

As a result of this reliance, the growth of the Group's revenue is impacted by the number of flights operated by the SIA Group, the number of passengers the SIA Group services out of Singapore Changi Airport, the amount of airfreight the SIA Group carries through Singapore Changi Airport and the size of the aircraft used by the SIA Group for its flights. If the SIA Group decreases its flights into and out of Singapore Changi Airport or there is a significant reduction in the number of passengers using the SIA Group's services, the amount of airfreight carried by the SIA Group through Singapore Changi Airport or the size of the aircraft that the SIA Group uses, the Group's business, results of operations, financial condition and prospects could be materially and adversely affected. In addition, the Group cannot provide assurance that its revenue generated from the SIA Group will reach or exceed historical levels in any future period. Loss or cancellation of business from, decreases in the rates it charges for its services to, or changes in the scope of services provided to, the SIA Group could have a significant adverse impact on the Group.

Any deterioration in the relationship between the Group and the SIA Group may have an impact on some or all the contracts executed between the Group and the SIA Group which, in turn, may have a material and adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group faces a dynamic competitive landscape marked by intense competition from a variety of competitors and an inability to compete successfully with its competitors and adapt to changing market conditions could result in a loss in market share and decreased profitability

The Group faces significant competition from a variety of companies across each of its business lines and the Group's success is dependent upon its ability to demonstrate the quality and cost value of its services. In Singapore, the Group is currently one of two providers of ground handling and in-flight catering services at Singapore Changi Airport. If a significant number of the Group's existing airline clients or one or more of its larger airline clients were to begin purchasing these services from the Group's competitor or were to self-handle their ground support operations, the Group's business, results of operations, financial condition and prospects could be materially and adversely affected.

In addition, Singapore Changi Airport faces competition from other international airports in Asia to the extent that passenger and freighter airlines use other international airports in Asia as an alternative to using Singapore Changi Airport for passenger and freighter flights. If the level of competition it faces was to increase significantly, the business, results of operations, financial condition and prospects of the Group could be materially and adversely affected.

Outside Singapore, the Group's ground handling and in-flight catering joint ventures face varying levels of competition at the international airports at which they operate. The level of competition depends primarily on the number and size of the other airport services providers operating at that airport. At some of these international airports, the service market is highly competitive and its joint venture competes against two or three other ground handling or in-flight catering operators. Changes in the civil aviation regulatory environment in the countries where the Group has joint ventures could also affect the operations and financial condition of these joint ventures and consequently, on the business, results of operations, financial condition and prospects of the Group.

The Group's Food Solutions business faces competition ranging from small, local businesses to international companies with substantial financial resources, where the Group competes based on several factors, including the depth and breadth of its services, its ability to tailor the services that it offers to a client's particular needs and its ability to manage costs effectively. If the Group's customers do not prefer the quality and cost value of its services, or if there is insufficient demand for the Group's new services, the Group's business, results of operations, financial condition and prospects could be materially and adversely affected.

The Group's Food Solutions business also faces competition from non-traditional meal sources (e.g. frozen or ambient meal suppliers), which disrupt the traditional fresh cook-chill business model. The long shelf-life of these meals means that competition is no longer restricted by geographical location. If the Group is not able to compete effectively with these non-traditional meal sources, the Group's business, results of operations, financial condition and prospects could be materially and adversely affected.

Licensing, regulatory and compliance risks

The Group operates its ground handling and airline catering businesses under licences granted by relevant authorities or statutory bodies in the jurisdictions in which it operates. In particular, its ground handling and airline catering business at Singapore Changi Airport are operated under licences granted by CAG, the operator of Singapore Changi Airport. If it were to lose its existing licences in any jurisdiction (in particular, its licences from CAG in respect of Singapore Changi Airport), it would be unable to provide its ground handling and airline catering services for its customers in respect of that jurisdiction and its business, results of operations, financial condition and prospects would be materially and adversely affected. In addition, if it were to fail to comply with the performance standards required by such authorities or statutory bodies over an extended period of time, its reputation could be harmed and it could lose existing customers or fail to attract new customers and, as a result, its business, results of operations, financial condition and prospects could be materially and adversely affected or its licences from such authorities or statutory bodies could be revoked.

The Group is also exposed to the risks of regulatory and compliance proceedings in the jurisdictions in which it operates. Safety, environmental, personal data and other regulations impose significant requirements and compliance costs on the Group's business. Governments across the world have also become more active in regulatory intervention on issues ranging from environmental protection to anti-corruption and consumer welfare. Changes in such regulations, or the administration of such regulations, could have an adverse impact on the Group's business by increasing costs, impeding normal service, restricting market access and benefiting its competitors. In addition, such laws and regulations may be ambiguous and their interpretations and applications may potentially be detrimental to the Group. In some instances, governments may adopt restrictive policies with respect to the issuance of certain permits and approvals. Differences in regulations across the various jurisdictions in which the Group has operations may also result in the Group not being fully compliant with all the applicable regulations in a particular jurisdiction. In the event that the Group does not fully comply with such laws and regulations in the conduct of its business or operations, there can be no assurance that any such non-compliance would not have a material and adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's domestic growth in its aviation-related business is effectively constrained by the growth of airfreight and passenger traffic at Singapore Changi Airport

The Group's ability to expand its aviation related business domestically depends primarily on the growth of airfreight and passenger traffic at Singapore Changi Airport. Any decrease in airfreight or passenger traffic at Singapore Changi Airport could have a material and adverse effect on its business, results of operations, financial condition and prospects.

Labour risk

The successful implementation of the Group's strategies is dependent on its ability to retain a talented and motivated team of senior professional managers and key management staff, and continue having a strong employer brand to attract new talent. The inability of the Group to hire and retain talent in critical positions, may materially and adversely affect the Group's business, results of operations, financial condition and prospects.

The Group's business is labour intensive and requires highly trained ground handling personnel. The Group's ability to meet its labour requirements, whilst controlling wage and labour-related costs, may be subject to numerous external factors, including the availability of a sufficient number of suitable persons in the relevant work force, government regulations, prevailing wage rates, demographics and health and insurance costs. If the Group is unable to hire additional employees to meet its requirements or to retain existing employees, its business, results of operations, financial condition and prospects could be materially and adversely affected.

As the Group is based in Singapore, it is obliged to comply with labour laws in Singapore, which, among other things, permit collective bargaining arrangements with its unionised staff. As at the Latest Practicable Date, approximately 55% of the Group's employees are subject to collective bargaining agreements in Singapore. These agreements may in the future limit its ability to contain increases in labour costs and its ability to control its future labour costs depends on the outcome of its wage negotiations with its staff.

Maintaining a collaborative relationship between management, staff and unions is vital in ensuring that the Group's strategy and objectives are met. If the Group's employee relations deteriorate, and there are labour disputes, it may have to incur significant costs to resolve such disputes, which could have a material and adverse effect on its business, results of operations, financial condition and prospects.

Cybersecurity and equipment failure risk

The Group's operations result in the normal wear and tear of its machinery. The Group's facilities, equipment, IT systems and other assets may also break down. Consequently, the Group's machinery, facilities, equipment, IT systems and other assets used in its operations require periodic downtime for repairs and maintenance. If the time required for such repairs and maintenance exceeds the expected time, there could be a material and adverse effect on the Group's business, results of operations, financial condition and prospects.

If any extraordinary or extensive repairs to the Group's machinery, facilities, equipment, IT systems or other assets are required due to any catastrophic event or otherwise, the Group's machinery, facilities, equipment, IT systems or other assets would not be available for use or deployment. While insurance proceeds may cover the costs associated with such repairs, they would only compensate for the loss of use of some of the assets to a limited degree. In the event of any such extraordinary or extensive repairs, the Group's operations could experience major disruptions. The loss of its machinery, facilities, equipment, IT systems or other assets or the inability to use its machinery, facilities, IT systems or other assets may materially and adversely affect the Group's business, results of operations, financial condition and prospects.

The Group is dependent on its IT systems to provide integrated services to its customers. The provision of the Group's services depends on the stability of its IT systems. The Group's IT systems may be vulnerable to damages or interruptions in operation due to fires, power losses, telecommunications systems failures, break-ins (whether physical or into its systems), compromises in internal controls, fraudulent activities, computer viruses, the failure of security measures or back-up systems, or other events beyond the Group's control. The Group's cybersecurity measures may not detect or prevent all attempts to compromise its IT systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardise the security of information stored in and transmitted by its IT systems or that the Group otherwise maintains. Breaches of the Group's cybersecurity measures could result in unauthorised access to its IT and other systems, misappropriation of information or data (including personal data), deletion or modification of client information, or a denial-of-service or other interruption to its business operations. While the Group has disaster recovery and business continuity plans in place, any disruption in its IT systems may result in the loss of important data, increased costs, and may materially and adversely affect its business, results of operations, financial condition and prospects.

Events outside the Group's control that can cause a reduction in travel and demand for air cargo could materially and adversely affect the Group's business, results of operations, financial condition and prospects

The Group's aviation-related services are largely dependent upon sales to travellers. As a result, the Group is likely to be adversely affected by any event or series of events that disrupts travel or causes a reduction in travel. The growth in demand for the Group's services generally correlates with economic conditions in each of the countries in which it operates, and as a result, the Group is susceptible to swings in revenue corresponding with economic cyclicality. The travel and leisure sector is particularly sensitive to economic factors beyond the Group's control. For example, high or rising oil prices may inhibit sales growth due to higher airline ticket prices caused by fuel surcharges, higher gas prices for motorway travellers and a generally increased cost of living, restricting the disposal income of the Group's customers. It is difficult to predict the duration and effects of an economic downturn, which may be aggravated by volatility in the financial sector and the capital markets, leading to significant market-wide liquidity problems. A slowdown in the economy may also negatively affect demand for air cargo and, therefore, the airfreight industry.

The travel sector is also subject to risks relating to travellers' perception of safety. The occurrence of any one of a number of events outside the Group's control such as terrorist attacks, hurricanes, ash clouds, pandemics, natural disasters and accidents may lead to a reduction in the number of air, railway or motorway travellers on a global, regional or local level. Further, any disruption to or suspension of services provided by airlines or railways as a result of financial difficulties, labour disputes, construction work, increased security or otherwise, could negatively affect the number of air and rail passengers.

Should a reduction in travel and demand for air cargo be effected as a result of any of the events described above, it is likely that the Group's Gateway Services business and in-flight catering business would be affected, which could in turn have a material and adverse impact on the Group's business, results of operations, financial condition and prospects.

Epidemics and other natural or man-made calamities can cause customers and businesses to cancel or postpone international air travel and sea travel

The outbreak of any contagious disease with human-to-human airborne or contact propagation effects (e.g. mutation of Avian Flu H5N1, Ebola, Middle East respiratory syndrome coronavirus etc) that escalates into a regional or global pandemic may have an adverse impact on all airlines and cruise lines which may operate to or from such affected areas/regions. Air and sea travel may be severely reduced even though international and national response plans to address such events have been developed or are in development. Other natural calamities such as earthquakes, floods, volcanic eruptions or tsunamis may devastate destinations and significantly reduce travel to those areas for a period of time. Terrorism and war (and threats of terrorism and war) and civil/political strife may also contribute to a fear of travelling by air or sea, or visiting particular destinations, resulting in a sharp fall in demand for air and sea travel. These events may also result in the closure or restriction of access to airspace or airports. Access to neighbouring regions via sea travel may also be curtailed. Given that the Group's Gateway Services business depends heavily on the availability of these facilities, its business, results of operations, financial condition and prospects could be materially and adversely affected by the occurrence of such events.

The Group is exposed to risks associated with food safety, which may subject the Group to liability claims, damage the Group's reputation or affect the Group's relationship with its customers

The food preparation, manufacturing and processing operations of the Food Solutions business are subject to periodic checks by the relevant authorities, which may withdraw or suspend the manufacturing licence or activities, or impose penalties as a result of health and hygiene issues. Further, the Group is particularly susceptible to harm arising from actual or perceived issues regarding the safety or quality of the food that it serves. In the event that the food materials or food products contain defects in the products or in the containers of the products, and these defects are caused by flaws in product design or process design and control, or by negligence, omission, wilful action or sabotage, the Group may be subject to lawsuits and product liability claims for any accidental death, bodily injury or illness to any person. Claims of illness or injury relating to contaminated, spoiled, mislabelled or adulterated food can also require costly measures to investigate and remediate, such as withdrawing or recalling products from sale or destroying supplies and inventory that are unfit for consumption. The occurrence of these events, or any withdrawal or suspension of any of the licences granted by the relevant authorities, may materially and adversely affect the Group's business, results of operations, financial condition and prospects.

The Group's in-flight catering and commercial catering businesses rely on strict adherence by employees to standards for food handling. Claims related to food quality or food handling are common in the food service industry and a number of these claims affecting the Group's in-flight catering and commercial catering businesses may exist at any given time. If the Group is found to be negligent in ensuring food safety, the Group could be exposed to significant liability, which could have a material and adverse impact on its business, results of operations, financial condition and prospects. Even if any such claims are without merit, any negative publicity that the Group receives as a result of allegations of unsafe food service can have a significant impact on its reputation and could negatively impact the Group's in-flight catering and commercial catering businesses.

In addition, the Group's in-flight catering and commercial catering businesses expose it to risks relating to the food industry generally, such as widespread contamination, nutritional and other health-related concerns. From time to time, food suppliers may be forced to recall products. This may result in the Group having to remove certain products from its inventory and source inventory from other providers. Such events can be highly disruptive to the Group's business.

If any of the above were to occur, it could have a material and adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's Food Solutions business is reliant on key suppliers in certain niche markets and a disruption of their supply chain could materially and adversely affect the Group's business, results of operations, financial condition and prospects

The Group relies on its relationships with suppliers for both food and non-food items in the operation of its Food Solutions business. Although the Group obtains supplies from a range of sources, the Group is particularly reliant on a handful of key suppliers in certain of the markets in which it operates. In these markets, the Group is reliant on a single supplier for certain goods, and if the Group were to lose the ability to purchase from such suppliers, it would be difficult to find a substitute supplier in a timely fashion to meet the Group's supply needs. Consolidation among suppliers, if it were to occur, would further reduce the number of suppliers that the Group typically relies on. Further, suppliers in consolidated markets have increased bargaining power and the Group may be required to accept less favourable purchasing terms from them as a result. In addition, in the event of a dispute with any supplier or if a supplier faces financial difficulties, the delivery of a significant amount of supplies may be delayed or cancelled, and the Group may be forced to purchase supplies from other suppliers on less favourable terms. Such events could cause the Group's revenues to fall and costs to increase, thereby materially and adversely affecting the Group's business, results of operations, financial condition and prospects.

In addition, a number of factors beyond the Group's control and the control of the Group's suppliers can damage or disrupt the Group's supply chain. Such factors include adverse weather conditions or natural disasters, government action, fire, terrorism, the outbreak or escalation of armed hostilities, disease pandemics, industrial accidents or other occupational health and safety issues, labour actions or customs or import restrictions. If such events occur, they could materially and adversely affect the Group's business, results of operations, financial condition and prospects, as well as require additional resources to restore the Group's supply chain.

In addition, the Group may not be able to ensure that its suppliers maintain the quality of the raw materials they supply to the Group which may in turn affect the quality of the Group's food products. Price fluctuations in imported raw materials may also have an impact on the margins of the manufactured goods of the Group's Food Solutions business. These in turn may materially and adversely affect the Group's business, results of operations, financial condition and prospects.

The Group may be unable to continue to expand its business outside Singapore as planned

One of the Group's principal business strategies is to drive revenue growth by increasing its presence to serve key customers in more locations as well as via strategic partnerships and acquisitions to incrementally create a global service network.

The significant challenges it faces in this growth strategy include:

- its ability to find suitable business partners with the requisite level of experience and financial resources to establish and operate new joint ventures;
- the potential competition it would face at the international airports the Group has targeted for entry, which is dependent, in part, upon the number, size and operating history of airport service providers already operating at those international airports;
- the willingness of the government authorities regulating these other international airports to permit additional operators to establish operations at these airports;
- its ability to manage operations in different countries over a wide geographical area;
- unexpected changes in regulatory environments, including potentially adverse changes in tax regulations and increase in airport charges and levies;
- political instability in the countries in which it operates and fluctuations in currency exchange rates in the various currencies in which it transacts; and
- its ability to compete with international ground handling and in-flight catering operators with larger and more geographically diverse operations and greater financial resources.

Any of the above could have a material and adverse effect on the success of the Group's future international expansion. In addition, future acquisitions, if any, may result in the use of significant amounts of cash, potentially dilutive issuances of equity securities and amortisation expenses related to goodwill and other intangible assets, each of which could materially and adversely affect the Group's business, results of operations, financial condition and prospects. The Group's future acquisitions may involve risks, including:

- difficulties in the integration and assimilation of the operations, services and personnel of the acquired business;
- diversion of management's attention from other business concerns;

- availability of financing for future acquisitions; and
- potential loss of key employees of any acquired business.

If the Group makes any acquisitions in the future, it will need to be able to successfully integrate these acquired businesses into its existing operations, and the failure to do so could have a material and adverse effect on its business, results of operations, financial condition and prospects.

The Group's failure to comply with certain environmental regulations could materially and adversely affect the Group's business, results of operations, financial condition and prospects

The Group is subject to a variety of laws and governmental regulations in Singapore and overseas relating to the use, discharge and disposal of waste materials produced by its Food Solutions business. The Group's facilities are subject to inspection at any time, and allegations of non-compliance with regulations can result in lengthy and costly investigations. Such regulations in Singapore and overseas have tended to become broader and stricter over time, and enforcement has become more stringent. If regulations in the countries in which the Group operates are strengthened in the future, the extent and timing of investments required to maintain compliance may differ from the Group's internal planning and may limit the availability of funding for other investments. In addition, if the costs of regulatory compliance continue to increase and it is not possible for the Group to integrate these additional costs into the price of its services, any such changes could reduce the Group's profitability. Changes in regulations or evolving interpretations thereof may result in increased compliance costs, capital expenditures and other financial obligations which could affect the Group's profitability.

While the Group believes that it is currently in compliance in all material respects with these laws and regulations, if it fails to dispose of these waste materials appropriately, it could be subject to liability or could be required to suspend or modify operations relating to its Food Solutions business. While the Group believes its insurance coverage is adequate, it cannot provide assurance that it would be sufficient to cover all its potential losses.

Reputation or brand damage risk

The Issuer's brand name and those with which it is associated have significant commercial value. Damage to these brand names and/or the Group's wider reputation could have a material and adverse effect on the Group's business, results of operations, financial condition and prospects. For example, the Group relies on positive brand recognition to attract customers and investors. Any damage to the Group's reputation, brand image or brand name, and damage to other brands with which it is associated, whether through a single event or a series of events, could have a material and adverse effect on the Group's ability to market its services and attract and retain customers. Failure to manage reputational risk effectively could also materially and adversely affect the Group's business, results of operations, financial condition and prospects.

Insurance risk

The Issuer maintains different insurance policies covering various aspects of its business. There is no guarantee that such insurance can be obtained on commercially reasonable terms or at all, or that any such coverage will sufficiently cover any losses suffered by the Issuer. The Issuer's insurance policies are generally renewed on an annual basis and there can be no assurance that it will be able to renew all its policies or obtain new policies on similar terms. Liabilities may exceed the Issuer's available insurance coverage or arise from claims outside the scope of its insurance coverage. In the event that the amount of such claims exceed the coverage of the general insurance policies which the Issuer has taken up, the Issuer may be liable for shortfalls in the amounts claimed and its business, results of operations, financial condition and prospects may be materially and adversely affected.

Foreign currency risk

The Group's revenue, costs, debts, capital expenditure and investments are mainly denominated in Singapore Dollars and several other currencies such as US Dollars, Australian Dollars and Euros. The Group is also exposed to currencies such as Chinese Renminbi, Malaysian Ringgit, Indian Rupees, Indonesian Rupiah, Hong Kong Dollars, Philippines Pesos, Maldives Rufiyaa, New Taiwan Dollars, Japanese Yen, Vietnamese Dong and Saudi Riyal. Consequently, portions of the Group's costs, profit margins and asset values are affected by fluctuations in the exchange rates among the above-mentioned currencies. The impact of future exchange rate fluctuations on the Group's cost, profit margins and asset values cannot be accurately predicted. Some of the currencies may not be convertible or exchangeable or may be subject to exchange controls.

The reporting currency for the Group is Singapore Dollars. Exchange rate gains or losses will arise when the assets and liabilities in foreign currencies are translated or exchanged into Singapore Dollars for financial reporting or repatriation purposes. If the foreign currencies depreciate against the Singapore Dollar, this may materially and adversely affect the consolidated financial statements of the Group.

Interest rate risk

The interest cost to be borne by the Group for its floating interest rate borrowings (if any) will be subject to fluctuations in interest rates. In addition, the Group is subject to market disruption clauses contained in its loan agreements with banks. Such clauses state that to the extent that banks face difficulties in raising funds in the interbank market or pay materially more for interbank deposits than the displayed screen rates, they may pass on the higher costs of funds to the borrower despite the margins agreed. Furthermore, although the Group may enter into some hedging transactions to partially mitigate the risk of interest rate fluctuations, there can be no assurance that its exposure to interest rate fluctuations will be adequately covered. As a result, the Group's business, results of operations, financial condition and prospects may be materially and adversely affected by interest rate fluctuations.

Counterparty and credit risk

The Group may be exposed to the risk of monetary loss if any of its counterparties, such as its suppliers or customers, encounters difficulty in meeting their obligations under the terms of their respective agreements. While the Group manages such risk by limiting the aggregate exposure to any individual counterparty, this may not always be possible. Any such increase in counterparty risk could adversely affect the Group. If the counterparties of the Group are unable to fulfil their contractual obligations or experiences a decline in creditworthiness, this may materially and adversely affect the Group's business, results of operations, financial condition and prospects.

Litigation risk

The Group's operations involve inherent risks to a person's property. For instance, poor management or services on the Issuer's part could result in the loss of cargo. Defending private actions can be costly and time-consuming. If a judgment against the Group were to be rendered, the Group may be exposed to substantial financial liabilities, which may not be covered or adequately covered by insurance.

Due to risks of litigation, the Group is also exposed to liability arising from its normal operations. To meet the cost of such contingencies, the Group is presently insured against liability towards customers, passengers and third parties arising in connection with its operations.

Fraud risk

Fraud or other misconduct by employees (such as unauthorised business transactions and breaches of the Group's internal policies and procedures) or third parties (such as breach of law) may be difficult to detect and prevent and could subject the Group to financial loss, loss of commercially sensitive data, sanctions imposed by governmental authorities and seriously harm the Group's reputation. The Group's risk management systems, IT systems, and internal control procedures are designed to monitor the Group's operations and overall compliance. However, the Group may not be able to identify non-compliance matters in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud or other misconduct and the precautions that the Group takes to prevent and detect such activities may not be effective. Consequently, there exists the risk that fraud or other misconduct may have previously occurred but remains undetected, or may occur in the future. This could materially and adversely affect the Group's business, results of operations, financial condition and prospects.

Joint venture risk

From time to time the Group enters into joint ventures and may incur obligations and liabilities as a result. Such obligations and liabilities may continue notwithstanding the termination of, or disposal by the Group of its interest in, the joint venture. Disagreements may occur between the Group and a joint venture partner regarding the business and operations of the joint venture which may not be resolved amicably. In addition, a joint venture partner of the Group may (i) have economic or business interests or goals that are not aligned with those of the Group; (ii) take actions contrary to the Group's instructions, requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the scope of their responsibilities and obligations.

If a joint venture partner of the Group is unable to fulfil its contractual obligations or experiences a decline in creditworthiness, the performance of the Group's joint venture entity may be materially and adversely affected which in turn may materially and adversely affect the Group's business, results of operations, financial condition and prospects.

The Group's international operations may subject it to additional risks

As at the Latest Practicable Date, the Issuer has a multinational business with a presence in 13 countries, 62 cities and has operations in 60 airports. As a result of the Group's international operations, the Group will have to comply with the legislative and regulatory frameworks of many different jurisdictions. In the event that the Group does not fully comply with such laws and regulations in the conduct of its business or operations, there can be no assurance that any such non-compliance would not have a material and adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group may also be subject to political and social uncertainties in some of the countries (including emerging economies) in which it plans to extend its operations. Any disruption or volatility in the political or social environment in these countries may have a material and adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group may experience limited availability of funds

The development of additional facilities and expansion projects are capital intensive and require significant capital expenditure. The Group may not be able to fulfil all its funding requirements from the resources available to it and may need to look for additional sources of finance, which may not be readily available, or may not be available on commercially reasonable terms. The Group is required to make capital expenditures to maintain, upgrade and expand its facilities to keep pace with competitive developments, technological advances and evolving safety standards in the industries in which the Group operates. Any significant change in the contemplated financial requirements and development costs may have a material and adverse effect on the Group's business, results of operations, financial condition and prospects. If the Group decides to incur more debt, its interest payment obligations will increase and it may be subject to additional restrictive conditions from lenders. In addition, the pursuit of business opportunities may require it to have access to a significant amount of capital.

The Group's ability to finance its capital expenditure plans is also subject to a number of risks, contingencies and other factors, some of which are beyond its control, including tariff regulations, borrowing or lending restrictions imposed by applicable government regulations and general economic and capital market conditions. No assurance can be given that the Group will be able to raise sufficient funds to meet its capital expenditure requirements on terms acceptable to it or at all. If it is unable to raise the capital required by its businesses on commercially acceptable terms or at all, or experiences any delays in raising such funds, there could be a material and adverse effect on its ability to complete its projects and on the Group's profitability. Further, any consolidation in the banking industry in Singapore and/or elsewhere in Asia may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to one company or sector.

RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES

Limited liquidity of the Notes issued under the MTN Programme

There can be no assurance regarding the future development of the market for the Notes issued under the MTN Programme or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes. The Notes may have no established trading market when issued, and one may never develop. Even if a market for the Notes does develop, there can be no assurance as to the liquidity or sustainability of such market. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes would generally have a more limited secondary market and more price volatility than conventional debt securities.

Illiquidity may have a severely adverse effect on the market value of the Notes. Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

Fluctuation of market value of Notes issued under the MTN Programme

Trading prices of the Notes are influenced by numerous factors, including the financial condition, results of operations and future prospects of the Issuer, its subsidiaries and/or its associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or its associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or its associated companies (if any) operate or have business dealings, could have a material adverse effect on the financial condition, results of operations and future prospects of the Issuer, its subsidiaries and/or its associated companies (if any).

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Notes.

Interest Rate Risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Singapore Tax Risk

The Notes to be issued from time to time under the MTN Programme, during the period from the date of this Information Memorandum to 31 December 2023 are, pursuant to the ITA and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by MAS on 31 May 2018, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Singapore Taxation" herein.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

The Notes are not secured

The Notes and the Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation, rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present or future.

Accordingly, on a winding-up of the Issuer at any time prior to maturity of any Notes, the Noteholders will not have recourse to any specific assets of the Issuer and its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Notes and/or Coupons owed to the Noteholders and there can be no assurance that there would be sufficient value in the assets of the Issuer after meeting all claims ranking ahead of the Notes, to discharge all outstanding payment and other obligations under the Notes and/or Coupons owed to the Noteholders.

Application of Singapore insolvency and related laws to the Issuer may result in a material adverse effect on the Noteholders

There can be no assurance that the Issuer will not become bankrupt or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on the Noteholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Noteholders.

Where the Issuer is insolvent and undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer. It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to sue the Issuer, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

In respect of company-initiated creditor schemes of arrangement, recent amendments have also introduced cram-down provisions for where there is a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class. In such a scenario, Noteholders may be bound by a scheme of arrangement to which they may have dissented.

The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s)

Notes issued under the MTN Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear, Clearstream, Luxembourg, CDP and/or any other clearing system (a "**Clearing System**"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. The relevant Clearing System(s) will maintain records of their direct account holders in relation to the Global Notes.

While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to CDP or such other clearing system, as the case may be, for distribution to their account holders. A holder of beneficial interest in the Global Notes must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets;

(v) understand thoroughly the nature of all those risks before making a decision to invest in the Notes; and

(vi) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how such Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to, *inter alia*, determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The value of the Notes could be adversely affected by a change in Singapore law or administrative practice

The terms and conditions of the Notes are based on Singapore law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of this Information Memorandum and any such change could materially adversely impact the value of any Notes affected by it.

Performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent and/or the Agent Bank of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstance, be able to fulfil its obligations to the Noteholders and the Couponholders.

The Trustee may request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances (pursuant to Condition 10), the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Noteholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such action directly.

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem such Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may be issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Exchange rate risks and exchange controls may result in Noteholders receiving less principal or interest than expected

The Issuer will pay principal and interest on the Notes in the currency in which the Notes are denominated (the "**Specified Currency**"). This presents certain risks relating to currency conversions if the Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency or the Specified Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Noteholders may receive less principal and/or interest than expected, or no principal and/or interest at all.

Provisions in the Trust Deed and the Conditions of the Notes may be modified

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide that the Trustee may, without the consent of the Noteholders, agree to (i) any modification of any of the provisions of the Trust Deed which is in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Variable Rate Notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Issuer's ability to comply with its obligation to repay the Notes may be dependent upon the earnings of, and distributions by, the members of the Group and future performance of the Group

The Issuer's ability to comply with its obligation to repay the Notes may depend on the earnings of the Group and the distribution of funds amongst members of the Group, primarily in the form of dividends. Whether or not the members of the Group can make distributions to the Issuer will depend on distributable earnings, cash flow conditions, restrictions that may be contained in the debt instruments of its members, applicable law and other arrangements. These restrictions could reduce the amount of distributions that the Issuer receives from its members, which would restrict the Issuer's ability to fund its business operations and to comply with its payment obligations under the Notes.

In addition, principal or interest payments on the Issuer's indebtedness, including the Notes, occur at specified periods regardless of the performance of the Issuer and/or the Group. The ability of the Issuer to make such scheduled principal or interest payments on its indebtedness, including the Notes, and to fund its growth aspirations, will depend on the Group's future performance and its ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this section "Risk Factors", many of which are beyond the control of the Issuer. The Issuer may be unable to make principal or interest payments on its indebtedness, including the Notes, should it suffer a serious decline in net operating cash flows. If the Issuer's future cash flow from operations and other capital resources are insufficient to pay its debt obligations, including the Notes, or to fund its other liquidity needs, it may be forced to sell assets, attempt to restructure or refinance its existing indebtedness. No assurance can be given that the Issuer would be able to accomplish any of these measures on a timely basis or on satisfactory terms or at all.

Notes issued under the MTN Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity

Notes issued under the MTN Programme will be new Notes which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar Notes, general economic conditions and the financial condition of the Issuer. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at their fair market value or at all.

Although an application has been made for the Notes issued under the MTN Programme to be admitted to listing on the SGX-ST, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of notes similar to the Notes to be issued under the MTN Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

PURPOSE OF THE MTN PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Notes under the MTN Programme (after deducting issue expenses) will be used for general corporate purposes (including general working capital, capital expenditure and capital management) and investing in value creating opportunities (including making long term strategic investments and/or acquisitions) and refinancing the borrowings of the Issuer and/or the Group.

CLEARING AND SETTLEMENT

Clearance and settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third Business Day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the SFA to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer, the Arrangers nor any other persons involved in the MTN Programme accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

1. Interest and other payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the MTN Programme as a whole was arranged by DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, each of which was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) at such time, any tranche of the Notes (the **"Relevant Notes"**) issued as debt securities under the MTN Programme during the period from the date of this Information Memorandum to 31 December 2023 would be, pursuant to the ITA and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by MAS on 31 May 2018 (the "**MAS Circular**"), qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and "**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme (the "**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the issuer, or such other person as MAS may direct, to MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as MAS may specify and such other particulars in connection with the QDS as MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where –

  (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and

  (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

(aa) any related party of the Issuer; or

(bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

Pursuant to the Singapore Budget Statement 2018 and the MAS Circular, the QDS Plus Scheme will be allowed to lapse after 31 December 2018, but debt securities with tenures of at least 10 years which are issued on or before 31 December 2018 can continue to enjoy the tax concessions under the QDS Plus Scheme if the conditions of such scheme as set out above are satisfied.

2. Capital gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard ("**FRS**") 39 or FRS 109, may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39 or FRS 109. Please see the section below on "Adoption of FRS 39 and FRS 109 for Singapore income tax purposes".

3. Adoption of FRS 39 and FRS 109 for Singapore income tax purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement".

FRS 109 is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

The Arrangers, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business. The Issuer may from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as may be specified in the applicable Pricing Supplement).

In connection with each Tranche of Notes issued under the MTN Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers and/or their respective affiliates may place orders, receive allocations and purchase Notes for their own account (without a view to distributing such Notes) and such orders and/or allocations of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Securities or other securities otherwise than in connection with the offering. Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Notes to the Arrangers, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the MTN Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager), of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

European Union

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(i) the expression "**retail investor**" means a person who is one (or more) of the following:

  (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**");

  (b) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (c) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and

(ii) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer will be required to represent and agree in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(i) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer will be required to represent, warrant and agree that:

(i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the MTN Programme will be required to represent, warrant and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

A reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required. Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors of the Issuer are set out below:

Name	Position
Ms. Goh Yiu Kiang Euleen	Chairman
Mr. Alexander Charles Hungate	Director
Mr. Achal Agarwal	Director
Mr. Chia Kim Huat	Director
Mr. Kok Pak Kuan	Director
Ms. Tan Soon Neo Jessica	Director
Mr. Tan Soo Nan @ Tan Soo Nam	Director
Mr. Yap Chee Meng	Director
Mr. Yap Kim Wah	Director

SHARE CAPITAL

2. As at the Latest Practicable Date, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Constitution of the Issuer.

3. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital (Number)	Issued Share Capital (S$)
Ordinary Shares	1,124,056,275	336,004,258.92

BORROWINGS

4. As at the Latest Practicable Date, the borrowings of the Group are as disclosed in Appendix II to this Information Memorandum.

WORKING CAPITAL

5. After taking into account the present banking facilities, the Issuer will have adequate working capital for their present requirements.

CHANGES IN ACCOUNTING POLICIES

6. Save as disclosed in Appendix III, there have been no significant changes in the accounting policies of the Issuer since its audited financial accounts for FY 2017-2018.

LITIGATION

7. There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Issuer the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Group.

CONSENT

8. The Auditors have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

MATERIAL ADVERSE CHANGE

9. There has been no material adverse change in the financial condition or business operations of the Issuer since 30 June 2018.

DOCUMENTS AVAILABLE FOR INSPECTION

10. Copies of the following documents may be inspected at the registered office of the Issuer at 20, Airport Boulevard, SATS Inflight Catering Centre 1, Singapore 819659 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Constitution of the Issuer;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 8 above;

    (d) the audited accounts of the Issuer and its subsidiaries for FY 2017-2018; and

    (e) the interim unaudited results of the Issuer and its subsidiaries for the three-month period ended 30 June 2018.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

11. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED FINANCIAL STATEMENTS OF SATS LTD. AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The information in this Appendix II has been reproduced from the audited financial statements of SATS Ltd. and its subsidiaries for the financial year ended 31 March 2018 and has not been specifically prepared for inclusion in this Information Memorandum.

KPMG

SATS Ltd. and its subsidiaries
Registration Number: 197201770G

Annual Report
Year ended 31 March 2018

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 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors:

(a) The financial statements set out on pages 13 to 109 give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 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; 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	
Thierry Breton	
Chia Kim Huat	
Koh Poh Tiong	
Michael Kok Pak Kuan	
Jessica Tan Soon Neo	(Appointed on 17 April 2017)
Tan Soo Nan	
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:

	Direct interest		Deemed interest	
Name of Director	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
Ordinary shares				
Alexander Charles Hungate	495,236	1,255,636	–	–
Euleen Goh Yiu Kiang	22,774	22,774	–	–
Michael Kok Pak Kuan	30,000	30,000	–	–
Tan Soo Nan	10,000	10,000	–	–
Chia Kim Huat	2,190	2,190	–	–
Award under SATS Restricted Share Plan ("RSP")				
Alexander Charles Hungate(1)	351,400	354,200	–	–
Award under SATS Performance Share Plan ("PSP")				
Alexander Charles Hungate(2)	1,480,000	1,650,000	–	–

(1) 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, 161,000 shares were awarded and 190,400 shares were vested.

(2) 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, 550,000 shares were awarded and 570,000 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 2018.

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. DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

6. SHARE-BASED PAYMENTS

(i) Employee Share Option Plan

The SATS Employee Share Option Plan (the "**Share Option Plan**"), which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees, was adopted in connection with the initial public offering undertaken by the Company in 2000 and a summary of which was set out in the Prospectus issued by the Company dated 4 May 2000. The Share Option Plan was modified at an Extraordinary General Meeting held on 7 July 2001 and was subsequently modified by the Company (as announced on 4 June 2003) and at Extraordinary General Meetings held on 19 July 2003 and 20 July 2004.

Under the Share Option Plan, all options to be issued will have a term no longer than 10 years from the date of grant. The exercise price of the option will be the average of the closing prices of the Company's ordinary shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the five market days immediately preceding the date of grant. The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

Under the Employee Share Option Scheme, options will vest two years after the date of grant. Under the Senior Executive Share Option Scheme, options will vest:

(a) one year after the date of grant for 25% of the ordinary shares subject to the options;
(b) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;
(c) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and
(d) four years after the date of grant for the remaining 25% of the ordinary shares subject to the options.

No options have been granted to Directors of the Company, controlling shareholders of the Company or their associates. No employee has received 5% or more of the total number of options available under the Share Option Plan. The Company has ceased to issue further grants of share options since the last grant in July 2008.

At the end of the financial year, options to take up 752,500 unissued ordinary shares in the Company were outstanding:

Date of grant	Balance at 1.4.2017	Forfeited/ Lapsed	Exercised	Balance at 31.3.2018	Exercise price	Exercisable period
02.07.2007	2,195,000	(824,400)	(1,370,600)	–	$2.76	02.07.2009 - 01.07.2017
01.07.2008	1,091,900	(37,600)	(301,800)	752,500	$1.92	01.07.2010 - 30.06.2018
	3,286,900	(862,000)	(1,672,400)	752,500		

6. SHARE-BASED PAYMENTS (cont'd)

(ii) 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 FY2013-14 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
Koh Poh Tiong	Member
Michael Kok Pak Kuan	Member

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

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 1.4.2017/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2018
06.08.2014	491,900	(491,900)	–	–	–
03.08.2015	1,050,400	(538,600)	(16,800)	–	495,000
01.08.2016	1,345,000	(535,000)	(32,300)	267,500	1,045,200
01.08.2017	1,424,000	–	(47,500)	–	1,376,500
	4,311,300	(1,565,500)	(96,600)	267,500	2,916,700

Adjustments due to the performance factor at the end of the performance period upon meeting stated performance target.

PSP

	Number of performance shares				
Date of grant	Balance at 1.4.2017/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2018
20.10.2014	1,046,000	(1,569,000)	–	523,000	–
02.11.2015	1,570,000	–	–	–	1,570,000
01.08.2016	1,583,000	–	–	–	1,583,000
01.08.2017	1,622,000	–	–	–	1,622,000
	5,821,000	(1,569,000)	–	523,000	4,775,000

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

6. SHARE-BASED PAYMENTS (cont'd)

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

Based on the Monte Carlo simulation model, the estimated fair values at the date of grant for each share granted during the year under the RSP ranges from $4.39 to $4.71 (2017: $3.99 to $4.28) and the estimated weighted average fair values at the date of grant for each share granted during the year under the PSP are $1.70 (2017: $2.54).

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 2018 were 2,916,700 (2017: 2,887,300) and 4,775,000 (2017: 4,199,000) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from 1,540,200 to 3,192,000 (2017: 1,542,300 to 3,156,300) and zero to a maximum of 7,162,500 (2017: zero to maximum 6,298,500) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

7. 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.

8. INTERNAL CONTROL STATEMENT

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

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.

9. 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 28 May 2018

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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 statement of financial position of the Group and the Company as at 31 March 2018, the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 109.

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 Financial Reporting Standards in Singapore ("FRSs") 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 2018 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.

KPMG

Impairment of goodwill

Refer to note 2.15 'Impairment of non-financial and financial assets' and note 3.5 '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.

The key audit matter

The Group had goodwill of $112 million and $19 million allocated to the SATS Food Services ("SFS") and the TFK Corporation ("TFK") cash generating units ("CGUs") respectively as at 31 March 2018.

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. As at 31 March 2018, the recoverable amounts of the CGUs were higher than their carrying amounts.

The recoverable amounts are determined based on estimates of forecasted revenues, growth rates, profit margins, tax rates and discount rates. These estimates require judgement and the determination of the recoverable amounts is a key focus area for our audit.

How the matter was addressed in our audit

We assessed the governance process over the determination of estimates for forecasted revenues, growth rates, profit margins, tax rates and discount rates.

We challenged management's estimates applied in the value-in-use models based on our knowledge of the CGUs' operations, and compared them against historical forecasts 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, the review of the secured and lost contracts, and the analyses of the impact to the headroom when breakeven or independently derived discount rates were applied.

Findings

We observed that management has established governance processes over the estimates for forecasted revenues, growth rates, profit margins, tax rates and discount rates. We found the estimates applied in the value-in-use models to be reasonable and the cash flows to be in accordance with approved plans.

KPMG

Impairment of associates and joint ventures

Refer to note 2.15 'Impairment of non-financial and financial assets' and note 3.5 '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

The carrying value of associates and joint ventures amounted to $849 million, which accounted for 36.1% of the Group's total assets as at 31 March 2018.

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, the 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 forecasted revenues, growth rates, profit margins, tax rates and discount rates.

How the matter was addressed in 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. 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 forecasted revenues, 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, the review of secured and lost contracts, and the analyses of the impact to the recoverable amounts when breakeven or independently derived discount rates were applied.

Findings

We concluded that management's identification of CGUs and assessment of indicators of impairment were appropriate.

Where indicators of impairment existed, we found the estimates applied in the value-in-use models to be consistent with historical forecasts and performance and industry data and the estimated cash flows to be in accordance with approved plans.

KPMG

Accounting for business combinations

Refer to note 2.4 'Basis of consolidation and business combinations' and note 2.5 'Subsidiaries, associates and joint ventures' for relevant accounting policies and note 17 'Investment in subsidiaries', note 18 'Investment in associates' and note 19 'Investment in joint ventures' for details of accounting for business combinations.

The key audit matter

As part of the Group's strategy in streamlining and growing its business operations, the Group had made a number of business acquisitions and divestments during the financial year. These transactions were effected primarily by the transfer of cash or other assets, or incurring liabilities, in exchange for equity interests.

Such transactions could be complex and judgement was required in determining if these acquisitions and divestments resulted in the Group either having control, joint control or significant influence over the investee upon completion of the transactions. There was also inherent uncertainty in the determination of the fair values of the deemed and contingent consideration, assets transferred, identifiable assets and liabilities acquired and assumed in the transactions.

How the matter was addressed in our audit

We assessed the governance process over the determination of the appropriate accounting treatment to be adopted for acquisitions and divestments.

We assessed management's processes for selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the external valuation report. We considered management's methodology in arriving at the fair values of deemed and contingent consideration, assets transferred, identifiable assets and liabilities acquired and assumed in the transactions to determine if they were appropriate.

We reviewed the sale and purchase agreements and other related documents in relation to the transactions to determine if the classification of the acquisitions as subsidiaries, joint ventures or associates was appropriate.

Findings

We observed that management has established governance processes over the determination of appropriate accounting treatment for acquisitions and divestments. The Group's acquisitions and divestments were appropriately classified.

Estimates used in the determination of the fair values of the deemed and contingent consideration, assets transferred, identifiable assets and liabilities acquired and assumed were supported appropriately.

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.

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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.

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 FRSs, 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.

KPMG

- 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 Lau Kam Yuen.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 May 2018

SATS LTD. AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2017-18 $'000	2016-17 $'000
Revenue	4	1,724,584	1,729,365
Expenditure			
Staff costs	5	(833,348)	(856,651)
Cost of raw materials		(252,455)	(257,878)
Licence fees		(84,238)	(67,471)
Depreciation and amortisation charges		(78,468)	(73,498)
Company premise and utilities expenses		(103,471)	(109,591)
Other costs		(146,237)	(133,651)
		(1,498,217)	(1,498,740)
Operating profit	6	226,367	230,625
Interest on borrowings	7	(808)	(1,240)
Interest income	7	4,195	4,641
Share of results of associates/joint ventures, net of tax		71,155	65,197
Other non-operating income, net	8	20,677	9,841
Profit before tax		321,586	309,064
Income tax expense	9	(56,051)	(48,300)
Profit for the year		**265,535**	**260,764**
Profit attributable to:			
Owners of the Company		261,465	257,935
Non-controlling interests		4,070	2,829
		265,535	**260,764**
Earnings per share (cents)			
Basic	10	23.4	23.2
Diluted	10	23.2	23.0

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 2018

	2017-18	2016-17
	$'000	$'000
Profit for the year	265,535	260,764
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit plan	(918)	(57)
Items that are or may be reclassified subsequently to profit or loss:		
Share of changes in equity of an associate	–	3,903
Net fair value changes on available-for-sale assets	(233)	39
Foreign currency translation differences	(34,275)	17,697
Reclassification of foreign currency translation to profit or loss	1,812	–
	(32,696)	21,639
Other comprehensive (loss)/income for the year, net of tax	(33,614)	21,582
Total comprehensive income for the year	**231,921**	**282,346**
Total comprehensive income attributable to:		
Owners of the Company	227,188	276,794
Non-controlling interests	4,733	5,552
Total comprehensive income for the year	**231,921**	**282,346**

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

SATS LTD. AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	Group 31.3.2018 $'000	Group 31.3.2017 $'000	Company 31.3.2018 $'000	Company 31.3.2017 $'000
Equity attributable to owners of the Company					
Share capital	12	367,947	367,947	367,947	367,947
Treasury shares	12	(32,814)	(30,374)	(32,814)	(30,374)
Share-based compensation reserve	13	15,004	12,610	15,004	12,610
Statutory reserve	13	9,230	8,314	–	–
Foreign currency translation reserve	13	(143,410)	(111,130)	–	–
Revenue reserve		1,430,950	1,361,966	1,159,596	1,133,294
Other reserves	13	(12,826)	(5,854)	(13,819)	(10,556)
		1,634,081	1,603,479	1,495,914	1,472,921
Non-controlling interests		132,535	87,697	–	–
Total equity		**1,766,616**	**1,691,176**	**1,495,914**	**1,472,921**
Non-current assets					
Property, plant and equipment	14	560,114	538,655	27,928	15,867
Investment properties	15	8,912	10,396	229,466	252,847
Intangible assets	16	157,506	157,948	4,169	3,326
Investment in subsidiaries	17	–	–	536,472	536,219
Investment in associates	18	604,080	590,114	320,723	305,910
Investment in joint ventures	19	244,714	80,733	165,023	12,014
Long-term investments	20	19,987	25,292	–	–
Loan to subsidiaries	17	–	–	312,420	328,753
Deferred tax assets	21	10,693	11,602	–	–
Defined benefit plan	30	747	–	–	–
Other non-current assets	22	6,589	8,150	–	–
		1,613,342	1,422,890	1,596,201	1,454,936

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

SATS LTD. AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	Group 31.3.2018 $'000	Group 31.3.2017 $'000	Company 31.3.2018 $'000	Company 31.3.2017 $'000
Current assets					
Trade and other receivables	23	298,546	271,220	79,812	61,827
Prepayments and deposits		16,173	17,365	2,305	2,047
Amounts due from associates/ joint ventures	18,19	4,605	6,743	2,538	3,774
Loan to subsidiaries	17	–	–	217	900
Inventories	24	22,523	21,914	198	231
Cash and short-term deposits	25	373,278	505,804	211,592	300,686
Assets of disposal groups classified as held for sale	26	19,896	33,466	7,564	28,960
		735,021	856,512	304,226	398,425
Current liabilities					
Trade and other payables	27	331,611	316,148	203,235	229,723
Amounts due to joint ventures	19	3,493	4,878	–	–
Income tax payable		57,314	58,576	12,623	14,703
Term loans	28	9,850	9,998	–	–
Loan from subsidiaries	17	–	–	58,000	–
Finance leases	29	285	427	–	–
Liabilities of disposal group classified as held for sale	26	–	5,073	–	–
		402,553	395,100	273,858	244,426
Net current assets		332,468	461,412	30,368	153,999
Non-current liabilities					
Deferred tax liabilities	21	61,636	55,454	26,160	25,840
Term loans	28	96,034	97,481	96,034	97,481
Finance leases	29	251	721	–	–
Defined benefit plan	30	–	2,250	–	–
Other payables	27	21,273	37,220	8,461	12,693
		179,194	193,126	130,655	136,014
Net assets		**1,766,616**	**1,691,176**	**1,495,914**	**1,472,921**

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

SATS LTD. AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

GROUP	Note	Attributable to owners of the Company											
		Share Capital $'000	Treasury Shares $'000	Share-Based Compensation Reserve $'000	Statutory Reserve * $'000	Foreign Currency Translation Reserve $'000	Revenue Reserve $'000	Capital Reserve $'000	Gain/(Loss) on Reissuance of Treasury Shares $'000	Fair Value Reserve $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
Balance at 1 April 2017		367,947	(30,374)	12,610	8,314	(111,130)	1,361,966	4,638	(10,556)	64	1,603,479	87,697	1,691,176
Profit for the year		–	–	–	–	–	261,465	–	–	–	261,465	4,070	265,535
Other comprehensive income for the year		–	–	–	–	(32,280)	(1,854)	–	–	(143)	(34,277)	663	(33,614)
Total comprehensive income for the year		–	–	–	–	(32,280)	259,611	–	–	(143)	227,188	4,733	231,921
Contributions by and distributions to owners													
Share-based payment		–	–	10,636	–	–	–	–	–	–	10,636	–	10,636
Share options lapsed		–	–	(556)	–	–	556	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans		–	15,312	(7,686)	–	–	–	–	(3,263)	–	4,363	–	4,363
Purchase of treasury shares		–	(17,752)	–	–	–	–	–	–	–	(17,752)	–	(17,752)
Dividends, net	11	–	–	–	–	–	(190,267)	–	–	–	(190,267)	–	(190,267)
Total contributions by and distributions to owners		–	(2,440)	2,394	–	–	(189,711)	–	(3,263)	–	(193,020)	–	(193,020)
Others													
Share of other changes in equity of associated companies		–	–	–	–	–	–	(3,566)	–	–	(3,566)	–	(3,566)
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	41,385	41,385
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(1,280)	(1,280)
Transfer to statutory reserve		–	–	–	916	–	(916)	–	–	–	–	–	–
Balance at 31 March 2018		367,947	(32,814)	15,004	9,230	(143,410)	1,430,950	1,072	(13,819)	(79)	1,634,081	132,535	1,766,616

* Certain countries in which some of the 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.

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

SATS LTD. AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 2016		367,947	(47,199)	12,348	8,097	(126,644)	1,278,903	4,567	(7,293)	35	1,490,761	74,349	1,565,110
Profit for the year		–	–	–	–	–	257,935	–	–	–	257,935	2,829	260,764
Other comprehensive income for the year		–	–	–	–	15,514	3,316	–	–	29	18,859	2,723	21,582
Total comprehensive income for the year		–	–	–	–	15,514	261,251	–	–	29	276,794	5,552	282,346
Contributions by and distributions to owners													
Share-based payment		–	–	9,705	–	–	–	–	–	–	9,705	–	9,705
Share options lapsed		–	–	(247)	–	–	247	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans		–	18,210	(9,196)	–	–	–	–	(3,263)	–	5,751	–	5,751
Purchase of treasury shares		–	(1,385)	–	–	–	–	–	–	–	(1,385)	–	(1,385)
Dividends, net	11	–	–	–	–	–	(178,218)	–	–	–	(178,218)	–	(178,218)
Total contributions by and distributions to owners		–	16,825	262	–	–	(177,971)	–	(3,263)	–	(164,147)	–	(164,147)
Others													
Share of other changes in equity of associated companies		–	–	–	–	–	–	71	–	–	71	–	71
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	8,681	8,681
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(885)	(885)
Transfer to statutory reserve		–	–	–	217	–	(217)	–	–	–	–	–	–
Balance at 31 March 2017		367,947	(30,374)	12,610	8,314	(111,130)	1,361,966	4,638	(10,556)	64	1,603,479	87,697	1,691,176

* Certain countries in which some of the 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.

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

SATS LTD. AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 2017		367,947	(30,374)	12,610	1,133,294	(10,556)	1,472,921
Profit for the year		–	–	–	216,013	–	216,013
Total comprehensive income for the year		–	–	–	216,013	–	216,013
Contributions by and distributions to owners							
Share-based payment		–	–	10,636	–	–	10,636
Share options lapsed		–	–	(556)	556	–	–
Treasury shares reissued pursuant to equity compensation plans		–	15,312	(7,686)	–	(3,263)	4,363
Purchase of treasury shares		–	(17,752)	–	–	–	(17,752)
Dividends, net	11	–	–	–	(190,267)	–	(190,267)
Total contributions by and distributions to owners		–	(2,440)	2,394	(189,711)	(3,263)	(193,020)
Balance at 31 March 2018		**367,947**	**(32,814)**	**15,004**	**1,159,596**	**(13,819)**	**1,495,914**

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 2018

COMPANY	Note	Share Capital $'000	Treasury Shares $'000	Share-Based Compensation Reserve $'000	Revenue Reserve $'000	Gain/(Loss) on Reissuance of Treasury Shares $'000	Total Equity $'000
Balance at 1 April 2016		367,947	(47,199)	12,348	1,100,086	(7,293)	1,425,889
Profit for the year		–	–	–	211,179	–	211,179
Total comprehensive income for the year		–	–	–	211,179	–	211,179
Contributions by and distributions to owners							
Share-based payment		–	–	9,705	–	–	9,705
Share options lapsed		–	–	(247)	247	–	–
Treasury shares reissued pursuant to equity compensation plans		–	18,210	(9,196)	–	(3,263)	5,751
Purchase of treasury shares		–	(1,385)	–	–	–	(1,385)
Dividends, net	11	–	–	–	(178,218)	–	(178,218)
Total contributions by and distributions to owners		–	16,825	262	(177,971)	(3,263)	(164,147)
Balance at 31 March 2017		**367,947**	**(30,374)**	**12,610**	**1,133,294**	**(10,556)**	**1,472,921**

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 2018

	Note	2017-18 $'000	2016-17 $'000
Cash flows from operating activities			
Profit before tax		321,586	309,064
Adjustments for:			
Interest and investment income, net		(3,401)	(4,058)
Depreciation and amortisation charges		78,468	73,498
Unrealised foreign exchange loss/(gain)		7,585	(991)
Share of results of associates/joint ventures, net of tax		(71,155)	(65,197)
Gain on disposal of property, plant and equipment		(326)	(600)
Gain on disposal of assets held for sale		(15,543)	(9,301)
Write-back of earn-out consideration		(4,528)	–
Loss on divestment/dilution of interest in associates		–	717
Share-based payment expense		10,636	9,705
Gain on sale of investment		(266)	–
Other non-cash items		34	794
Operating cash flows before working capital changes		323,090	313,631
Changes in working capital:			
Increase in receivables		(24,263)	(2,271)
Decrease in prepayments and deposits		1,192	1,099
(Increase)/decrease in inventories		(609)	377
(Decrease)/Increase in payables		(1,790)	30,420
Decrease in amounts due from associates/joint ventures, net		753	8,569
Cash generated from operations		298,373	351,825
Interest paid to third parties		(1,526)	(1,593)
Income taxes paid		(51,301)	(41,308)
Net cash from operating activities		245,546	308,924
Cash flows from investing activities			
Capital expenditure	25	(99,233)	(88,124)
Dividends from associates/joint ventures		25,203	41,618
Dividends from long-term investment, gross		–	657
Proceeds from divestment of interest in associates		–	221
Proceeds from disposal of assets held for sale		34,791	20,644
Proceeds from disposal of property, plant and equipment		904	2,196
Investment in associates/joint ventures		(151,124)	(75,304)
Decrease/(increase) in long term investments		3,893	(24,535)
Interest received from deposits		3,363	2,987
Net cash used in investing activities		(182,203)	(119,640)

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

SATS LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2017-18 $'000	2016-17 $'000
Cash flows from financing activities			
Repayment of term loans		–	(6,627)
Repayment of finance leases and related charges		(606)	(445)
Proceeds from borrowings		–	366
Proceeds from exercise of share options		4,363	5,749
Dividends paid		(190,267)	(178,218)
Purchase of treasury shares		(17,752)	(1,385)
Capital contributions from non-controlling interests		8,751	8,681
Dividends paid to non-controlling interests		(1,280)	(885)
Net cash used in financing activities		(196,791)	(172,764)
Net (decrease)/increase in cash and cash equivalents		(133,448)	16,520
Effect of exchange rate changes		(1,640)	1,983
Cash and cash equivalents at beginning of financial year		508,366	489,863
Cash and cash equivalents at end of financial year	25	**373,278**	**508,366**

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

The consolidated financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Directors on 28 May 2018.

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 consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("**FRS**").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 Changes in accounting policies and estimates

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which were effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Disclosure Initiative (Amendments to FRS 7)

From 1 April 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 March 2018. Comparative information has not been presented (Note 28).

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective (cont'd)

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2017 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have a significant effect on the financial statements of the Company in future financial periods, the Company has commenced the process of assessing the transition options, and the potential impact of these changes on its financial statements. The Company does not plan to adopt these standards early.

The Group is required to adopt FRS 109 *Financial Instruments* and FRS 115 *Revenue from Contracts with Customers* from 1 April 2018. The Group has assessed the estimated impact that the initial application of FRS 109 and FRS 115 will have on its financial statements. The Group expects no significant impact of these changes to its financial statements.

Applicable to Financial Year 2018-19 financial statements

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its FY2018-19 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

During FY2017-18, the Group completed its assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant impact on its opening equity.

FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Applicable to Financial Year 2018-19 financial statements (cont'd)

FRS 109 *Financial Instruments (cont'd)*

During FY2017-18, the Group completed its assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant impact to its net assets and net profit. The Group plans to adopt the standard when it becomes effective in FY2018-19 without restating comparative information.

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014, that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 March 2019 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 First-time adoption of International Financial Reporting Standards for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 Revenue from Contracts with Customers and SG-IFRS 9 Financial Instruments will be similar to adopting FRS 115 and FRS 109 as described in this Note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group will perform detailed analysis of certain available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

Applicable to Financial Year 2019-20 financial statements

FRS 116 *Leases*

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Applicable to Financial Year 2019-20 financial statements (cont'd)

FRS 116 *Leases (cont'd)*

The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease terms run down.

The Group plans to adopt the standard when it becomes effective in FY2019-20. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients.

The Group expects that the impact on adoption of IFRS 16 Leases to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in FY2018-19 as described above.

Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Group's and the Company's financial statements.

- Classification and Measurement of Share-based Payment Transactions (Amendments to FRS 102);
- Transfers of Investment Property (Amendments to FRS 40);
- Deletion of short-term exemptions for first-time adopters (Amendments to FRS 101);
- Measuring an Associate or Joint Venture at Fair Value (Amendments to FRS 28);
- Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts (Amendments to FRS 104);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to FRS 110 and FRS 28);
- INT FRS 122 Foreign Currency Transactions and Advance Consideration; and
- INT FRS 123 Uncertainty over Income Tax Treatments.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Basis of consolidation (cont'd)

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.

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 another FRS.

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 negative goodwill in profit or loss on the acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, 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 the Company's separate financial statements, 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 the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

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.

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 is accounted as 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Associates and joint ventures (cont'd)

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.

2.7 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 and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. 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 that are measured in terms of historical cost in a foreign currency 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Foreign currency (cont'd)

Transactions and balances (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing 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 2.20. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Property, plant and equipment (cont'd)

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.

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

Freehold buildings	–	50 to 55 years
Leasehold land and buildings	–	according to the lease period or 30 years whichever is the shorter
Office fittings and fixtures and office and commercial equipment	–	1 to 12 years
Fixed and mobile ground support equipment and motor vehicles	–	1 to 12 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.

a) 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)

b) 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.

c) 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 years.

2.11 Financial assets

Initial recognition and measurement

Financial assets 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

c) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial assets (cont'd)

Subsequent measurement (cont'd)

c) Available-for-sale financial assets (cont'd)

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

The fair value of quoted investments is generally determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions or reference to the current market value of another instrument (which is substantially the same). For investments where there is no active market and where fair value cannot be reliably measured, they are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

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. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Cash and short-term deposits

Cash and short-term deposits are defined as cash on hand and demand deposits.

Cash on hand and demand deposits are classified and accounted for as loans and receivables.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash on hand and short-term deposits in banks, net of outstanding bank overdrafts.

2.14 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

2.15 Impairment of non-financial and financial assets

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Impairment of non-financial and financial assets (cont'd)

Non-financial assets (cont'd)

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.

Financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Impairment of non-financial and financial assets (cont'd)

Financial assets (cont'd)

b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial liabilities

Initial recognition and measurement

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.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit and loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process. Financial liabilities that are carried at fair value through profit and loss are subsequently measured at fair value.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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.

2.17 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22.

2.19 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Taxes (cont'd)

Deferred tax (cont'd)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 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.

2.21 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 above 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. 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.

This cost is 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Employee benefits (cont'd)

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 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
- 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.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Rendering of services

Revenue from ground handling, inflight and institutional catering, aviation security services, airline laundry, airport cargo delivery management services and cruise terminal services is recognised upon rendering of services. Revenue from manufacturing and exporting chilled and frozen processed foods is recognised upon delivery and acceptance of goods sold.

b) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

c) Dividend income

Dividend income from investments is recognised when the Group's right to receive payment is established.

d) Interest income

Interest income from investments and fixed deposits is recognised using the effective interest rate method.

2.23 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.

2.24 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)

2.25 Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

The Group uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. For more details, refer to Note 28.

2.26 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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 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 FRSs requires management to make judgements, estimates and assumptions that affect that 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 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.

3.2 Useful lives of property, plant and equipment and investment properties

The Group reviews the useful lives of property, plant and equipment and investment properties, in accordance with the accounting policies stated in Note 2.8 and Note 2.9 respectively.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

3.3 Defined benefit plan

The costs of defined benefit pension plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds in the respective currencies with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 30.

3.4 Employee compensation plans

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they 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. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

3.5 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use for calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will 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.

Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 16 to the financial statements.

3.6 Consolidation; whether the Group has control over an investee

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

4. REVENUE

Revenue comprises revenue from Food Solutions, Gateway Services, rental income and others services provided by the Company and the Group. Food Solutions refers to inflight and institutional catering, food processing, distribution and airline laundry services while Gateway Services includes ground handling, airport cargo delivery, management services, aviation security services and cruise terminal services. It excludes dividends, interest income and, in respect of the Group, intra-group transactions.

	GROUP	
	2017-18	2016-17
	$'000	$'000
Food Solutions	946,638	973,347
Gateway Services	776,510	754,601
Others (rental and other services)	1,436	1,417
	1,724,584	1,729,365

5. STAFF COSTS

	GROUP	
	2017-18	2016-17
	$'000	$'000
Salaries, bonuses and other costs *	736,317	759,862
CPF and other defined contributions	84,524	84,572
Share-based compensation expense (Note 12)	10,636	9,705
Defined benefit plan (Note 30)	1,871	2,512
	833,348	856,651

* Included in salaries, bonuses and other costs are contract labour expenses of $126,027,000 (2017: $113,402,000).

6. OPERATING PROFIT

	GROUP	
	2017-18	2016-17
	$'000	$'000
The following items have been included in arriving at operating profit:		
Directors' fees (Note 31)	1,005	867
Audit fee paid to auditors of the Company	528	435
Audit fee paid to other auditors	295	240
Non-audit fee paid to auditors of the Company	73	71
Non-audit fee paid to other auditors of the Company	24	19
(Write-back)/allowance of doubtful receivables and bad debts written off, net	(166)	711
Maintenance of equipment and vehicles	39,432	40,093
IT expenses	19,997	22,005
Lease of ground support equipment	8,335	7,859
Rental for leasehold land and premises	16,713	15,310
Exchange loss/(gain), net	7,585	(991)

7. INTEREST ON BORROWINGS AND INTEREST INCOME

	GROUP	
	2017-18	2016-17
	$'000	$'000
Interest expenses on loan from third parties	(808)	(1,240)
Interest income from third parties	4,195	4,641
	3,387	3,401

8. OTHER NON-OPERATING INCOME, NET

	GROUP	
	2017-18	2016-17
	$'000	$'000
Dividends from long-term investment, gross	14	657
Gain on disposal of property, plant and equipment	326	600
Gain on disposal of assets held for sale	15,543	9,301
Write-back of earn-out consideration	4,528	–
Loss on divestment/dilution of interest in associates	–	(717)
Gain on sales of investment	266	–
	20,677	9,841

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2018 and 2017 are:

	GROUP	
	2017-18	2016-17
	$'000	$'000
Current income tax :		
Current income taxation	49,142	46,384
(Over)/under provision in respect of prior years	(1,483)	131
	47,659	46,515
Deferred income tax (Note 21):		
Origination and reversal of temporary differences	5,025	2,820
Under/(over) provision of deferred taxation in respect of prior years	323	(3,543)
Withholding tax expenses on share of results of associates/joint ventures	3,044	2,508
Income tax expense recognised in profit or loss	56,051	48,300

9. INCOME TAX EXPENSE (cont'd)

Reconciliation of effective tax rate

	GROUP 2017-18 $'000	GROUP 2016-17 $'000
Profit before tax	321,586	309,064
Taxation at statutory tax rate of 17% (2017: 17%)	54,670	52,541
Adjustments:		
Non-deductible expenses	13,295	12,268
Effect of different tax rates in other countries	3,055	1,286
Effect of reduction in tax rate	(46)	80
Tax rebate	(452)	(1,624)
(Over)/under provision of current taxation in respect of prior years	(1,483)	131
Under/(over) provision of deferred taxation in respect of prior years	323	(3,543)
Utilisation of previously unrecognised tax losses/capital allowances	(1,625)	(273)
Tax exempt income	(6,079)	(6,879)
Effect of share of results of associates/joint ventures	(10,265)	(8,939)
Withholding tax expenses on share of results of associates/joint ventures	3,044	2,508
Deferred tax assets not recognised	1,473	808
Others	141	(64)
Income tax expense recognised in profit or loss	56,051	48,300

10. EARNINGS PER SHARE

	GROUP 2017-18 $'000	GROUP 2016-17 $'000
Profit attributable to owners of the Company	261,465	257,935

	GROUP 2017-18	GROUP 2016-17
Weighted average number of ordinary shares in issue used for computing basic earnings per share	1,117,220,366	1,112,239,516
Adjustment for share options, RSP and PSP	7,865,518	8,480,475
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	1,125,085,884	1,120,719,991
Earnings per share (cents)		
Basic	23.4	23.2
Diluted	23.2	23.0

10. EARNINGS PER SHARE (cont'd)

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 AND PROPOSED

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

	GROUP AND COMPANY	
	2017-18	2016-17
	$'000	$'000
Dividends paid:		
Final dividend of 11 cents (2017: 10 cents) per ordinary share in respect of previous financial year	123,113	111,357
Interim dividend of 6 cents (2017: 6 cents) per ordinary share in respect of current financial year	67,154	66,861
	190,267	178,218

Proposed but not recognised as a liability as at 31 March 2018:

	2017-18
	$'000
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:	
Final dividend of 12 cents per ordinary share (one-tier tax exempt)	133,901

12. SHARE CAPITAL AND TREASURY SHARES

Share Capital

	GROUP AND COMPANY 31 March			
	2018	2017	2018	2017
	Number of shares		$'000	$'000
Issued and fully paid share capital				
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. The ordinary shares have no par value.

12 SHARE CAPITAL AND TREASURY SHARES (cont'd)

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			
	2018	2017	2018	2017
	Number of shares		$'000	$'000
Balance at beginning of the year	9,547,355	15,053,333	30,374	47,199
Shares acquired during the year	3,470,000	295,000	17,752	1,385
Shares reissued pursuant to equity compensation plans during the year	(4,806,900)	(5,800,978)	(15,312)	(18,210)
Balance at end of the year	8,210,455	9,547,355	32,814	30,374

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

During the year, 4,806,900 (2017: 5,800,978) treasury shares were reissued pursuant to the equity compensation plans of which 1,672,400 (2017: 2,405,625) were reissued for the Employee Share Option Plan, 1,565,500 (2017: 2,038,853) were reissued for the Restricted Share Plan, and 1,569,000 (2017: 1,356,500) were reissued for the Performance Share Plan.

Employee Share Option Plan

During the year, 1,672,400 (2017: 2,405,625) options were exercised under the SATS Employee Share Option Plan (the "Plan"), which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees. These options were fully exercised by reissuance of 1,672,400 (2017: 2,405,625) treasury shares.

Information with respect to the number of options granted under the Plan is as follows:

	GROUP 31 March			
	2018		2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	3,286,900	$2.48	6,208,785	$2.41
Exercised	(1,672,400)	$2.61	(2,405,625)	$2.39
Forfeited/Lapsed	(862,000)	$2.72	(516,260)	$2.08
Outstanding at end of the year	752,500	$1.92	3,286,900	$2.48
Exercisable at end of the year	752,500	$1.92	3,286,900	$2.48

12 SHARE CAPITAL AND TREASURY SHARES (cont'd)

Employee Share Option Plan (cont'd)

Fair values of the options

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted each year under the Plan. The estimate of the fair value of the services received is measured based on a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. There were no options granted during the year and in prior year.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of options were incorporated into the measurement of fair value.

	GROUP	
	2017-18	2016-17
	$'000	$'000
Proceeds received from share options exercised	4,363	5,749

Terms of share options outstanding as at 31 March 2018:

Exercise period	Exercise Price	Number Outstanding	Number Exercisable
01.07.2010 - 30.06.2018	$1.92	752,500	752,500
		752,500@	752,500

@ The total number of options outstanding includes 57,200 (2017: 381,600) share options not exercised by employees who have retired or ceased to be employed by SATS or any of its subsidiary companies by reason of (i) ill health, injury, disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Remuneration Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier.

Details of movements of share options:

Date of grant	Balance at 1.4.2017	Forfeited/ Lapse	Exercised	Balance at 31.3.2018	Exercise price	Exercisable period
02.07.2007	2,195,000	(824,400)	(1,370,600)	–	$2.76	02.07.2009 – 01.07.2017
01.07.2008	1,091,900	(37,600)	(301,800)	752,500	$1.92	01.07.2010 – 30.06.2018
	3,286,900	(862,000)	(1,672,400)	752,500		

The exercise prices for options outstanding at the end of the year is $1.92 (2017: $1.92 - $2.76). The weighted average remaining contractual life for these options is 0.25 years (2017: 0.58 years).

The weighted average share price for options exercised during the year was $5.09 (2017: $4.47).

The Company has ceased to issue further grants of share options since the last grant in July 2008.

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")	Performance Share Plan ("PSP")
For grants in FY2014-15 to FY2017-18		
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.	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	Group ROE^ performance.	• Absolute TSR • Relative TSR
Vesting Condition	Equal vesting over a three-year period.	Vesting based on meeting specified performance conditions over a three-year performance period.
Payout	0% - 120% depending on the achievement based on prior financial year.	0% - 150% depending on the achievement of specified performance targets over the performance period.

^ ROE denotes Returns on Equity.

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.

12 SHARE CAPITAL AND TREASURY SHARES (cont'd)

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP (cont'd)

The following table lists the inputs to the model used for the awards:

RSP	Aug 2017	Aug 2016	Aug 2015
Expected dividend yield (%)	Management's forecast		
Expected volatility (%)	14.5	13.3	14.4
Risk-free interest rate (%)	1.1 – 1.4	0.8 – 1.1	0.8 – 1.3
Expected term (years)	0.9 – 2.9	0.9 – 2.9	0.9 – 2.9
Share price at date of grant ($)	4.85	4.40	3.82

PSP	Aug 2017	Aug 2016	Nov 2015
Expected dividend yield (%)	Management's forecast		
Expected volatility (%)	14.5	13.3	15.3
Risk-free interest rate (%)	1.44	1.07	1.46
Expected term (years)	2.9	2.9	2.8
Index (for Relative TSR)	MSCI Asia Pac ex-Japan Industrial Index	MSCI Asia Pac ex-Japan Industrial Index	MSCI Asia Pac ex-Japan Industrial Index
Index Volatility (%)	12.95	14.18	13.18
Correlation with Index (%)	1.7	10.9	14.7
Share price at date of grant ($)	4.85	4.40	3.84

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.

The details of the movement of RSP and PSP shares award during the year are as follows:

RSP

	Number of restricted shares				
Date of grant	Balance at 1.4.2017/ Date of Grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2018
06.08.2014	491,900	(491,900)	–	–	–
03.08.2015	1,050,400	(538,600)	(16,800)	–	495,000
01.08.2016	1,345,000	(535,000)	(32,300)	267,500	1,045,200
01.08.2017	1,424,000	–	(47,500)	–	1,376,500
	4,311,300	(1,565,500)	(96,600)	267,500	2,916,700

Adjustments due to the performance factor at the end of the performance period upon meeting stated performance target.

12 SHARE CAPITAL AND TREASURY SHARES (cont'd)

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP (cont'd)

Based on the Monte Carlo simulation model, the estimated fair values at the date of grant for each share granted during the year under the RSP ranges from $4.39 to $4.71 (2017: $3.99 to $4.28).

PSP

		Number of performance shares			
Date of grant	Balance at 1.4.2017/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2018
20.10.2014	1,046,000	(1,569,000)	–	523,000	–
02.11.2015	1,570,000	–	–	–	1,570,000
01.08.2016	1,583,000	–	–	–	1,583,000
01.08.2017	1,622,000	–	–	–	1,622,000
	5,821,000	(1,569,000)	–	523,000	4,775,000

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 the date of grant for each share granted during the year under the PSP are $1.70 (2017: $2.54) 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 2018, were 2,916,700 (2017: 2,887,300) and 4,775,000 (2017: 4,199,000) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from 1,540,200 to 3,192,000 (2017: 1,542,300 to 3,156,300) and zero to a maximum of 7,162,500 (2017: zero to maximum 6,298,500) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

The total amount of share-based compensation 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	
	2017-18	2016-17
	$'000	$'000
Share-based compensation expense		
Restricted share plan	6,680	6,518
Performance share plan	3,956	3,187
	10,636	9,705

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 28).

(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

GROUP	Freehold land and buildings	Leasehold land and buildings	Office fittings and fixtures	Fixed ground support equipment	Mobile ground support equipment	Office and commercial equipment	Motor vehicles	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
At 1 April 2016	103,850	700,777	130,562	317,806	66,779	43,053	51,374	28,767	1,442,968
Translation	4,885	–	100	31	696	284	502	–	6,498
Reclassifications	–	–	19,042	8,819	1,731	941	–	(30,533)	–
Transfer from/(to) intangible assets (Note 16)	–	–	281	–	–	(200)	–	12	93
Additions (Note 25)	1,121	49	1,153	4,602	11,027	2,873	5,488	60,431	86,744
Transfer to assets held for sale (Note 26)	–	–	(1,850)	–	(21,622)	(463)	(90)	–	(24,025)
Disposals	(4,042)	–	(1,453)	(272)	(5,733)	(1,417)	(2,011)	–	(14,928)
Impairment	(11,066)	–	–	–	–	–	–	–	(11,066)
At 31 March 2017 and 1 April 2017	94,748	700,826	147,835	330,986	52,878	45,071	55,263	58,677	1,486,284
Translation	(1,660)	–	(1)	(50)	–	(130)	(221)	(145)	(2,207)
Reclassifications	–	5,759	8,403	26,709	210	1,681	83	(42,845)	–
Transfer to intangible assets (Note 16)	–	–	–	–	–	–	–	(200)	(200)
Additions (Note 25)	1,256	1,501	1,827	10,381	15,710	3,345	6,203	53,465	93,688
Disposals	(254)	–	(366)	(328)	(3,847)	(658)	(2,059)	–	(7,512)
At 31 March 2018	94,090	708,086	157,698	367,698	64,951	49,309	59,269	68,952	1,570,053

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP	Freehold land and buildings	Leasehold land and buildings	Office fittings and fixtures	Fixed ground support equipment	Mobile ground support equipment	Office and commercial equipment	Motor vehicles	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation									
At 1 April 2016	16,691	444,823	82,125	289,587	39,524	28,985	24,441	–	926,176
Translation	1,489	–	63	24	544	177	220	–	2,517
Transfers to intangible assets (Note 16)	–	–	–	–	–	(200)	–	–	(200)
Depreciation	5,148	24,562	9,444	7,100	7,086	4,189	5,122	–	62,651
Transfer to assets held for sale (Note 26)	–	–	(1,526)	–	(17,045)	(348)	(80)	–	(18,999)
Disposals	(2,991)	–	(1,291)	(213)	(5,732)	(1,391)	(1,832)	–	(13,450)
Impairment	(11,066)	–	–	–	–	–	–	–	(11,066)
At 31 March 2017 and 1 April 2017	9,271	469,385	88,815	296,498	24,377	31,412	27,871	–	947,629
Translation	(392)	(109)	(3)	(53)	(15)	(101)	(123)	–	(796)
Depreciation	4,932	27,475	11,440	9,168	7,421	4,758	5,186	–	70,380
Disposals	(74)	–	(322)	(320)	(3,847)	(627)	(1,549)	–	(6,739)
Disposal of subsidiary	–	–	(80)	–	(434)	(19)	(2)	–	(535)
At 31 March 2018	13,737	496,751	99,850	305,293	27,502	35,423	31,383	–	1,009,939
Carrying amounts									
At 1 April 2016	87,159	255,954	48,437	28,219	27,255	14,068	26,933	28,767	516,792
At 31 March 2017	85,477	231,441	59,020	34,488	28,501	13,659	27,392	58,677	538,655
At 31 March 2018	80,353	211,335	57,848	62,405	37,449	13,886	27,886	68,952	560,114

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY	Fixed ground support equipment	Mobile ground support equipment	Office and commercial equipment	Motor vehicles	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
At 1 April 2016	2,767	4	2,529	95	12,686	18,081
Reclassifications	2,422	–	40	–	(2,462)	–
Transfer to investment properties (Note 15)	–	–	–	–	(17,055)	(17,055)
Additions	15	–	2	46	19,377	19,440
Disposals	–	–	(110)	–	–	(110)
At 31 March 2017 and 1 April 2017	5,204	4	2,461	141	12,546	20,356
Reclassifications	–	–	447	–	(447)	–
Transfer to investment properties (Note 15)	–	–	–	–	(5,085)	(5,085)
Additions	8	–	10	57	17,672	17,747
At 31 March 2018	5,212	4	2,918	198	24,686	33,018
Accumulated depreciation						
At 1 April 2016	1,642	–	2,376	72	–	4,090
Depreciation	336	–	169	4	–	509
Disposals	–	–	(110)	–	–	(110)
At 31 March 2017 and 1 April 2017	1,978	–	2,435	76	–	4,489
Depreciation	484	1	104	12	–	601
At 31 March 2018	2,462	1	2,539	88	–	5,090
Carrying amounts						
At 1 April 2016	1,125	4	153	23	12,686	13,991
At 31 March 2017	3,226	4	26	65	12,546	15,867
At 31 March 2018	2,750	3	379	110	24,686	27,928

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group's carrying amount of property, plant and equipment under finance leases is $561,166 (2017: $1,154,000). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of NIL (2017: $9,737,000) are pledged to secure the Group's bank loans.

15. INVESTMENT PROPERTIES

	GROUP $'000	COMPANY $'000
Cost		
At 1 April 2016	53,441	747,857
Translation	412	–
Transfer from property, plant and equipment (Note 14)	–	17,055
Additions	–	188
Disposals	–	(956)
Transfer to assets held for sale (Note 26)	(6,370)	–
At 31 March 2017 and 1 April 2017	47,483	764,144
Translation	1,155	–
Transfer from property, plant and equipment (Note 14)	–	5,085
Additions	–	70
Disposals	(481)	–
At 31 March 2018	48,157	769,299
Accumulated depreciation		
At 1 April 2016	39,512	485,213
Depreciation	1,881	26,869
Disposals	–	(785)
Transfer to assets held for sale (Note 26)	(4,306)	–
At 31 March 2017 and 1 April 2017	37,087	511,297
Translation	1,171	–
Depreciation	1,364	28,536
Disposals	(377)	–
At 31 March 2018	39,245	539,833
Carrying amount		
At 1 April 2016	13,929	262,644
At 31 March 2017	10,396	252,847
At 31 March 2018	8,912	229,466

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 2018 is as follows:

	Carrying value	Fair value
	$'000	$'000
Investment properties	8,912	39,204

The valuation is based on the Direct Comparison Method and the Investment Method that makes reference to sales and gross rental income of similar properties based on prevailing economic conditions.

Information relating to the fair values of the investment properties of the Company rented to third parties as at 31 March 2018 is as follows:

	Carrying value	Fair value
	$'000	$'000
Investment properties rented by Company to third parties	2,123	17,500

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 2018 from its investment properties which are leased out under operating leases, amounted to $4,487,000 and $47,416,000 (2017: $4,903,000 and $47,247,000) respectively.

Direct operating expenses (including repairs and maintenance) incurred on rental-earning investment properties amounted to $1,103,000 and $39,229,000 (2017: $1,177,000 and $36,728,000) for the Group and Company respectively.

16. INTANGIBLE ASSETS

GROUP	Software Development $'000	Work in progress $'000	Goodwill $'000	Licence $'000	Customer relationships $'000	Total $'000
Cost						
At 1 April 2016	101,170	3,709	130,222	26,814	38,980	300,895
Translation	66	–	762	–	254	1,082
Reclassification	2,495	(2,495)	–	–	–	–
Transfer from/(to) property, plant and equipment (Note 14)	200	(293)	–	–	–	(93)
Additions (Note 25)	408	2,189	–	–	–	2,597
Disposals	(643)	–	–	–	–	(643)
At 31 March 2017 and 1 April 2017	103,696	3,110	130,984	26,814	39,234	303,838
Translation	(25)	246	(285)	–	(56)	(120)
Reclassification	1,752	(1,752)	–	–	–	–
Transfer from property, plant and equipment (Note 14)	–	200	–	–	–	200
Additions (Note 25)	873	5,558	–	–	–	6,431
Disposals	–	(246)	–	–	–	(246)
At 31 March 2018	106,296	7,116	130,699	26,814	39,178	310,103
Accumulated depreciation						
At 1 April 2016	89,752	–	–	13,725	33,721	137,198
Translation	60	–	–	–	(9)	51
Transfer from property, plant and equipment (Note 14)	200	–	–	–	–	200
Amortisation	5,522	–	–	1,915	1,529	8,966
Disposals	(525)	–	–	–	–	(525)
At 31 March 2017 and 1 April 2017	95,009	–	–	15,640	35,241	145,890
Translation	(26)	–	–	–	9	(17)
Amortisation	3,338	–	–	1,915	1,471	6,724
At 31 March 2018	98,321	–	–	17,555	36,721	152,597
Carrying amounts						
At 1 April 2016	11,418	3,709	130,222	13,089	5,259	163,697
At 31 March 2017	8,687	3,110	130,984	11,174	3,993	157,948
At 31 March 2018	7,975	7,116	130,699	9,259	2,457	157,506

16. INTANGIBLE ASSETS (cont'd)

Customer Relationships and Licence

The customer relationships relate to the economic benefits that are expected to derive from business dealings with the existing customers in the Singapore and Japan operations. These are acquired as part of the acquisition of the subsidiaries. The relationships include catering 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 Agri-Food & Veterinary Authority of Singapore.

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

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

	SFS 31 March		TFK Corporation 31 March	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Goodwill	111,791	111,791	18,908	19,193

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-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	SFS 31 March		TFK Corporation 31 March	
	2018 %	2017 %	2018 %	2017 %
Growth rates	1.0	1.0	0.8	0.8
Discount rates	7.0	7.1	7.5	7.5

16. INTANGIBLE ASSETS (cont'd)

Key assumptions used in the value in use calculations

The calculations of value in use for both 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.

Growth rates - The forecast growth rates are based on 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 its share of the CGUs to be stable over the forecast period.

COMPANY	Software $'000	Work in progress $'000	Total $'000
Cost			
At 1 April 2016	26,859	1,215	28,074
Additions	142	983	1,125
Reclassifications	926	(926)	–
Disposal	(268)	–	(268)
At 31 March 2017 and 1 April 2017	27,659	1,272	28,931
Additions	–	1,740	1,740
Reclassifications	721	(721)	–
At 31 March 2018	28,380	2,291	30,671
Accumulated amortisation			
At 1 April 2016	22,663	–	22,663
Amortisation	3,092	–	3,092
Disposal	(150)	–	(150)
At 31 March 2017 and 1 April 2017	25,605	–	25,605
Amortisation	897	–	897
At 31 March 2018	26,502	–	26,502
Carrying amount			
At 1 April 2016	4,196	1,215	5,411
At 31 March 2017	2,054	1,272	3,326
At 31 March 2018	1,878	2,291	4,169

17. INVESTMENT IN SUBSIDIARIES

	COMPANY 31 March	
	2018	2017
	$'000	$'000
Unquoted shares, at cost	536,472	536,219

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 (Country of incorporation)	Principal activities (Place of business)	31 March Cost of investment 2018 $'000	2017 $'000	Equity held 2018 %	2017 %
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] (Formerly known as Aerolog Express Pte Ltd)	Airport cargo delivery management services	1,340	1,340	100	100
Country Foods Pte. Ltd.[a]	Manufacturing and sale of chilled and frozen food, and providing food catering services	11,030	11,030	100	100
SATS Asia-Pacific Star Pte. Ltd. [a] (Formerly known as Asia-Pacific Star Private Limited)	Airport ground handling services and inflight catering services	#	#	100	100
SATS HK Limited [b] (Hong Kong)	Ramp services, passenger handling services and operations control services (Hong Kong)	–	–	–	100
SATS Food Services Pte. Ltd.[a]	Food processing and distribution services	487,260	487,260	100	100
SATS Investments Pte. Ltd.[a]	Investment holding	#	#	100	100

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	31 March Cost of investment 2018 $'000	31 March Cost of investment 2017 $'000	31 March Equity held 2018 %	31 March Equity held 2017 %
Held by the Company (cont'd)					
SATS (India) Co. Private Limited [b] (India)	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] (Malaysia)	Shared services to the Company and its subsidiaries (Malaysia)	201	201	100	100
SATS Saudi Arabia [b] (Saudi Arabia)	Cargo handling (Saudi Arabia)	145	145	80	80
Ready To Travel Pte. Ltd. [a,g]	Provide services that facilitate travel	100	–	100	–
SATS Ground Services Singapore Pte. Ltd. [a,h]	Ground handling	153	–	20	–
SATS Group Services Sdn Bhd. [b,i] (Malaysia)	Investment holding (Malaysia)	#	–	100	–
		536,472	536,219		

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	31 March Equity held 2018 %	31 March Equity held 2017 %
Held through SATS Airport Services Pte Ltd			
SATS-Creuers Cruise Services Pte. Ltd.[a]	Management of international cruise terminal	60	60
SATS Saudi Arabia [b] (Saudi Arabia)	Cargo handling (Saudi Arabia)	20	20
Held through SATS Food Services Pte. Ltd.			
Primary Industries Private Limited and its subsidiaries [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] (Australia)	Provision of land logistics and food solutions (Australia)	100	100
Shanghai ST Food Industries Co., Limited [c] (People's Republic of China)	Manufacture and sale of frozen foodstuffs (People's Republic of China)	100	100
SFI Food Pte. Ltd.[a]	Provision of technical and management services for agri–food business	100	100
SG IPF Pte Ltd [a,m]	Investment holding	–	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
SATS Yihai Kerry Kunshan Food Co., Ltd.[b] (People's Republic of China)	Supply high quality and safe food to the Chinese market (People's Republic of China)	60	60
Held through SATS Investments Pte. Ltd.			
TFK Corporation [b,e] (Japan)	Inflight catering services (Japan)	59.4	59.4
Food And Allied Support Services Corporation Pte. Ltd.[a]	Remote catering	51	51

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	31 March Equity held 2018 %	2017 %
Held through SATS Investments Pte. Ltd.(cont'd)			
SATS Investments Turkey Havacılık Yatırımları Anonim Şirketi [j] (Turkey)	Investment holding (Turkey)	100	–
SATS Food Turkey Gıda Hizmetleri Anonim Şirketi [j] (Turkey)	Food-related projects (Turkey)	100	–
Held through TFK Corporation			
Inflight Foods Co., Ltd. [e,k] (Japan)	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. [e,k] (Japan)	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 [e,k] (Japan)	Inflight catering services, and provision of manpower to inflight catering operators (Japan)	59.4	59.4
Tokyo Flight Kitchen Restaurantes LTDA [e,l] (Brazil)	Real estate management (Brazil)	–	59.4
TFK International (N.Z.) Limited [e] (New Zealand) (in liquidation)	Restaurant and inflight meal (New Zealand)	59.4	59.4
Held through Food And Allied Support Services Corporation Pte. Ltd.			
FASSCO International (Australia) Pty Ltd (Australia)	Catering, housekeeping and other allied services (Australia)	51	51
FASSCO International (India) Private Limited [d] (India)	Catering, housekeeping and other allied services (India)	51	51
FASSCO Catering Services LLC [b,f] (Abu Dhabi)	Catering and allied services (Abu Dhabi)	25	25

17. INVESTMENT IN SUBSIDIARIES (cont'd)

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 Devaki S. Kalamkar and Associates.
e Percentage of equity held excludes Treasury Shares held by TFK Corporation.
f Held through Food And Allied Support Services Corporation Pte. Ltd. (a subsidiary) which has dividend right of 97% in the subsidiary company.
g Incorporated on 19 April 2017.
h Incorporated on 5 September 2017, with 20% equity interest held by SATS Ltd and 40% held through one of the joint ventures of the Group (Note 19).
i Incorporated on 30 October 2017.
j Incorporated on 17 January 2018.
k Not required to be audited under the laws of their countries of incorporation.
l Divested on 27 March 2018.
m Subsequent to restructuring in July 2017, SG IPF Pte Ltd is reclassified as a joint venture (Note 19).

Amount is less than $1,000.

On 30 October 2017, the Company has entered into a Share Swap Agreement ("SWA") with Ground Team Red Holdings Sdn. Bhd. ("GTRH"), being a wholly owned subsidiary of AirAsia Berhad ("AirAsia") as at the date of the transaction, to sell 80% of its interest in SATS Ground Services Singapore Pte. Ltd. ("SGSS") to GTRH, in return for 11.4% equity stake in GTRH. Additionally, the Company has also entered into a Share Sale Agreement ("SSA") with AirAsia to acquire a 38.6% equity stake in GTRH from AirAsia for a consideration of $119,300,000. Upon completion of the SWA and SSA on 4 January 2018, the Group effectively holds 50% interest in GTRH as a joint venture as well as a 60% interest in SGSS as a subsidiary of the Group. As a result of the SWA, $32,634,000, being the preliminary fair valuation of 40% SGSS, has been recognised as capital contribution from non-controlling interests in the statements of changes in equity.

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	Profit/(loss) allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
		$'000	$'000	$'000
TFK Corporation and its subsidiaries ("TFK") (Japan)				
31 March 2018	40.6%	4,399	(61,977)	253
31 March 2017	40.6%	3,049	(58,380)	258

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of comprehensive income:

	TFK	
	2017-18	2016-17
	$'000	$'000
Revenue	239,396	259,477
Profit before income tax	12,440	5,392
Income tax (expense)/credit	(4,103)	1,708
Profit after tax	8,337	7,100
Other comprehensive income	860	7,645
Total comprehensive profit	9,197	14,745

Summarised statement of financial position as at 31 March:

	TFK	
	2018	2017
	$'000	$'000
Current		
Assets	98,635	83,303
Liabilities	51,491	51,667
Net current assets	47,144	31,636
Non-current		
Assets	131,559	142,086
Liabilities	7,144	10,738
Net non-current assets	124,415	131,348
Net assets	171,559	162,984

Other summarised information:

	TFK	
	2017-18	2016-17
	$'000	$'000
Net cash in flows from operations	11,403	21,262
Acquisition of significant property, plant and equipment	(3,577)	(3,031)

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Loan to and from subsidiaries

Loans to subsidiaries amounting to $312,637,000 (2017: $329,653,000) comprise the following:

(i) An amount of NIL (2017: $2,912,000) which is unsecured, bears interest at 5% per annum and fully paid up on 31 January 2018;

(ii) An amount of $217,000 (2017: $217,000) which is unsecured, bears interest at 3% per annum and is repayable by 31 March 2019; and

(iii) The remaining loans amounting to $312,420,000 (2017: $326,524,000) are unsecured, non-interest bearing, repayable on demand and not expected to be repaid in the next twelve months.

	COMPANY	
	2018	2017
	$'000	$'000
Loan to subsidiaries:		
Non-current	312,420	328,753
Current	217	900
	312,637	329,653

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

	COMPANY 31 March	
	2018	2017
	$'000	$'000
Loan from subsidiaries:		
Current	58,000	–

18. INVESTMENT IN ASSOCIATES

	GROUP 31 March		COMPANY 31 March	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Quoted shares, at cost	116,428	116,428	–	–
Unquoted shares, at cost	433,741	412,143	331,167	316,354
Impairment loss	(3,313)	(3,313)	(10,444)	(10,444)
Share of post-acquisition results of associates	241,325	196,311	–	–
Accumulated amortisation of goodwill and intangible assets	(53,835)	(46,291)	–	–
Share of statutory reserves of associates	9,147	8,242	–	–
Share of changes recognised directly in associates' equity	(11,518)	1,122	–	–
Foreign currency translation adjustments	(127,895)	(94,528)	–	–
	604,080	590,114	320,723	305,910

18. INVESTMENT IN ASSOCIATES (cont'd)

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 15 years and these assets are amortised on a straight-line basis over their respective useful lives. The amortisation expense is included in the "Share of results of associates/joint ventures, net of tax" in the consolidated income statement.

Amounts due from associates

The amounts due from associates amounting to $627,000 (2017: $1,820,000) are unsecured, trade-related and are repayable on demand.

Associates

		GROUP			
		31 March			
		Cost of investment		Equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2018 $'000	2017 $'000	2018 %	2017 %
Held by the Company					
Maldives Inflight Catering Private Limited [a,o] (Republic of Maldives)	Inflight catering services (Republic of Maldives)	287	287	35.0	35.0
Beijing Airport Inflight Kitchen Limited [b,o] (People's Republic of China)	Inflight catering services (People's Republic of China)	13,882	13,882	28.0	28.0
Beijing Aviation Ground Services Co., Ltd [c,o] (People's Republic of China)	Airport ground handling services (People's Republic of China)	5,710	5,710	28.0	28.0
Aviserv Limited [d,o] (Ireland)	Inflight catering services (Pakistan)	3,313	3,313	49.0	49.0
Tan Son Nhat Cargo Services Joint Stock Company Limited [e,o] (Formerly known as Tan Son Nhat Cargo Services Limited) (Vietnam)	Air cargo handling services (Vietnam)	979	979	15.0	15.0
Asia Airfreight Terminal Company Limited [f,t] (Hong Kong)	Air cargo handling services (Hong Kong)	85,099	85,099	45.0	45.0
Servair-SATS Holding Company Pte Ltd [g,o] (Singapore)	Investment holding company (Singapore)	509	509	49.0	49.0
MacroAsia Catering Services, Inc. [h,o] (Philippines)	Inflight catering services (Philippines)	11,604	11,604	33.0	33.0

18. INVESTMENT IN ASSOCIATES (cont'd)

Associates (cont'd)

		GROUP 31 March			
		Cost of investment		Equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2018 $'000	2017 $'000	2018 %	2017 %
Held by the Company (cont'd)					
Taj Madras Flight Kitchen Private Limited [i] (India)	Inflight catering services (India)	1,901	1,901	30.0	30.0
Singapore Airport Duty-Free Emporium (Private) Limited [j] (Singapore)	Inactive (Singapore)	1,560	1,560	24.0	24.0
Evergreen Airline Services Corporation [k,o] (Taiwan)	Airport ground handling services (Taiwan)	5,404	5,404	20.0	20.0
Evergreen Air Cargo Services Corporation [l,o] (Taiwan)	Air cargo handling services (Taiwan)	16,163	16,163	25.0	25.0
Taj SATS Air Catering Limited [i] (India)	Catering services (India)	24,646	24,646	49.0	49.0
PT Jasa Angkasa Semesta, Tbk [m,o] (Indonesia)	Ground and cargo handling (Indonesia)	105,532	105,532	49.8	49.8
Evergreen Sky Catering Corporation [k,o] (Taiwan)	Inflight catering services (Taiwan)	39,765	39,765	25	25
SATS HK Limited [r] (Hong Kong)	Ramp services, passenger handling services and operations control services (Hong Kong)	14,813	–	49	–
Unquoted shares held by Company, at cost		331,167	316,354		
Held through TFK Corporation					
Tasco Foods Co., Ltd. (Japan)	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. [o, p] (Malaysia)	Investment holding Company (Malaysia)	49,057	49,057	49.0	49.0
Oman Air SATS Cargo LLC [o, q] (Oman)	Air cargo handling services (Oman)	23,038	23,038	33.0	33.0

18. INVESTMENT IN ASSOCIATES (cont'd)

Associates (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	GROUP 31 March Cost of investment 2018 $'000	2017 $'000	Equity held 2018 %	2017 %
Held through SATS Food Services Pte. Ltd.					
Jilin Zhong Xin Chia Tai Food Co., Ltd. [n,o,s] (Formerly known as Jilin Zhong Xin Cheng Food Co., Ltd.) (People's Republic of China)	Operate and manage pig farm, abattoir, pork-processing, feed mill and other projects (People's Republic of China)	–	9,578	–	30.0
Held through SATS Investments (II) Pte. Ltd. & Cemerlang Pte. Ltd.					
PT Cardig Aero Services Tbk [m,o] (Indonesia)	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 (India)	Air cargo handling services (India)	16,363	–	49	–
Held through SATS Catering Pte. Ltd.					
PT Purantara Mitra Angkasa Dua [m,o] (Indonesia)	Aviation catering services (Indonesia)	11,368	11,368	20	20
		550,169	528,571		

18. INVESTMENT IN ASSOCIATES (cont'd)

Associates (cont'd)

a Audited by KPMG, Maldives.
b Audited by Ruihua Certified Public Accountants Co., Ltd.
c Audited by BDO China Shu Lun Pan CPAs, Beijing.
d Audited by Fitzgerald & Associates, Ireland.
e Audited by Ernst & Young Vietnam Limited.
f Audited by KPMG, Hong Kong.
g Audited by Deloitte and Touche LLP, Singapore.
h Audited by Sycip Gorres Velayo & Co.
i Audited by Deloitte Haskins & Sells.
j Audited by KPMG, Singapore.
k Audited by Deloitte and Touche, Taiwan.
l Audited by PricewaterhouseCoopers, Taiwan.
m Audited by Amir Abadi Jusuf, Aryanto, Mawar & Rekan, Indonesia.
n Audited by Ji Lin Hua Tai Certified Public Accountants Co., Ltd (People's Republic of China).
o Financial year end on 31 December.
p Audited by PricewaterhouseCoopers, Malaysia.
q Audited by Deloitte and Touche (M.E.) & Co. LLC, Oman.
r Audited by PricewaterhouseCoopers, Hong Kong.
s Held as an associate of SG IPF Pte Ltd ("SG IPF") subsequent to the the restructuring in July 2017. SG IPF was previously a subsidiary of the Group prior to July 2017.
t 4% equity interest in Asia Airfreight Terminal was transfered to assets held for sale.

The Group has not recognised losses relating to Beijing Aviation Ground Services Co.,Ltd ("BGS") where its share of losses exceeds the Group's interest in this associate and its cumulative share of unrecognised losses at the end of the reporting period was $7,740,000 (2017: $8,983,000). The Group's share of profit for the current year was $1,243,000 (2017: share of loss $1,471,000). The Group has no obligation in respect of these unrecognised losses.

On 5 February 2016, SATS Ltd. completed the acquisition of 49% equity interest in Brahim's SATS Investment Holdings Sdn. Bhd ("BSIH") at a base consideration of RM110,000,000 ($37,456,000) and additional earn-out consideration and outperformance consideration ("earn-out consideration") of up to RM108,000,000 ($34,101,000) on which is conditional upon certain agreed financial targets being achieved. The Group has recorded a potential earn-out consideration of $11,600,000 in FY2016-17. As at 31 March 2018, the amount was classified under investment in associates and current liabilities.

On 20 February 2017, SATS Ltd. completed the acquisition of an additional 10% stake in its long term investment, Evergreen Sky Catering Corporation ("ESCC"), thereby increasing the total shareholdings in ESCC from 15% to 25%. The purchase price allocation exercise was finalised in FY2017-18 and an additional amount of $11,600,000, being the surplus from the finalisation of the valuation was recognised in the current year's income statement.

Corporate Guarantee

The Group has provided a proportionate guarantee up to a maximum amount of approximately $43,900,000 (2017: NIL) to financial institutions for providing credit and banking facilities to an associate, which is liable for in the event of default by the associate.

18. INVESTMENT IN ASSOCIATES (cont'd)

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

	31 March 2018 $'000	31 March 2017 $'000
PT Jasa Angkasa Semesta, Tbk ("PT Jas")	53,683	59,545
Asia Airfreight Terminal Company Limited ("AAT")	118,605	121,208
PT Cardig Aero Services Tbk ("PT Cas")	109,962	123,088
Evergreen Sky Catering Corporation ("ESCC")	70,464	57,390
Other associates	251,366	228,883
	604,080	590,114
Fair value of PT Cas based on the quoted market price at 31 March (Level 1 in the fair value hierarchy)	57,390	72,102

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

	2017-18 $'000	2016-17 $'000
Share of profits after tax	17,576	34,110
Other comprehensive income	(6,517)	3,050
Total comprehensive income	11,059	37,160

18. INVESTMENT IN ASSOCIATES (cont'd)

The summarised financial information in respect of PT Jas, AAT, PT Cas and ESCC, based on their respective FRS 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	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	151,668	133,345	123,078	111,381	206,794	187,065	149,094	136,189
Profit after tax	36,427	32,691	13,864	14,701	13,248	13,216	27,161	24,833
Other comprehensive income	(2,483)	(1,121)	–	–	(1,335)	(779)	(2,460)	(1,126)
Total comprehensive income	33,944	31,570	13,864	14,701	11,913	12,437	24,701	23,707

Summarised statement of financial position as at 31 March:

	PT Jas		AAT		PT Cas		ESCC	
	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	38,274	34,120	135,653	131,336	81,168	116,407	53,200	62,040
Non-current assets excluding goodwill	42,706	40,409	131,970	137,190	100,606	57,666	259,020	171,392
Goodwill	–	–	–	–	1,626	1,797	–	–
Total assets	80,980	74,529	267,623	268,526	183,400	175,870	312,220	233,432
Current liabilities	35,904	40,720	22,294	18,050	59,968	51,657	29,706	24,261
Non-current liabilities	24,197	10,306	12,197	13,871	45,779	38,366	46,361	5,383
Total liabilities	60,101	51,026	34,491	31,921	105,747	90,023	76,067	29,644
Net assets	20,879	23,503	233,132	236,605	77,653	85,847	236,153	203,788

18. INVESTMENT IN ASSOCIATES (cont'd)

	PT Jas		AAT		PT Cas		ESCC	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Net assets excluding goodwill	20,879	23,503	233,132	236,605	76,027	84,050	236,153	203,788
Less: Non-controlling interest	–	–	–	–	14,125	17,637	–	–
	20,879	23,503	233,132	236,605	61,902	66,413	236,153	203,788
Proportion of the Group's ownership	49.8%	49.8%	45.0%	45.0%	41.7%	41.7%	25.0%	25.0%
Group's share of net assets	10,398	11,703	104,909	106,472	25,782	27,661	59,038	50,947
Goodwill on acquisition and intangible assets	43,285	47,842	13,696	14,736	84,180	95,427	11,426	6,443
Carrying amount of the investment	53,683	59,545	118,605	121,208	109,962	123,088	70,464	57,390
Group's interest in net assets of investee at beginning of the year/at acquisition date	59,545	57,203	121,208	128,699	123,088	114,058	57,390	39,766
Group's share of:								
Profit	18,141	16,278	6,794	7,203	3,093	3,012	16,164	16,713
Other comprehensive income/(loss)	(7,149)	1,341	(9,628)	4,362	(12,137)	6,980	(1,861)	911
Movement in other reserves	–	–	–	–	(3,566)	44	–	–
Equity stake held for sale	–	–	231	(10,774)	–	–	–	–
Total comprehensive income/(loss)	10,992	17,619	(2,603)	791	(12,610)	10,036	14,303	17,624
Dividends received during the year	(16,854)	(15,277)	–	(8,282)	(516)	(1,006)	(1,229)	–
Carrying amount of interest in investee at end of the year	53,683	59,545	118,605	121,208	109,962	123,088	70,464	57,390

19. INVESTMENT IN JOINT VENTURES

	GROUP 31 March		COMPANY 31 March	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Unquoted shares, at cost	202,182	45,513	165,023	12,014
Post-acquisition revenue reserve capitalised as share capital	3,090	3,090	–	–
Fair value remeasurement on retained interest	13,306	13,306	–	–
Share of post-acquisition revenue reserve	32,852	25,937	–	–
Accumulated amortisation of intangible assets	(980)	–	–	–
Foreign currency translation	(5,736)	(7,113)	–	–
	244,714	80,733	165,023	12,014

Amortisation of intangible assets

Customer-related intangible assets that arose from the acquisition of joint ventures are recorded as part of the investment in joint ventures. The useful lives of these intangible assets with definite useful lives were determined to be 15 years and these assets are amortised on a straight-line basis over their respective useful lives. The amortisation expense is included in the "Share of results of associates/joint ventures, net of tax" in the consolidated income statement.

Amounts due from/to joint ventures

The amounts due from joint ventures amounting to $3,978,000 (2017: $4,923,000) and amount due to joint ventures amounting to $3,493,000 (2017: $4,878,000) are unsecured, trade-related and are repayable on demand.

Joint ventures

		GROUP 31 March			
		Cost of investment		Equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2018 $'000	2017 $'000	2018 %	2017 %
Held by the Company					
Air India SATS Airport Services Private Limited [a] (India)	Ground handling and cargo handling services (India)	12,014	12,014	50.0	50.0
Ground Team Red Holdings Sdn. Bhd. [d] (Malaysia)	Investment holding company (Malaysia)	153,009	–	50.0	–
Unquoted shares held by Company, at cost		165,023	12,014		

19. INVESTMENT IN JOINT VENTURES (cont'd)

Joint ventures (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	GROUP 31 March Cost of investment 2018 $'000	GROUP 31 March Cost of investment 2017 $'000	Equity held 2018 %	Equity held 2017 %
Held through SATS Food Services Pte. Ltd.					
SATS BRF Food Pte. Ltd.[b] (Singapore)	Meat processing, manufacturing of branded food products (Singapore)	24,480	24,480	51.0	51.0
SG IPF Pte. Ltd.[b] (Singapore)	Investment holding (Singapore)	9,837	–	60.0	–
Held through SATS Asia-Pacific Star Private Limited					
DFASS SATS Pte. Ltd. [b, c] (Singapore)	Inflight duty-free and duty-paid sales, offer mail order and pre-order service, supply liquor for in flight pantry services, and operate ground based duty-free and duty-paid retail sales (Singapore)	2,706	9,019	15.0	50.0
Held through SATS Airport Services Pte Ltd					
SATS PPG Singapore Pte. Ltd. [b] (Singapore)	Manage and operate airport lounge (Singapore)	136	–	50.0	–
		202,182	45,513		

a Audited by BSR & Co, LLP, India.
b Audited by KPMG, Singapore.
c The cost of investment of 35% equity interest pending sale completion transaction was transferred to assets held for sale as at March 2018 (Note 26).
d In the process of appointing auditor.

19. INVESTMENT IN JOINT VENTURES (cont'd)

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

	31 March 2018 $'000	31 March 2017 $'000
Air India SATS Airport Services Private Limited ("AISATS")	38,935	35,180
SATS BRF Food Pte. Ltd. ("SBRF")	33,836	34,562
Ground Team Red Holding Sdn. Bhd. ("GTRH")	157,694	–
Other joint ventures	14,249	10,991
	244,714	80,733

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

	2017-18 $'000	2016-17 $'000
Share of profits after tax	2,324	1,972
Other comprehensive income	315	–
Total comprehensive income	2,639	1,972

Although the Group holds an ownership interest of 51% in SATS BRF Food Pte. Ltd. ("SBRF"), the Group determined that it only has joint control by virtue of the equal voting rights over the financial and operating policies of the company.

The summarised financial information in respect of Air India SATS Airport Services Private Limited ("AISATS"), SATS BRF Food Pte. Ltd. ("SBRF") and Ground Team Red Holdings Sdn Bhd ("GTRH") based on their respective FRS financial statements and a reconciliation with the carrying amount of the investment in consolidated financial statements are as follows:

	AISATS		SBRF		GTRH*	
	2017-18 $'000	2016-17 $'000	2017-18 $'000	2016-17 $'000	2017-18 $'000	2016-17 $'000
Revenue	138,762	126,828	222,067	254,194	27,928	–
Operating expenses	(125,781)	(113,398)	(223,521)	(258,923)	(23,014)	–
Interest expenses	(2,053)	(1,909)	(28)	6	–	–
Profit/(loss) before tax	10,928	11,521	(1,482)	(4,723)	4,914	–
Income tax expenses	2,862	(1,361)	58	(97)	(1,088)	–
Profit/(loss) after tax	13,790	10,160	(1,424)	(4,820)	3,826	–
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	13,790	10,160	(1,424)	(4,820)	3,826	–

19. INVESTMENT IN JOINT VENTURES (cont'd)

Summarised statement of financial position as at 31 March:

	AISATS		SBRF		GTRH*	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	3,355	8,992	7,090	15,786	2,849	–
Inventories	2,285	1,117	21,429	22,902	–	–
Other receivable	–	–	315	–	–	–
Trade receivable	49,989	42,204	27,576	30,130	8,747	–
Current assets	55,629	52,313	56,410	68,818	11,596	–
Non-current assets	83,331	72,850	4,008	5,377	6,536	–
Total assets	138,960	125,163	60,418	74,195	18,132	–
Current liabilities	47,291	43,113	20,163	32,517	8,339	–
Non-current liabilities	13,800	11,690	–	–	–	–
Total liabilities	61,091	54,803	20,163	32,517	8,339	–
Net assets	77,869	70,360	40,255	41,678	9,793	–
Net assets excluding goodwill	77,869	70,360	40,255	41,678	9,793	–
Less: Non-controlling interest	–	–	–	–	(175)	–
	77,869	70,360	40,255	41,678	9,618	–
Proportion of the Group's ownership	50.0%	50.0%	51.0%	51.0%	50%	–
Group's share of net assets	38,935	35,180	20,530	21,256	4,809	–
Fair value remeasurement on retained interest	–	–	13,306	13,306	–	–
Goodwill on acquisition and intangible assets	–	–	–	–	152,885	–
Carrying amount of the investment	38,935	35,180	33,836	34,562	157,694	–
Group's interest in net assets of investee at beginning of the year / at acquisition date	35,180	28,848	34,562	37,020	153,009	–
Group's share of total comprehensive income for the year	4,167	6,947	(726)	(2,458)	4,685	–
Dividends received during the year	(412)	(615)	–	–	–	–
Carrying amount of interest in investee at end of the year	38,935	35,180	33,836	34,562	157,694	–

* The figures disclosed include Ground Team Red Sdn. Bhd. ("GTR") being a subsidiary of GTRH.

20. LONG-TERM INVESTMENTS

	GROUP		COMPANY	
	31 March		31 March	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Unquoted equity investment, at cost	305	414	–	–
Loan, secured	19,632	24,827	–	–
Others	50	51	–	–
	19,987	25,292	–	–

The secured loan of $19,632,000 (2017: $24,827,000) refers to an investment in a 5-year secured loan of US $14,963,000 (2017: US $17,800,000) with interest rate of 6.5% per annum.

21. DEFERRED TAXATION

	GROUP			
	Statement of Financial Position		Consolidated Income Statement	
	31 March			
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation and amortisation for tax purposes	41,025	45,116	(4,517)	(1,568)
Identified intangible assets	2,793	3,587	770	804
Unremitted foreign dividend and interest income	6,222	6,459	237	–
Provisions	(1,525)	(3,132)	48	3,175
Defined benefit plan	(1,835)	(2,498)	–	(234)
Unutilised tax losses/capital allowances	–	(6,438)	–	121
Undistributed earnings of associates/joint ventures	15,309	12,486	(5,917)	(4,166)
Other temporary differences	(353)	(126)	130	(150)
	61,636	55,454		
Deferred tax assets				
Provisions	2,228	339	4,566	(80)
Unutilised tax losses	6,570	1,127	7,054	(13)
Differences in depreciation and amortisation for tax purposes	1,895	10,136	(10,763)	326
	10,693	11,602	(8,392)	(1,785)

21. DEFERRED TAXATION (cont'd)

	COMPANY Statement of Financial Position 31 March	
	2018	2017
	$'000	$'000
Deferred tax liabilities		
Differences in depreciation and amortisation for tax purposes	21,377	20,769
Provision	(1,438)	(1,388)
Unremitted foreign dividend and interest income	6,221	6,459
	26,160	25,840

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses and capital allowances of approximately $13,014,000 (2017: $19,800,000) 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.

Tax consequences of proposed dividends

There are no income tax consequences (2017: NIL) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 11).

22. OTHER NON-CURRENT ASSETS

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

23. TRADE AND OTHER RECEIVABLES

	GROUP 31 March		COMPANY 31 March	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade and other receivables:				
Trade receivables	146,107	124,033	1,710	2,435
Staff loans	61	24	40	23
Sundry receivables	12,310	12,348	931	1,621
Amounts due from related parties- Trade	140,068	134,815	–	–
Amounts due from related companies- Non-trade	–	–	77,131	57,748
	298,546	271,220	79,812	61,827

Trade receivables are generally on 30 – 90 day terms.

23. TRADE AND OTHER RECEIVABLES (cont'd)

The table below is an analysis of trade receivables and trade amounts due from related parties:

	GROUP 31 March		COMPANY 31 March	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Not past due and not impaired	204,511	203,793	1,316	1,647
Past due but not impaired				
Less than 30 days	29,815	25,693	148	119
30 days to 60 days	17,818	10,348	27	65
61 days to 90 days	6,823	5,955	15	139
More than 90 days	27,208	13,059	204	465
	81,664	55,055	394	788
	286,175	258,848	1,710	2,435
Other impaired trade receivables - individually assessed	1,408	2,533	146	251
Less: Accumulated impairment losses	(1,408)	(2,533)	(146)	(251)
	–	–	–	–
Total trade receivables, net	286,175	258,848	1,710	2,435

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

	GROUP		COMPANY	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
United States Dollar	1,387	3,563	–	–

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.

23. TRADE AND OTHER RECEIVABLES (cont'd)

Trade receivables are stated after impairment. Analysis of the impairment account is as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Balance at 1 April	1,740	2,270	251	44
Exchange differences	(37)	17	–	–
Write-off against provisions	(116)	(71)	(77)	–
(Write-back)/charge to income statement	(210)	449	(28)	207
Transfer to assets held for sale	–	(925)	–	–
Disposal of subsidiary	31	–	–	–
Balance at 31 March	1,408	1,740	146	251
Bad debts write-off directly to income statement	44	262	–	8

Staff loans

There is no interest charge on the staff loans for FY2017-18 and FY2016-17.

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 March		31 March	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Food supplies and dry stores	12,384	11,770	–	–
Technical spares	9,776	9,773	–	–
Other consumables	363	371	198	231
Total inventories at lower of cost or net realisable value	22,523	21,914	198	231

	GROUP		COMPANY	
	2017-18	2016-17	2017-18	2016-17
	$'000	$'000	$'000	$'000
Income Statement:				
Inventories recognised as an expense	260,528	268,068	–	–
Inclusive of the following charge:				
– Inventories written down	87	153	–	–

25. CASH AND SHORT-TERM DEPOSITS

(a) Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts in statements of financial position:

	GROUP 31 March		COMPANY 31 March	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Fixed deposits	247,747	393,978	190,693	285,941
Cash and bank balances	125,531	114,388	20,899	14,745
Cash and cash equivalents included in the consolidated statement of cash flows	373,278	508,366	211,592	300,686
Cash transferred to asset held for sale	–	(2,562)	–	–
Cash and short-term deposits per statement of financial position	373,278	505,804	211,592	300,686

(b) Analysis of capital expenditure cash flows:

	GROUP	
	2017-18	2016-17
	$'000	$'000
Additions of property, plant and equipment (Note 14)	93,688	86,744
Additions of intangible assets (Note 16)	6,431	2,597
Accrual for additions of property, plant and equipment (Note 27)	(886)	(1,217)
Cash invested in property, plant and equipment and intangible assets	99,233	88,124

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.00% to 1.58% (2017: 0.00% to 1.3%) per annum. Short-term deposits are made for varying periods of between 2 days and 365 days depending on the expected cash requirements of the Group, and earn interest at the effective interest rate ranging from 0.1% to 2.81% (2017: 0.1% to 2.95%) per annum.

(c) Cash and short-term deposits denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Australian Dollar	2,040	605	–	–
United States Dollar	28,430	16,187	7,247	4,020
Japanese Yen	457	–	457	–

26. ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

In FY2017, the Company announced the sale of 4% of the issued shares of Asia Airfreight Terminal Company Limited ("AAT") owned by the Company to Holistic Capital Investment Limited. Subsequently in March 2018, the Company signed a supplementary agreement in relation to the sale and purchase agreement of which the term of completion shall be extended to 30 June 2018. The Group and Company has classified the assets of $10,543,000 (2017: $10,774,000) and $7,564,000 (2017: $7,564,000) respectively to assets held for sale in line with this impending dilution.

On 8 March 2018, the Company announced that SATS Asia-Pacific Star Pte. Ltd. ("APS"), a wholly-owned subsidiary, has entered into a non-binding Points of Agreement with Singapore Airlines Limited ("SIA") and DFASS (Singapore) Pte. Ltd. ("DFASS") for SIA to subscribe for a 70% equity stake in DFASS SATS Pte. Ltd. Upon completion of the transaction, each of DFASS and APS will hold 15% of the share capital in DFASS SATS Pte. Ltd. Pending the completion of the transaction, the Group has transferred the net assets of $9,353,000 to assets held for sale.

On 17 March 2017, the Company entered into a sale and purchase agreement in relation to the sale of 51% of the issued shares of SATS HK Limited ("SHK") owned by the Company to Voltaire Capital Investment Limited. Pending the completion of the said transaction, the Group has classified assets and liabilities for SHK, amounting to $21,330,000 and $5,073,000 respectively, as held for sale as at 31 March 2017. The Company has also transferred its cost of investment, loan and interest receivable totaling to $21,396,000 to assets held for sale as at 31 March 2017. Upon completion of the sale on 31 July 2017 with a gain of $5,186,000 recorded, the Company owns 49% of the total issued ordinary shares in the capital of SHK. SHK is classified as associated company as at 31 March 2018.

As at 31 March 2017, the company's Japan subsidiary, TFK Corporation classified an investment property amounting to $1,362,000 as assets held for sale pending the completion of the negotiations with a third party. The sale of the investment property was completed in July 2017 whilst its Brazil investment property company was sold in March 2018, with a net gain of $8,543,000.

The assets classified as held for sale as at 31 March are as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Assets:				
Property, plant and equipment	–	5,026	–	–
Investment properties	–	2,064	–	–
Deferred tax	–	2,024	–	–
Prepayment	–	1,707	–	–
Loan and interest receivable	–	–	–	16,239
Trade and other receivables	–	9,309	–	–
Cash and short-term deposits	–	2,562	–	–
Investment in associates/joint ventures	19,896	10,774	7,564	12,721
Assets of disposal groups classified as held for sale	19,896	33,466	7,564	28,960
Liabilities:				
Trade creditors	–	2,836	–	–
Other liabilities	–	2,237	–	–
Liabilities of disposal groups classified as held for sale	–	5,073	–	–

27. TRADE AND OTHER PAYABLES

	GROUP 31 March		COMPANY 31 March	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current:				
Trade payables	166,555	146,054	14,956	14,176
Other payables:				
Tender deposits	4,835	4,487	2,731	2,461
Accrued expenses	147,443	155,080	20,772	23,034
Purchase of property, plant and equipment	5,691	4,805	120	666
Others	3,414	2,655	–	–
	161,383	167,027	23,623	26,161
Amounts due to related companies	3,673	3,067	1,115	1,086
Deposits placed by subsidiaries	–	–	163,541	188,300
Trade and other payables	331,611	316,148	203,235	229,723
Non-current:				
Provision of earn-out considerations	–	16,128	–	4,528
Others	21,273	21,092	8,461	8,165
Other payables	21,273	37,220	8,461	12,693

These amounts are non-interest bearing. Trade payables are normally settled on 60-day terms while other current payables have an average term of three to six months.

Trade and other payables denominated in foreign currencies as at 31 March are as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Australian Dollar	450	426	–	–
Great Britain Pound	212	212	–	–
Euro	482	106	–	–
United States Dollar	494	519	220	40

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.

28. TERM LOANS

	GROUP 31 March		COMPANY 31 March	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Unsecured:				
Repayable within one year	9,850	8,748	–	–
Repayable after one year	96,034	97,481	96,034	97,481
	105,884	106,229	96,034	97,481
Secured:				
Repayable within one year	–	1,250	–	–
Total term loans	105,884	107,479	96,034	97,481

	Effective interest rate	Maturity date	Outstanding as at 31 March 2018 $'000	2017 $'000
Unsecured term loans:				
JPY floating rate	0.44% to 0.74%	May 2018, June 2018, July 2018 and November 2021	104,653	104,979
JPY fixed rate	0.76%	July 2018	1,231	1,250
			105,884	106,229
Secured term loans:				
JPY floating rate	–	–	–	1,250

As at 31 March 2018, there are four (2017: four) and two (2017: two) unsecured loans, held by the Group and the Company, respectively. The unsecured loans, held by the Company, have an effective interest rate of 0.44% per annum and maturity date of November 2021.

There is no (2017: one) secured term loan held by the Group as at 31 March 2018 and the loan as at 31 March 2017 was secured on the property, plant and equipment and other assets of a subsidiary (Note 14).

Hedge of net investments in foreign operations

Included in loans as at 31 March 2018 were term loans of JPY7.8 billion (2017: JPY7.8 billion), approximately $96 million (2017: $97.5 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 2018 (2017: NIL).

28. TERM LOANS (cont'd)

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

	Liabilities		
	Term Loans	**Finance Leases**	**Total**
	$'000	$'000	$'000
Balance at 1 April 2017	107,479	1,148	108,627
Changes from financing cash flows			
Repayment of finance leases and related charges	–	(606)	(606)
Effect of changes in foreign exchange rates	(1,595)	(13)	(1,608)
Other changes			
Interest expense	–	7	7
Balance at 31 March 2018	105,884	536	106,420

29. FINANCE LEASES

The Group has finance leases for equipment and motor vehicles. These lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	GROUP 31 March			
	2018		2017	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	$'000	$'000	$'000	$'000
Not later than one year	305	285	472	427
Later than one year but not later than five years	264	251	754	721
Total future minimum lease payments	569	536	1,226	1,148
Less: Amounts representing finance charges	(33)	–	(78)	–
Present value of minimum lease payments	536	536	1,148	1,148

The average discount rates implicit in the leases are 0.01% - 5.4% (2017: 0.01% - 5.4%) per annum for the lease of equipment and motor vehicles.

30. DEFINED BENEFIT PLAN

The subsidiaries in Japan operate a defined benefit plan which requires contributions to be made to separately administered funds. The plan provides a pension and the amount of benefit is calculated using a combination of final salary and total service years. The benefit plan will either vest to the employees after 3 years of service as lump-sum distribution or after 14 years of service as annual payment of plan benefit.

The following tables summarise the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the statement of financial position for the plans.

	GROUP 31 March	
	2018	2017
	$'000	$'000
Net benefit expense		
Current service cost	1,871	2,512
Interest cost on benefit obligation	248	232
Expected return on plan assets	(238)	(224)
Net benefit expense	1,881	2,520
Actual return on plan assets	(3,411)	(2,255)
Defined benefit plan asset/(liability)		
Defined benefit obligation - funded	(80,645)	(83,678)
Defined benefit obligation - unfunded	(569)	(559)
	(81,214)	(84,237)
Fair value of plan assets	81,961	81,987
Defined benefit asset/(liability)	747	(2,250)

Change in present value of defined benefit obligations are as follows:

	2018	2017
	$'000	$'000
As at 1 April	84,237	81,655
Current service cost (Note 5)	1,871	2,512
Interest cost	248	232
Benefits paid	(3,752)	(3,505)
Actuarial gain on obligation	(126)	(64)
Exchange differences	(1,264)	3,407
As at 31 March	81,214	84,237

30. DEFINED BENEFIT PLAN (cont'd)

Change in fair value of plan assets are as follows:

	GROUP	
Benefits paid	2018 $'000	2017 $'000
As at 1 April	81,987	78,591
Expected return on plan assets	238	224
Benefits paid	872	924
Contributions by employer	(3,101)	(3,027)
Actuarial gain	3,173	2,031
Exchange differences	(1,208)	3,244
As at 31 March	81,961	81,987

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

	GROUP 31 March	
	2018 %	2017 %
Japan equities	13.9	13.3
Offshore equities	12.2	11.7
Japan bonds	45.7	45.8
Offshore bonds	9.6	9.6
Fixed deposits	18.6	19.6
	100.0	100.0

The principal assumptions used in determining pension benefit obligations for the defined benefit plans are shown below:

	GROUP 31 March	
	2018 %	2017 %
Discount rates	0.3	0.3
Expected rate of return on assets	0.3	0.3
Post retirement mortality for pensioners at age 65		
- Male	1.1	1.1
- Female	1.1	1.1

The expected rate of return is calculated by weighting the expected rates of return on individual categories of plan assets in accordance with the anticipated balance in the plan's investment portfolio. These expected rates of return are determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

31. 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.

In addition to the related party information disclosed elsewhere in the full 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	
	2017-18	2016-17
	$'000	$'000
Services rendered by:		
Related parties	37,685	31,107
Associates/joint ventures	19,677	17,712
	57,362	48,819
Sales to:		
Related parties	809,736	799,404
Associates/joint ventures	3,160	3,475
	812,896	802,879
Rental income:		
Associates/joint ventures	2,469	2,518
	2,469	2,518

Directors' and key executives' remuneration

	GROUP	
	2017-18	2016-17
	$'000	$'000
Directors		
Directors' fees (Note 6)		
- paid by the Company	988	854
- paid by subsidiaries of the Group	17	13
	1,005	867
Key executives		
Salary, bonuses and other costs	6,477	5,394
CPF and other defined contributions	48	21
Share-based compensation expense	3,154	2,802
	9,679	8,217

31. RELATED PARTY TRANSACTIONS (cont'd)

Share options granted to and exercised by key executives of the Group are as follows:

Name of participant	Aggregate options granted since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options outstanding at end of financial year
Tan Chuan Lye	624,500	(624,500)	–
Yacoob Bin Ahmed Piperdi	377,950	(377,950)	–

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	711,000	3,159,836	(1,155,636)	2,004,200
Yacoob Bin Ahmed Piperdi	253,000	1,478,735	(774,135)	704,600
Tan Chuan Lye	–	1,373,281	(1,252,681)	120,600

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

32. CAPITAL AND OTHER COMMITMENTS

(a) The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $119.6 million (2017: $143.0 million) for the Group and $24.5 million (2017: $32.3 million) for the Company. In aggregate, these commitments are not at prices in excess of current market prices.

(b) The Group has entered into operating lease agreements for ground support equipment and leasehold land and buildings. The lease periods range from 1 to 57 years. The leases of the leasehold properties contain provision for rental adjustments. The future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP 31 March		COMPANY 31 March	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Within one year	11,955	12,937	1,998	1,515
Later than one year but not later than five years	30,136	26,849	6,557	5,579
Later than five years	18,277	11,093	7,673	2,317
	60,368	50,879	16,228	9,411

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 ten 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.

(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.

(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 short-term deposits and its interest expense on term loans.

The Group's interest-bearing assets and interest-bearing liabilities are predominantly denominated in SGD and JPY. Information relating to other interest-bearing assets and liabilities are disclosed in the cash and short-term deposits (Note 25) and term loans (Note 28).

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.

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 borrowings at 31 March would have the following effects:

	GROUP 31 March		COMPANY 31 March	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Effect of an increase in 50 basis points in market interest rates				
Profit before tax	716	1,998	183	942
Equity	594	1,658	152	782
Effect of a decrease in 50 basis points in market interest rates				
Profit before tax	(716)	(1,998)	(183)	(942)
Equity	(594)	(1,658)	(152)	(782)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Credit Risk

The Group's maximum exposure to credit risk in the event that counter-parties fail to perform their obligations as at 31 March 2018 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 counter-parties. 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 counter-party, 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 credit.

Concentration of credit risk exists when changes in economic, industry or geographical factors affect the group of counter-parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group determines concentration of credit risk by monitoring the industry, country and credit rating of its counter-parties. 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

Credit profiles	Outstanding balance		Percentage of total Financial assets	
	2018	2017	2018	2017
	$'000	$'000	%	%
By Industry				
Airlines	228,067	210,033	33.7	26.8
Financial institutions	361,802	505,922	53.5	64.5
Others	86,560	67,812	12.8	8.7
	676,429	783,767	100.0	100.0
By Region				
Singapore	532,659	644,746	78.7	82.3
Japan	92,362	77,003	13.7	9.8
Others	51,408	62,018	7.6	7.9
	676,429	783,767	100.0	100.0
By Moody's Credit Ratings				
Investment grade (A to Aaa)	374,528	507,518	55.4	64.8
Investment grade (Baa)	15,388	17,645	2.3	2.2
Non-rated	286,513	258,604	42.3	33.0
	676,429	783,767	100.0	100.0

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Credit Risk (cont'd)

At the end of the reporting period, approximately:

- 48% (2017: 51%) of the Group's trade receivables were due from a major customer located in Singapore.
- 50% (2017: 53%) of the Group's trade receivables were due from related parties.

COMPANY

Credit profiles	Outstanding balance 2018 $'000	Outstanding balance 2017 $'000	Percentage of total Financial assets 2018 %	Percentage of total Financial assets 2017 %
By Industry				
Airlines	1,509	2,253	0.2	0.3
Financial institutions	211,647	301,126	34.9	43.3
Related parties	389,768	387,401	64.3	55.7
Others	3,655	5,160	0.6	0.7
	606,579	695,940	100.0	100.0
By Region				
Singapore	604,796	691,949	99.7	99.4
Others	1,783	3,991	0.3	0.6
	606,579	695,940	100.0	100.0
By Moody's Credit Ratings				
Investment grade (A to Aaa)	211,647	301,126	34.9	43.3
Non-rated	394,932	394,814	65.1	56.7
	606,579	695,940	100.0	100.0

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 short-term deposits 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 in trade and other receivables (Note 23).

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity Risk

As at 31 March 2018, the Group had at its disposal, cash and cash equivalents amounting to $373.3 million (2017: $508.4 million). In addition, the Group has available short-term credit facilities of approximately $338.2 million (2017: $263.8 million) from revolving credit facilities granted by commercial banks. The Group also has an alternative facility to issue notes up to $500 million (2017: $500 million), with maturity dates between one month to ten years, under the Medium Term Note Programme.

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 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. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

GROUP	Within 1 year	1–2 years	2–5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
2018					
Financial assets:					
Trade and other receivables	298,546	–	–	–	298,546
Amount due from associates/joint ventures	4,605	–	–	–	4,605
Cash and short-term deposits	373,278	–	–	–	373,278
Total undiscounted financial assets	676,429	–	–	–	676,429
Financial liabilities:					
Amount due to associates/joint ventures	3,493	–	–	–	3,493
Term loans	10,336	428	96,890	–	107,654
Finance lease	305	159	105	–	569
Trade and other payables	331,611	6	17,270	3,997	352,884
Total undiscounted financial liabilities	345,745	593	114,265	3,997	464,600
Total net undiscounted financial assets/(liabilities)	330,684	(593)	(114,265)	(3,997)	211,829

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity Risk (cont'd)

GROUP	Within 1 year	1–2 years	2–5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
2017					
Financial assets:					
Trade and other receivables	271,220	–	–	–	271,220
Amount due from associates/joint ventures	6,743	–	–	–	6,743
Cash and short-term deposits	505,804	–	–	–	505,804
Total undiscounted financial assets	783,767	–	–	–	783,767
Financial liabilities:					
Amount due to associates/joint ventures	4,878	–	–	–	4,878
Term loans	10,498	439	98,798	–	109,735
Finance lease	472	472	282	–	1,226
Trade and other payables	316,148	5,379	27,951	6,140	355,618
Total undiscounted financial liabilities	331,996	6,290	127,031	6,140	471,457
Total net undiscounted financial assets/(liabilities)	451,771	(6,290)	(127,031)	(6,140)	312,310

COMPANY	Within 1 year	1–2 years	2–5 years	More than 5 years	Total
2018					
Financial assets:					
Trade and other receivables	79,812	–	–	–	79,812
Amount due from associates/joint ventures	2,538	–	–	–	2,538
Loan to subsidiaries	238	–	–	312,420	312,658
Cash and short-term deposits	211,592	–	–	–	211,592
Total undiscounted financial assets	294,180	–	–	312,420	606,600
Financial liabilities:					
Loan from subsidiaries	58,551	–	–	–	58,551
Term loans	428	428	96,890	–	97,746
Trade and other payables	203,235	–	8,461	–	211,696
Total undiscounted financial liabilities	262,214	428	105,351	–	367,993
Total net undiscounted financial assets/(liabilities)	31,966	(428)	(105,351)	312,420	238,607

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity Risk (cont'd)

COMPANY	Within 1 year	1–2 years	2–5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
2017					
Financial assets:					
Trade and other receivables	61,827	–	–	–	61,827
Amount due from associates/joint ventures	3,774	–	–	–	3,774
Loan to subsidiaries	1,028	1,285	1,138	326,523	329,974
Cash and short-term deposits	300,686	–	–	–	300,686
Total undiscounted financial assets	367,315	1,285	1,138	326,523	696,261
Financial liabilities:					
Term loans	439	439	98,798	–	99,676
Trade and other payables	229,723	–	12,693	–	242,416
Total undiscounted financial liabilities	230,162	439	111,491	–	342,092
Total net undiscounted financial assets/(liabilities)	137,153	846	(110,353)	326,523	354,169

34. FINANCIAL INSTRUMENTS

(a) 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	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised costs	Total
	$'000	$'000	$'000	$'000
2018				
Assets				
Long-term investments	–	19,987	–	19,987
Trade and other receivables	298,546	–	–	298,546
Amount due from associates/joint ventures	4,605	–	–	4,605
Cash and short-term deposits	373,278	–	–	373,278
	676,429	19,987	–	696,416
Total non-financial assets				1,651,947
Total assets				2,348,363

34. FINANCIAL INSTRUMENTS (cont'd)

(a) Classification of financial instruments (cont'd)

GROUP	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised costs $'000	Total $'000
2018				
Liabilities				
Amount due to joint ventures	–	–	3,493	3,493
Term loans	–	–	105,884	105,884
Finance lease	–	–	536	536
Trade and other payables	–	–	352,884	352,884
	–	–	462,797	462,797
Total non-financial liabilities				118,950
Total liabilities				581,747
2017				
Assets				
Long-term investments	–	25,292	–	25,292
Trade and other receivables	271,220	–	–	271,220
Amount due from associates/joint ventures	6,743	–	–	6,743
Cash and short-term deposits	505,804	–	–	505,804
	783,767	25,292	–	809,059
Total non-financial assets				1,470,343
Total assets				2,279,402
Liabilities				
Amount due to joint ventures	–	–	4,878	4,878
Term loans	–	–	107,479	107,479
Finance lease	–	–	1,148	1,148
Trade and other payables	–	–	353,368	353,368
	–	–	466,873	466,873
Total non-financial liabilities				121,353
Total liabilities				588,226

34. FINANCIAL INSTRUMENTS (cont'd)

(a) Classification of financial instruments (cont'd)

COMPANY	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised costs $'000	Total $'000
2018				
Assets				
Trade and other receivables	79,812	–	–	79,812
Loan to subsidiaries	312,637	–	–	312,637
Amount due from associates/joint ventures	2,538	–	–	2,538
Cash and short-term deposits	211,592	–	–	211,592
	606,579	–	–	606,579
Total non-financial assets				1,293,848
Total assets				1,900,427
Liabilities				
Loan from subsidiaries	–	–	58,000	58,000
Term loans	–	–	96,034	96,034
Trade and other payables	–	–	211,696	211,696
	–	–	365,730	365,730
Total non-financial liabilities				38,783
Total liabilities				404,513
2017				
Assets				
Trade and other receivables	61,827	–	–	61,827
Loan to subsidiaries	329,653	–	–	329,653
Amount due from associates/joint ventures	3,774	–	–	3,774
Cash and short-term deposits	300,686	–	–	300,686
	695,940	–	–	695,940
Total non-financial assets				1,157,421
Total assets				1,853,361
Liabilities				
Term loans	–	–	97,481	97,481
Trade and other payables	–	–	242,416	242,416
	–	–	339,897	339,897
Total non-financial liabilities				40,543
Total liabilities				380,440

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

A. *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

The carrying values of the Group's unquoted equity instruments held as long-term investments (Note 20) are stated at a cost of $305,000 (2017: $414,000) because their fair values cannot be measured reliably. These equity instruments represent ordinary shares in companies that are not quoted on any market and do not have any comparable industry peers that are listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of these investments in the foreseeable future. The fair values of these investments are expected to be above their carrying values.

B. *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Trade and other receivables (Note 23), amount due from associates (Note 18), amounts due from related companies (Note 23), loan to subsidiaries (Note 17), cash and short-term deposits (Note 25), trade and other payables (Note 27), term loans - floating rate (Note 28), finance leases – current (Note 29) and other long-term liabilities.

The carrying amounts of these financial assets and liabilities are reasonable approximation of their respective 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.

Term loans - fixed rate (Note 28) and finance leases – non-current (Note 29).

The carrying amounts of these financial liabilities are reasonable approximation of their respective fair values as their interest rates approximate the interest rates for such liabilities at balance sheet date.

35. 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 2018 and 31 March 2017, 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 31 March		COMPANY 31 March	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Term loans (Note 28)	105,884	107,479	96,034	97,481
Finance leases (Note 29)	536	1,148	–	–
Total debt	106,420	108,627	96,034	97,481
Equity attributable to owners of the Company	1,634,081	1,603,479	1,495,914	1,472,921
Total debt-equity ratio	0.07	0.07	0.06	0.07

36. 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 includes 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 the Singapore International Cruise Terminal at Marina South.
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 short term deposits, 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 bases in a manner similar to transactions with third parties.

36. SEGMENT REPORTING (cont'd)

The Group generally accounts for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

BY BUSINESS

	Food Solutions $'000	Gateway Services $'000	Others $'000	Total $'000
Financial year ended 31 March 2018				
Revenue	946,638	776,510	1,436	1,724,584
Operating profit/(loss)	150,045	78,291	(1,969)	226,367
Net finance income	592	–	2,795	3,387
Dividends from long-term investment, gross	14	–	–	14
Share of results of associates/joint ventures, net of tax	25,488	45,665	2	71,155
Gain/(loss) on disposal of property, plant and equipment	89	255	(18)	326
Gain on disposal of assets held for sale	10,357	5,186	–	15,543
Write back of earn-out consideration	4,528	–	–	4,528
Gain from sale of investment	266	–	–	266
Other non-operating (expenses)/income	(204)	(144)	348	–
Profit before tax	191,175	129,253	1,158	321,586
Income tax expense	(32,762)	(18,201)	(5,088)	(56,051)
Profit/(loss) for the year	158,413	111,052	(3,930)	265,535
As at 31 March 2018				
Segment assets	400,043	276,030	86,271	762,344
Property, plant and equipment and investment property	268,813	235,860	64,353	569,026
Associates/joint ventures	272,086	576,501	207	848,794
Deferred tax assets	10,576	117	–	10,693
Intangible assets	146,088	7,249	4,169	157,506
Total assets	1,097,606	1,095,757	155,000	2,348,363
Current liabilities	171,967	125,364	47,908	345,239
Long-term liabilities	9,872	3,090	104,596	117,558
Tax liabilities	43,764	36,390	38,796	118,950
Total liabilities	225,603	164,844	191,300	581,747
Capital expenditure	29,703	50,756	19,660	100,119
Depreciation and amortisation charges	37,474	33,450	7,544	78,468

36. SEGMENT REPORTING (cont'd)

BY BUSINESS (cont'd)

	Food Solutions $'000	Gateway Services $'000	Others $'000	Total $'000
Financial year ended 31 March 2017				
Revenue	973,347	754,601	1,417	1,729,365
Operating profit/(loss)	169,178	64,133	(2,686)	230,625
Net finance income	195	(24)	3,230	3,401
Dividends from long-term investment, gross	14	–	643	657
Share of results of associates/joint ventures, net of tax	25,653	39,542	2	65,197
Gain on disposal of property, plant and equipment	353	204	43	600
Gain on disposal of assets held for sale	9,301	–	–	9,301
Loss on divestment/dilution of interest in associates	(717)	–	–	(717)
Other non-operating (expenses)/income	(319)	(272)	591	–
Profit before tax	203,658	103,583	1,823	309,064
Income tax expense	(29,287)	(14,095)	(4,918)	(48,300)
Profit/(loss) for the year	174,371	89,488	(3,095)	260,764
As at 31 March 2017				
Segment assets	396,042	243,240	250,672	889,954
Property, plant and equipment and investment property	274,869	222,930	51,252	549,051
Associates/joint ventures	251,532	419,109	206	670,847
Deferred tax assets	11,568	34	–	11,602
Intangible assets	150,274	4,349	3,325	157,948
Total assets	1,084,285	889,662	305,455	2,279,402
Current liabilities	169,853	126,016	40,655	336,524
Long-term liabilities	12,660	3,238	121,774	137,672
Tax liabilities	45,138	28,336	40,556	114,030
Total liabilities	227,651	157,590	202,985	588,226
Capital expenditure	27,068	41,517	20,756	89,341
Depreciation and amortisation charges	37,306	28,224	7,968	73,498

36. 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 2018				
Revenue	1,422,987	239,396	62,201	1,724,584
As at 31 March 2018				
Segment assets	633,943	105,272	23,129	762,344
Property, plant and equipment and investment property	448,909	88,591	31,526	569,026
Associates/joint ventures	48,293	2,428	798,073	848,794
Deferred tax assets	157	10,344	192	10,693
Intangible assets	135,584	21,397	525	157,506
Total assets	1,266,886	228,032	853,445	2,348,363
Capital expenditure	73,586	3,791	22,742	100,119
Financial year ended 31 March 2017				
Revenue	1,381,551	259,477	88,337	1,729,365
As at 31 March 2017				
Segment assets	784,021	92,247	13,686	889,954
Property, plant and equipment and investment property	441,675	94,518	12,858	549,051
Associates/joint ventures	45,759	2,440	622,648	670,847
Deferred tax assets	658	10,755	189	11,602
Intangible assets	134,684	23,264	–	157,948
Total assets	1,406,797	223,224	649,381	2,279,402
Capital expenditure	73,531	3,031	12,779	89,341

Information about a major customer

Revenue from one major customer amounted to $809 million (2017: $799 million), arising from sales by all segments.

37. SUBSEQUENT EVENTS

a On 4 April 2018, SATS Ltd. entered into a Capital Increase Agreement by and between all existing shareholders of Beijing Aviation Ground Services Co., Ltd ("BGS"), pursuant to which the Company has agreed to subscribe for additional shares and increase its shareholding in the capital of BGS from 28% to 29%.

b The Group's wholly owned subsidiary, SATS Airport Services Pte. Ltd. ("SAS"), has on 16 May 2018 entered into a joint venture agreement with Jet Aviation (Asia Pacific) Pte. Ltd. and Universal Singapore Airport Services Pte. Ltd., to set up a company ("JVCO") in Singapore with initial paid-up capital of $2,800,000. SAS will hold 52% of the JVCO. The primary activity of the new JVCO will be to provide terminal management services as the operator of the Seletar Airport Business Aviation Center.

38. COMPARATIVE INFORMATION

During the year, the Group has reassessed the classification of accrued expenses in relation to long-term employee benefits from current to non-current liabilities. Comparative amounts in the statement of financial position were reclassified for consistency. As a result, the accrued expenses as at 31 March 2017 amounting to $14,798,000 were reclassified from current liabilities to non-current liabilities.

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 2018 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000)
	$'000	$'000
Transactions for the Sale of Goods and Services		
Singapore Airlines Limited [1]	–	554,573
Singapore Airlines Cargo Pte. Ltd.	–	1,051
SIA Engineering Company Limited	–	26,398
SilkAir (Singapore) Private Limited	–	5,148
Scoot Tigerair Pte. Ltd.[2]	–	68,200
SG IPF Pte. Ltd.	–	156
	–	655,526
Transactions for the Purchase of Goods and Services		
NCS Communications Engineering Pte. Ltd.	–	287
SIA Engineering Company Limited [3]	–	2,000
Singapore Telecommunications Limited	–	4,845
ST Synthesis Pte. Ltd.	–	461
	–	7,593
Joint Venture		
Jilin IPF Pte. Ltd.	4,786	–
	4,786	–

[1] This includes the value of the original contract entered into in 2014 between SATS Ltd. and Singapore Airlines Limited for the period from 1 June 2014 to 31 May 2017.

[2] Tiger Airways Singapore Pte. Ltd. and Scoot Pte. Ltd. had merged and renamed as Scoot Tigerair Pte. Ltd. on 1 July 2017. The transaction with Scoot Tigerair Pte. Ltd. of S$68.2 million includes transactions with Tiger Airways Singapore Pte. Ltd. and Scoot Pte. Ltd. of S$22.1 million and S$2.3 million respectively.

[3] The value of contract for services procured was for the period from 1 December 2015 to 30 November 2018.

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.

ADDITIONAL INFORMATION REQUIRED BY
THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

2. MATERIAL CONTRACTS

Except as disclosed above and in the financial statements for the financial year ended 31 March 2018, 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.

UNAUDITED FINANCIAL STATEMENTS OF SATS LTD. AND ITS SUBSIDIARIES FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

The information in this Appendix III has been reproduced from the unaudited financial statements of SATS Ltd. and its subsidiaries for the financial period ended 30 June 2018 and has not been specifically prepared for inclusion in this Information Memorandum.

UNAUDITED RESULTS FOR FIRST QUARTER ENDED 30 JUNE 2018

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT
For the first quarter ended 30 June 2018 (in $ million)

	GROUP	
	1st Quarter	
	2018-19	**2017-18**
Revenue	439.4	426.5
Expenditure		
Staff costs	(211.4)	(214.3)
Cost of raw materials	(63.7)	(57.9)
Licence fees	(22.3)	(21.6)
Depreciation and amortisation charges	(20.1)	(18.8)
Company premise and utilities expenses	(26.5)	(26.9)
Other costs	(30.5)	(33.5)
	(374.5)	(373.0)
Operating profit	64.9	53.5
Interest on borrowings	(0.2)	(0.2)
Interest income	1.0	1.3
Share of results of associates/joint ventures, net of tax	15.3	15.5
Other non-operating (loss)/income, net	(0.1)	0.1
Profit before tax	80.9	70.2
Income tax expense	(14.7)	(13.0)
Profit for the period	66.2	57.2
Profit attributable to:		
Owners of the Company	63.9	57.3
Non-controlling interests	2.3	(0.1)
	66.2	57.2
EBITDA ($'M) (1)	**100.2**	**87.9**
Return on Equity (%) (2)	**3.8**	**3.5**

1. EBITDA refers to earnings before interest, tax, depreciation and amortisation.
2. Return on equity is profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds.

Notes - Profit for the period is arrived at after crediting/(charging) the following items (in $ million):

	GROUP 1st Quarter	
	2018-19	**2017-18**
Foreign exchange gain/(loss), net	3.7	(1.1)
Write-off for stock obsolescence, net	–	(0.1)
Gain on disposal of property, plant and equipment	0.2	0.1
Over provision of taxation in respect of prior years	0.2	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the first quarter ended 30 June 2018 (in $ million)

	GROUP 1st Quarter	
	2018-19	**2017-18**
Profit for the period	66.2	57.2
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	4.0	(10.2)
	4.0	(10.2)
Other comprehensive income for the period, net of tax	4.0	(10.2)
Total comprehensive income for the period	70.2	47.0
Total comprehensive income attributable to:		
Owners of the Company	68.0	48.1
Non-controlling interests	2.2	(1.1)
Total comprehensive income for the period	70.2	47.0

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2018 (in $ million)

	GROUP		COMPANY	
	30.6.2018	**31.3.2018**	**30.6.2018**	**31.3.2018**
Equity attributable to owners of the Company				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(42.7)	(32.8)	(42.7)	(32.8)
Share-based compensation reserve	17.6	15.0	17.6	15.0
Statutory reserve	9.9	9.2	–	–
Foreign currency translation reserve	(139.3)	(143.4)	–	–
Revenue reserve	1,494.2	1,431.0	1,171.7	1,159.6
Other reserves*	(13.5)	(12.8)	(14.5)	(13.8)
	1,694.1	1,634.1	1,500.0	1,495.9
Non-controlling interests	135.7	132.5	–	–
Total equity	1,829.8	1,766.6	1,500.0	1,495.9
Non-current assets				
Property, plant and equipment	560.2	560.1	29.1	27.9
Investment properties	8.6	8.9	222.7	229.5
Intangible assets	157.8	157.5	5.8	4.2
Investment in subsidiaries	–	–	537.1	536.5
Investment in associates	611.5	604.1	320.7	320.7
Investment in joint ventures	252.8	244.7	172.9	165.0
Long-term investments	20.8	20.0	–	–
Loan to subsidiaries	–	–	312.5	312.4
Deferred tax assets	10.3	10.7	–	–
Defined benefit plan	0.7	0.7	–	–
Other non-current assets	6.0	6.6	–	–
	1,628.7	1,613.3	1,600.8	1,596.2
Current assets				
Trade and other receivables	309.7	298.5	106.7	79.8
Prepayments and deposits	20.2	16.2	2.1	2.3
Amounts due from associates/joint ventures	5.3	4.6	3.3	2.5
Loan to subsidiaries	–	–	0.2	0.2
Inventories	24.3	22.5	0.2	0.2
Cash and short-term deposits	439.7	373.3	255.4	211.6
Assets of disposal groups classified as held for sale	20.5	19.9	7.6	7.6
	819.7	735.0	375.5	304.2
Current liabilities				
Trade and other payables	366.5	331.7	265.9	203.2
Amounts due to associates/joint ventures	1.9	3.5	–	–
Income tax payable	60.4	57.3	13.7	12.6
Term loans	9.9	9.8	65.2	58.0
Finance leases	0.3	0.3	–	–
	439.0	402.6	344.8	273.8
Net current assets	380.7	332.4	30.7	30.4
Non-current liabilities				
Deferred tax liabilities	63.1	61.6	26.2	26.2
Term loan	96.2	96.0	96.2	96.0
Finance leases	0.1	0.3	–	–
Other payables	20.2	21.2	9.1	8.5
	179.6	179.1	131.5	130.7
Net assets	1,829.8	1,766.6	1,500.0	1,495.9

* Other Reserves consist of Gain/(Loss) on Reissuance of Treasury Shares, Capital Reserve and Fair Value Reserve.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

(In $ million)

Amount repayable in one year or less, or on demand

As at 30.06.2018		As at 31.03.2018	
Secured	Unsecured	Secured	Unsecured
–	10.2	–	10.1

Amount repayable after one year

As at 30.06.2018		As at 31.03.2018	
Secured	Unsecured	Secured	Unsecured
–	96.3	–	96.3

Details of any collateral

NIL.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF CASH FLOWS
For the first quarter ended 30 June 2018 (in $ million)

	GROUP	
	1st Quarter	
	2018-19	**2017-18**
Cash flows from operating activities		
Profit before tax	80.9	70.2
Adjustments for:		
Interest income, net	(0.8)	(1.1)
Depreciation and amortisation charges	20.1	18.8
Unrealised foreign exchange (gain)/loss	(2.3)	1.1
Share of results of associates/joint ventures, net of tax	(15.3)	(15.5)
Gain on disposal of property, plant and equipment	(0.2)	(0.1)
Share-based payment expense	2.8	2.5
Other non-cash items	–	0.1
Operating cash flows before working capital changes	85.2	76.0
Changes in working capital:		
Increase in receivables	(9.1)	(12.0)
Increase in prepayments and deposits	(4.0)	(3.3)
Increase in inventories	(1.8)	(1.3)
Increase/(decrease) in payables	33.2	(2.1)
Increase in amounts due from associates/joint ventures, net	(2.3)	(1.7)
Cash generated from operations	101.2	55.6
Interest paid to third parties	(0.2)	(0.2)
Income taxes paid	(9.6)	(8.8)
Net cash from operating activities	91.4	46.6
Cash flows from investing activities		
Capital expenditure	(19.1)	(18.9)
Dividends from associates/joint ventures	10.5	5.9
Proceeds from disposal of assets held for sale	–	3.7
Proceeds from disposal of property, plant and equipment	0.6	0.6
Investment in associates/joint ventures	(6.7)	(0.1)
Interest received from deposits	0.7	0.9
Net cash used in investing activities	(14.0)	(7.9)
Cash flows from financing activities		
Repayment of finance leases and related charges	(0.1)	(0.4)
Proceeds from exercise of share options	0.8	3.4
Purchase of treasury shares	(11.5)	–
Capital contribution from non-controlling interest	1.2	–
Dividends paid to non-controlling interest	(0.2)	(0.2)
Net cash (used in)/from financing activities	(9.8)	2.8
Net increase in cash and cash equivalents	67.6	41.5
Effect of exchange rate changes	(1.2)	(1.1)
Cash and cash equivalents at beginning of financial period (1)	373.3	508.4
Cash and cash equivalents at end of financial period (1)	**439.7**	**548.8**

(1) Cash and cash equivalents comprised cash held under assets held for sale was Nil as at 30 June 2018 (30 June 2017: $4.2 million) and Nil as at 31 March 2018 (31 March 2017: $2.6 million).

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY
For the first quarter ended 30 June 2018 (in $ million)

	Attributable to owners of the Company											
GROUP	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Loss on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
Balance at 1 April 2018	367.9	(32.8)	15.0	9.2	(143.4)	1,431.0	1.1	(13.8)	(0.1)	1,634.1	132.5	1,766.6
Profit for the period	–	–	–	–	–	63.9	–	–	–	63.9	2.3	66.2
Other comprehensive income for the period	–	–	–	–	4.1	–	–	–	–	4.1	(0.1)	4.0
Total comprehensive income for the period	–	–	–	–	4.1	63.9	–	–	–	68.0	2.2	70.2
Contributions by and distributions to owners												
Share-based payment	–	–	2.8	–	–	–	–	–	–	2.8	–	2.8
Treasury shares reissued pursuant to equity compensation plans	–	1.6	(0.2)	–	–	–	–	(0.7)	–	0.7	–	0.7
Purchase of treasury shares	–	(11.5)	–	–	–	–	–	–	–	(11.5)	–	(11.5)
Total contributions by and distributions to owners	–	(9.9)	2.6	–	–	–	–	(0.7)	–	(8.0)	–	(8.0)
Others												
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	1.2	1.2
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(0.2)	(0.2)
Transfer to statutory reserve	–	–	–	0.7	–	(0.7)	–	–	–	–	–	–
Balance at 30 June 2018	367.9	(42.7)	17.6	9.9	(139.3)	1,494.2	1.1	(14.5)	(0.1)	1,694.1	135.7	1,829.8

* Certain countries in which some of the 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.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the first quarter ended 30 June 2018 (in $ million)

GROUP	Attributable to owners of the Company											
	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Loss on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
Balance at 1 April 2017	367.9	(30.3)	12.6	8.3	(111.1)	1,362.0	4.6	(10.6)	0.1	1,603.5	87.7	1,691.2
Profit for the period	–	–	–	–	–	57.3	–	–	–	57.3	(0.1)	57.2
Other comprehensive income for the period	–	–	–	–	(9.2)	–	–	–	–	(9.2)	(1.0)	(10.2)
Total comprehensive income for the period	–	–	–	–	(9.2)	57.3	–	–	–	48.1	(1.1)	47.0
Contributions by and distributions to owners												
Share-based payment	–	–	2.5	–	–	–	–	–	–	2.5	–	2.5
Treasury shares reissued pursuant to equity compensation plans	–	4.0	(0.8)	–	–	–	–	0.2	–	3.4	–	3.4
Total contributions by and distributions to owners	–	4.0	1.7	–	–	–	–	0.2	–	5.9	–	5.9
Others												
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(0.2)	(0.2)
Transfer to statutory reserve	–	–	–	0.1	–	(0.1)	–	–	–	–	–	–
Balance at 30 June 2017	367.9	(26.3)	14.3	8.4	(120.3)	1,419.2	4.6	(10.4)	0.1	1,657.5	86.4	1,743.9

* Certain countries in which some of the 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.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the first quarter ended 30 June 2018 (in $ million)

COMPANY	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Loss on Reissuance of Treasury Shares	Total Equity
Balance at 1 April 2018	367.9	(32.8)	15.0	1,159.6	(13.8)	1,495.9
Profit for the period	–	–	–	12.1	–	12.1
Total comprehensive income for the year	–	–	–	12.1	–	12.1
Contributions by and distributions to owners						
Share-based payment	–	–	2.8	–	–	2.8
Treasury shares reissued pursuant to equity compensation plans	–	1.6	(0.2)	–	(0.7)	0.7
Purchase of treasury shares	–	(11.5)	–	–	–	(11.5)
Total contributions by and distributions to owners	–	(9.9)	2.6	–	(0.7)	(8.0)
Balance at 30 June 2018	367.9	(42.7)	17.6	1,171.7	(14.5)	1,500.0
Balance at 1 April 2017	367.9	(30.3)	12.6	1,133.3	(10.6)	1,472.9
Profit for the period	–	–	–	6.8	–	6.8
Total comprehensive income for the year	–	–	–	6.8	–	6.8
Contributions by and distributions to owners						
Share-based payment	–	–	2.5	–	–	2.5
Treasury shares reissued pursuant to equity compensation plans	–	4.0	(0.8)	–	0.2	3.4
Total contributions by and distributions to owners	–	4.0	1.7	–	0.2	5.9
Balance at 30 June 2017	367.9	(26.3)	14.3	1,140.1	(10.4)	1,485.6

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued share excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY

(i) Employee Share Option Plan

During the period from April to June 2018, 407,600 options were exercised under the SATS Employee Share Option Plan.

As at 30 June 2018, the number of outstanding share options was 339,100 (30 June 2017: 1,984,400).

The movement of share options of the Company during the period from April to June 2018 was as follows:

Date of grant	Balance at 1.4.2018	Forfeited/ Lapsed	Exercised	Balance at 30.6.2018	Exercise price	Expired date
01.07.2008	752,500	(5,800)	(407,600)	339,100	$1.92	30.06.2018
	752,500	(5,800)	(407,600)	339,100		

The Company has ceased to issue further grants of share options since the last grant in July 2008.

As at date of announcement, the Plan has expired and share options which were not exercised has since lapsed.

(ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

Management employees may qualify for two share-based incentive plans, the RSP and PSP, which were approved by the shareholders of the Company on 19 July 2005. Both share plans which expired on 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.

SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY (cont'd)

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

For grants in FY2014-15 to FY2017-18

The RSP award is subject to the achievement of the pre-determined target over a one-year period and has an equal vesting over a three-year period. The number of restricted shares awarded is based on individual and corporate performance and the final number of restricted shares could range between 0% and 120% of the initial grant of the restricted shares. PSP has a performance period of three years. The number of performance shares awarded is based on individual and corporate performance and the final performance shares awarded could range between 0% and 150% of the initial grant, subject to achievement of the pre-determined targets.

As at 30 June 2018, the number of shares outstanding under the Company's RSP and PSP were 2,889,200 and 4,775,000 (30 June 2017: 2,879,800 and 4,199,000) respectively.

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

RSP

	Number of Restricted Shares				
Date of grant	Balance at 1.4.2018 / Date of grant	Vested	Forfeited	Adjustments	Balance at 30.6.2018
03.08.2015	495,000	–	(4,400)	–	490,600
01.08.2016	1,045,200	–	(9,600)	–	1,035,600
01.08.2017	1,376,500	–	(13,500)	–	1,363,000
	2,916,700	–	(27,500)	–	2,889,200

PSP

	Number of Performance Shares				
Date of grant	Balance at 1.4.2018 / Date of grant	Vested	Forfeited	Adjustments	Balance at 30.6.2018
02.11.2015	1,570,000	–	–	–	1,570,000
01.08.2016	1,583,000	–	–	–	1,583,000
01.08.2017	1,622,000	–	–	–	1,622,000
	4,775,000	–	–	–	4,775,000

(iii) Number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding are as follows:

Group and Company	As at 30 June 2018	As at 30 June 2017
Number of treasury shares	10,102,355	8,252,655
Number of subsidiary holdings	–	–
Aggregate number of treasury shares and subsidiary holdings	10,102,355	8,252,655
Total number of shares outstanding*	1,113,953,920	1,115,803,620
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding	0.9%	0.7%

*Total number of issued shares excluding treasury shares and subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 June 2018	As at 31 March 2018
1,113,953,920	1,115,845,820

1(d)(iv) A statement showing all sales, transfer, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Group and Company Treasury Shares	Number of Shares		$ million	
	2018-19	2017-18	2018-19	2017-18
Balance at 1 April	8,210,455	9,547,355	32.8	30.3
Purchases during the period	2,299,500	–	11.5	–
Issuance of treasury shares pursuant to equity compensation plans	(407,600)	(1,294,700)	(1.6)	(4.0)
Balance at 30 June	10,102,355	8,252,655	42.7	26.3

1(d)(v) A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Nil.

2 **Whether the figures have been audited, or reviewed and in accordance with which standard.**

The figures have not been audited nor reviewed.

3 **Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).**

Not applicable.

4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 March 2018.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The new financial reporting framework, SFRS(I), is mandatory for Singapore-incorporated companies with equity instruments traded in a public market in Singapore for annual periods beginning on or after 1 January 2018.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the financial year ended 31 March 2018, except for the adoption of new/revised SFRS(I) framework applicable for the financial period beginning 1 January 2018. In addition to the adoption of the new framework, the Group also concurrently applied the following new SFRS(I)s, amendments to and interpretations of SFRS(I) effective from the same date:

- SFRS(I) 15 *Revenue from Contracts with Customers* (Amendments to SFRS(I) 15 and Clarifications to SFRS(I) 15)
- SFRS(I) 9 *Financial Instruments*
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- Applying SFRS(I) 9 *Financial Instruments* with SFRS(I) 4 Insurance Contracts (Amendments to SFRS(I) 4);
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of the above standards did not have any significant impact on the financial statements.

6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	GROUP	
	1st Quarter	
	2018-19	**2017-18**
Earnings per share based on net profit attributable to owners of the Company (cents):		
(i) Basic *	5.7	5.1
(ii) Diluted **	5.7	5.1

* Based on weighted average number of fully paid shares in issue.
** Based on weighted average number of fully paid shares in issue after adjusting for dilution of shares under the various employee share plans.

7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	As at 30.6.2018	**As at 31.3.2018**	**As at 30.6.2018**	**As at 31.3.2018**
Net asset value per ordinary share (cents)	152.1	146.4	134.7	134.1

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

GROUP FINANCIAL PERFORMANCE

First Quarter FY2018-19

Group revenue of the Group grew $12.9 million or 3% to $439.4 million, with growth in both Food Solutions and Gateway Services. Revenue from Food Solutions was higher by $6.4 million or 2.7% to $239.5 million while Gateway Services' revenue rose $6.5 million or 3.4% to $199.6 million. Excluding the impact of the deconsolidation of SATS HK Limited ("SHK") - a wholly owned subsidiary, which the Group has divested 51% interest to Voltaire Capital Investment Limited in July 2017, the Group's underlying revenue would have increased by $24.5 million or 5.9% while Gateway Services' revenue would have reflected a higher growth of $18.1 million or 10%.

Group expenditure in the current quarter was $374.5 million, increased $1.5 million or 0.4% as compared to the corresponding quarter last year, led by higher cost of raw materials, licence fees as well as depreciation and amortisation charges. The increases in cost of raw materials and licence fees were in line with the higher revenue while the depreciation and amortisation increased with additions in capital expenditure. Conversely, staff costs fell $2.9 million while company premise and utilities expenses were $0.4 million lower mainly due to the deconsolidation of SHK.

Other costs decreased $3 million primarily due to lower equipment and vehicle maintenance costs, as well as foreign exchange gain amounting to $3.7 million in the current quarter compared to the foreign exchange loss amounting to $1.1 million incurred in 1Q FY2017-18.

Operating profit for the Group rose to $64.9 million, $11.4 million or 21.3% over the same quarter last financial year, in line with the growth in revenue.

Share of results from associates/joint ventures was $15.3 million, lowered by $0.2 million or 1.3% over the same period last year with lower contributions from Gateway Services' associates/joint ventures, partially compensated by Food Solutions' improved performance.

Group net profit attributable to owners of the Company for the Group achieved $63.9 million, growth of $6.6 million or 11.5% compared to the corresponding quarter last year.

Revenue by business segment is summarised below:

Revenue	1Q FY2018-19 $m	%	1Q FY2017-18 $m	%	Growth %
Food Solutions	239.5	55	233.1	55	2.7
Gateway Services	199.6	45	193.1	45	3.4
Others	0.3	–	0.3	–	–
	439.4	**100**	**426.5**	**100**	3.0

GROUP FINANCIAL POSITION REVIEW

Total equity of the Group grew $63.2 million to $1,829.8 million as at 30 June 2018, as compared to balance at 31 March 2018. The equity grew mainly due to profits generated during the quarter partly offset by increase in treasury shares.

Non-current assets increased $15.4 million, primarily due to the higher investment in associates and joint ventures. The increase in investment in associates was attributable to associates' profit contribution during the quarter as well as foreign currency translation gains, offset by dividends received from associates. The higher investment in joint ventures resulted from additional capital injection of $6.7 million to Ground Team Red Holdings Sdn Bhd.

Current assets of the Group rose $84.7 million with higher balances across all current assets. The most significant increase was $66.4 million in cash and short-term deposits, with cash inflows mainly contributed by cash generated from operations as well as dividends received from associates/joint ventures. The increase in assets held for sale as at 30 June 2018 was due to the net assets movements for the period in relation to the 4% stake in Asia Airfreight Terminal Company Limited and 35% stake in DSATS. Both transactions are still pending completion as at 30 June 2018.

Current liabilities increased $36.4 million with higher trade and other payables as well as income tax payables, with partial offsetting impact from lower amount due to associates/joint ventures.

Non-current liabilities of the Group increased marginally $0.5 million to $179.6 million as at 30 June 2018.

GROUP CASH FLOWS REVIEW

Net cash from operating activities for the first quarter was cash inflow of $91.4 million, with $44.8 million increase from the corresponding quarter last year. The higher cash inflow was attributable to the higher profits generated during the period as well as the movement in working capital.

Net cash used in investing activities was higher due to the slight increase in capital expenditure spent, investment in associates/joint ventures as mentioned above, lower interest received from deposits as well as the absence of proceeds from disposal of assets held for sale in 1Q FY2017-18. The increase was partly compensated by the higher dividends received from associates/joint ventures.

Net cash used in financing activities was $9.8 million, largely arose from purchase of treasury shares and lower proceeds received from exercise of share options. This was partly offset by capital contributions from non-controlling interests.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

OUTLOOK

Despite the threat of global trade uncertainties potentially affecting cargo volumes, we expect passenger volumes in Asia to grow. At the same time, rapid urbanisation in the region will drive demand for safe, high-quality food, and more cruise ships will be deployed in Southeast Asia to keep pace with burgeoning consumer interest. However, pricing pressures will remain.

Our investments in technology and digitalisation are increasing productivity and enhancing our services.

We intend to deepen our collaboration with key customers to support their growth and broaden our unrivalled network of operations across the region.

11 Dividends

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date Payable

Not Applicable.

(d) Closure of books

Not Applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the quarter ended 30 June 2018.

13 Interested Person Transactions

13.1 The interested person transactions entered into during the first quarter ended 30 June 2018 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000)
	$'000	$'000
Transactions for the Sale of Goods and Services		
Singapore Airlines Limited	–	7,155
SIA Engineering Company Limited	–	9,425
	–	16,580
Transactions for the Purchase of Goods and Services		
NCS Communications Engineering Pte Ltd	–	4,325
	–	4,325

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.

14 Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam
Company Secretary
19 July 2018
Singapore

Singapore Company Registration No: 197201770G

CONFIRMATION BY THE BOARD

We, Euleen Goh Yiu Kiang and Alexander Charles Hungate, being two of the directors of SATS Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the three months ended 30 June 2018 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors,

EULEEN GOH YIU KIANG	ALEXANDER CHARLES HUNGATE
Chairman	Executive Director / President and Chief Executive Officer

Singapore, 19 July 2018

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