



MISSION STATEMENT

SATS aims to be the best handling agent in the world, providing airport ground handling, inflight catering and aviation security services of the highest quality, while giving value to customers and shareholders, and career fulfilment to staff.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Cheong Choong Kong
(until 21 May 2003)

Cheng Wai Wing Edmund
(appointed 22 May 2003)
Chairman

Tan Jiak Ngee Michael
*(until 21 May 2003) **

Chew Choon Seng
(from 22 May 2003)
Deputy Chairman

Barry Desker
Director

Richard Charles Helfer
Director

Hong Hai
Director

Ng Kee Choe
Director

Ow Chin Hock
Director

Phoon Siew Heng Jimmy
Director

* Mr Tan continues as Director
from 22 May 2003

AUDIT COMMITTEE

Ng Kee Choe
Chairman

Chew Choon Seng
Member

Hong Hai
Member

SATS BOARD COMMITTEE

Cheong Choong Kong
(until 21 May 2003)

Cheng Wai Wing Edmund
(from 22 May 2003)
Chairman

Tan Jiak Ngee Michael
Member

Chew Choon Seng
Member

REMUNERATION COMMITTEE

Richard Charles Helfer
Chairman

Tan Jiak Ngee Michael
Member

Hong Hai
Member

NOMINATING COMMITTEE

Barry Desker
Chairman

Cheong Choong Kong
(until 21 May 2003)

Chew Choon Seng
(from 22 May 2003)
Member

Ng Kee Choe
Member

RISK MANAGEMENT COMMITTEE

Hong Hai
Chairman

Tan Jiak Ngee Michael
Member

Ow Chin Hock
Member

CAPITAL STRUCTURE COMMITTEE

Chew Choon Seng
Chairman

Ng Kee Choe
Member

Phoon Siew Heng Jimmy
Member

COMPANY SECRETARY

Yip Wai Ping Annabelle

SHARE REGISTRAR

KPMG
Registrar and Transfer Office
138 Robinson Road, #17-00
The Corporate Office
Singapore 068906

AUDITORS

Ernst & Young
Certified Public Accountants
10 Collyer Quay, #21-01
Ocean Building
Singapore 049315

Nagaraj Sivaram
Audit Partner-in-charge
(appointed in FY2000/2001)

CORPORATE MANAGEMENT

Prush Nadaisan
Chief Executive Officer
Singapore Airport Terminal Services
Limited

Karmjit Singh
Chief Executive
SATS Airport Services Pte Ltd

Chew Khiam Soon Joseph
Chief Executive
SATS Catering Pte Ltd

Lim Kei Hin
Chief Financial Officer

Leong Kok Hong
Senior Vice-President (Cargo)

Tan Chuan Lye
Senior Vice-President (Catering)

Denis Marie
General Manager
SATS Security Services Pte Ltd

Wong See Heng
General Manager
Aero Laundry & Linen Services Pte Ltd

Ong Thiam Guan
General Manager
Aerolog Express Pte Ltd

Tan Chiew Kuang Frankie
Chief Executive Officer
Country Foods Pte Ltd

FINANCIAL HIGHLIGHTS

	2002-2003	2001-2002	% CHANGE	
GROUP (\$ MILLION)				
Total revenue	958.1	895.3	+	7.0
Total expenditure	729.9	628.6	+	16.1
Operating profit	228.2	266.7	-	14.4
Profit before tax	258.1	287.5	-	10.2
Profit after tax	214.8	212.8	+	0.9
Profit attributable to shareholders	214.7	212.9	+	0.8
<hr/>				
Share capital	100.0	100.0		-
Distributable reserves	985.2	829.5	+	18.8
Non-distributable reserves	1.6	0.8	+	100.0
<hr/>				
Shareholders' funds	1,086.8	930.3	+	16.8
Return on shareholders' funds (%)	21.3	25.2	-	3.9 points
<hr/>				
Total assets	1,672.1	1,487.9	+	12.4
Net liquid assets	268.1	253.5	+	5.8
<hr/>				
Value added	705.4	654.9	+	7.7
<hr/>				
PER SHARE DATA				
Earnings before tax (cents)	25.8	28.8	-	10.4
Earnings after tax (cents)				
- basic	21.5	21.3	+	0.9
- diluted	21.4	21.3	+	0.5
Net tangible assets (cents)	107.8	92.2	+	16.9
Net asset value (cents)	108.7	93.0	+	16.9
<hr/>				
DIVIDENDS				
Interim dividends (cents per share)	3.0	2.0	+	50.0
Proposed final dividend (cents per share)	4.0	4.0		-
Dividend cover (times)	3.9	4.6	-	0.7 time
<hr/>				
EMPLOYEE PRODUCTIVITY				
Average number of employees	9,327	9,227	+	1.1
Revenue per employee (\$)	102,728	97,028	+	5.9
Value added per employee (\$)	75,628	70,973	+	6.6
<hr/>				
OPERATING DATA				
Airfreight throughput (in million tonnes)	1.44	1.32	+	8.8
Passengers served (in millions)	24.48	23.68	+	3.4
Inflight meals prepared (in millions)	22.19	21.77	+	1.9
Flights handled (in thousands)	75.11	75.95	-	1.1

Notes:

- SATS financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars, unless stated otherwise.
- Return on shareholders' funds is the profit after taxation and minority interests expressed as a percentage of the average shareholders funds.
- Net liquid assets is derived by offsetting current loan liabilities against liquid assets.
- Basic earnings per share is computed by dividing the profit attributable to shareholders by the weighted average number of fully paid shares in issue.
- Diluted earnings per share is computed by dividing the weighted average number of fully paid shares in issue after adjusting for dilution of shares under the employee share option plan.
- Dividend cover is profit attributable to shareholders divided by net dividends.

FINANCIAL CALENDAR

31 MARCH 2003
Financial Year-End

21 MAY 2003
Announced 2002-2003 results

22 MAY 2003
Media / analysts' briefing on
2002-2003 results

12 JUNE 2003
Despatch of Summary Financial
Report to Shareholders

26 JUNE 2003
Despatch of Annual
Report to Shareholders

19 JULY 2003
Annual General Meeting

30 JULY 2003
Announcement of 2003-2004
first quarter results

08 AUGUST 2003
Payment of 2002-2003
Final Dividend

29 OCTOBER 2003
Announcement of 2003-2004
second quarter results

CHAIRMAN'S STATEMENT

Dear Shareholders,

SATS' revenue increased steadily from the start of financial year 2002-03 as passenger numbers and cargo loads rose, a result of the faster-than-expected recovery from the terrible events of 11 September 2001. The second half of the financial year began less auspiciously with the bombing incident in Bali, followed by the threat of war in Iraq and the war itself. The adverse effects of SARS (Severe Acute Respiratory Syndrome), which so decimated the travel industry, were first felt in March, the last month of the financial year.

The SATS Group posted a profit after tax of \$214.8 million in 2002-03, a slight increase of 0.9% from the year before. Operating profit was lower by \$38.5 million or 14.4%, but this is only because of the provision of profit-sharing bonus amounting to \$58.2 million, the equivalent of 3.23 months of basic wage. Associate companies continued to do well, increasing its contribution to Group profit by 38.2% to \$31.1 million, which represents 12.0% of the Group's pre-tax profit.

Despite the difficult operating environment, it is a creditable performance.

The Group continued to pursue its policy of growth through acquisitions and joint ventures. In the first half of the year, we increased our stake in our Taiwan associate company Evergreen Air Cargo Services Corporation from 20% to 25%. The cargo handling venture has been fully operational since July 2002 and has been experiencing good growth.

In November 2002 we acquired 57.1% of Country Foods Pte Ltd., a Singapore food processing company, for \$4 million. This was boosted by another equity injection of \$2 million in March 2003, which took our total shareholding to 66.7%. The capital invested will be used to expand production capacity and develop markets in North and Southeast Asia. This is SATS Catering first major investment in non-airline food catering and represents a step in diversification from its traditional business. Country Foods has a small facility for production of frozen meals that can be expanded to accommodate a wider variety of meal requirements by airlines in future.

At Changi Airport, new service and product offerings were introduced that help the Airport maintain its position of eminence. Economy class passengers will now have access to spa facilities at our new Rainforest Lounge in Terminal 1, while a new Premier Check-in Lounge is available for use by First and Business Class passengers. SATS Security Services further expanded security measures both at Changi Airport and SATS premises.



Due recognition was given to our employees, who received a record 559 Excellent Service Awards during the year from SPRING Singapore, the National Standards, Productivity and Innovation Board.

As the financial year drew to a close, the Iraq war and SARS caused many airlines to suspend flights. While SARS had minimal impact on our performance in 2002-03, its adverse effect has persisted. Our performance in April 2003, the first month of the current financial year, was severely affected by the dramatic drop in passengers handled and meals catered. The performance in May 2003 is unlikely to be much better. Fortunately, viruses do not affect air cargo directly, although the cutback in passenger flights has marginally reduced cargo capacity of airlines and consequently, SATS' handling activities at Changi Airport.

Harsh conditions demand bold if unpopular measures, and the Company has little alternative but to embark on a painful exercise to cut wages and retrench staff. Other less drastic measures to reduce costs have already been implemented, such as a freeze on hiring and deferral of all non-urgent expenditure, as well as the release of casual contract workers.

SATS has grown over the years from an organization that services predominantly the parent airline to a large company listed on the Singapore Exchange which is itself a group of 11 associate companies based in 6 countries. This is not possible without the hard work and dedication of its employees. I am proud to be part of the Board of Directors since 1984 and its Chairman since 1991.

This is my last Chairman's Report. I wish to take this opportunity to thank all the employees of SATS for their contributions, and all my fellow Directors for their efforts and support.

I welcome the in-coming Chairman Mr Edmund Cheng. Mr Cheng is no stranger, as he has been avidly following the fortunes of SATS from his position of Board Director of Singapore Airlines since 1996. He is no stranger to me either, and I know he will make an excellent Chairman.

CHEONG CHOONG KONG
CHAIRMAN SATS
21 MAY 2003

REPORT OF DIRECTORS

IMPORTANT NOTE

The summary financial statement as set out on pages 6 to 19 does not contain sufficient information to allow for a full understanding of the results and state of affairs of the Company or of the Group. For further information, the full annual financial statements, the auditors' report on those financial statements, and the directors' report should be consulted. Shareholders may request a copy of the full annual report at no cost from the Company Secretary. Please use the request form at the end of this summary financial report.

The directors have pleasure in presenting their report together with the audited financial statements of the Company and of the Group for the year ended 31 March 2003.

1. ACCOUNTS (IN \$ THOUSANDS)

	GROUP		COMPANY	
	2002-2003	2001-2002	2002-2003	2001-2002
Profit attributable to shareholders	214,758	212,857	254,516	123,540
Transfer to statutory reserve	(779)	(196)	-	-
	213,979	212,661	254,516	123,540
Dividends paid, less tax	(54,600)	(45,300)	(54,600)	(45,300)
Profit retained	159,379	167,361	199,916	78,240

In the opinion of the directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

2. TRANSFER TO/FROM RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions of the Company and of the Group during the financial year except as disclosed in the financial statements.

3. DIVIDENDS

A final dividend of 4 cents per share, less tax of 22.0%, amounting to \$31,200,000 was paid in respect of the previous financial year as proposed in the Directors' report of that year.

An interim dividend of 3 cents per share, less tax of 22.0%, amounting to \$23,400,000 was paid on 28 November 2002, in respect of the financial year under review.

The directors propose that a final dividend of 4 cents per share, less tax of 22.0%, amounting to \$31,200,000 be paid.

4. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. Its other activities include rental of premises.

The principal activities of the Group are to provide the following services at Singapore Changi Airport to its airline customers:

- Ground handling services including
 - airfreight handling services
 - passenger services
 - baggage handling services
 - apron services
- Inflight catering services including
 - aircraft interior cleaning
 - cabin handling services
- Aviation security services
- Airline laundry services
- Airport cargo delivery management services

During the financial year, the Group acquired 67% interest in Country Foods Pte Ltd and included manufacturing and distribution of chilled and frozen processed foods in its principal activities. There have been no other significant changes in the nature of these activities during the financial year.

5. DIRECTORS

a) The names of the directors in office at the date of this report are:

Cheong Choong Kong	-	Chairman
Michael Tan Jiak Ngee	-	Deputy Chairman
Chew Choon Seng		
Barry Desker		
Richard Charles Helfer		
Hong Hai		
Ng Kee Choe		
Ow Chin Hock	-	appointed on 21 May 2002
Jimmy Phoon Siew Heng	-	appointed on 21 May 2002

5. **DIRECTORS (CONT'D)**

b) The following directors who held office at the end of the financial year had, according to the register required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in shares of the Company, the Company's immediate holding company and subsidiaries of the Company's immediate and ultimate holding company, as stated below:

NAME OF DIRECTOR	DIRECT INTEREST			DEEMED INTEREST		
	AT 1.4.2002 / DATE OF APPOINTMENT	AT 31.3.2003	AT 21.4.2003	AT 1.4.2002 / DATE OF APPOINTMENT	AT 31.3.2003	AT 21.4.2003
Interest in Singapore Airlines Limited's ordinary shares of \$0.50 each						
Cheong Choong Kong	480,800	480,800	480,800	24,000	24,000	24,000
Michael Tan Jiak Ngee	79,600	79,600	79,600	-	-	-
Chew Choon Seng	214,000	214,000	214,000	-	-	-
Barry Desker	2,000	2,000	2,000	4,000	4,000	4,000
Hong Hai	18,000	20,000	20,000	-	-	-
Interest in Singapore Airport Terminal Services Limited's ordinary shares of \$0.10 each						
Cheong Choong Kong	56,000	56,000	56,000	3,000	3,000	3,000
Michael Tan Jiak Ngee	16,000	16,000	16,000	-	-	-
Chew Choon Seng	10,000	10,000	10,000	-	-	-
Barry Desker	11,000	11,000	11,000	-	-	-
Richard Charles Helfer	11,000	11,000	11,000	-	-	-
Ng Kee Choe	11,000	11,000	11,000	-	-	-
Interest in SIA Engineering Company Limited's ordinary shares of \$0.10 each						
Cheong Choong Kong	58,000	58,000	58,000	3,000	3,000	3,000
Michael Tan Jiak Ngee	41,000	41,000	41,000	-	-	-
Chew Choon Seng	20,000	20,000	20,000	-	-	-
Barry Desker	-	-	-	5,000	5,000	5,000
Interest in Singapore Telecommunications Limited's ordinary shares of \$0.15 each						
Cheong Choong Kong	121,690	1,740	1,740	1,690	1,740	1,740
Michael Tan Jiak Ngee	6,690	6,740	6,740	-	-	-
Chew Choon Seng	11,820	11,880	11,880	-	-	-
Barry Desker	1,490	1,540	1,540	7,690	7,740	7,740
Hong Hai	1,490	1,540	1,540	1,490	1,540	1,540
Ng Kee Choe	1,690	1,740	1,740	1,690	1,740	1,740
Ow Chin Hock	8,490	8,540	8,540	-	-	-
Jimmy Phoon Siew Heng	1,750	1,820	1,820	2,690	2,740	2,740
Interest in Singapore Technologies Engineering Limited's ordinary shares of \$0.10 each						
Barry Desker	-	-	-	5,000	5,000	5,000
Interest in SNP Corporation Ltd's ordinary shares of \$0.50 each						
Barry Desker	-	-	-	3,000	3,000	3,000

5. DIRECTORS (CONT'D)

NAME OF DIRECTOR	DIRECT INTEREST			DEEMED INTEREST		
	AT 1.4.2002 / DATE OF APPOINTMENT	AT 31.3.2003	AT 21.4.2003	AT 1.4.2002 / DATE OF APPOINTMENT	AT 31.3.2003	AT 21.4.2003
Interest in Raffles Holding Limited's ordinary shares of \$0.50 each						
Michael Tan Jiak Ngee	16,000	16,000	16,000	-	-	-
Chew Choon Seng	12,000	12,000	12,000	-	-	-
Barry Desker	-	-	-	20,000	60,000	60,000
Hong Hai	20,000	20,000	20,000	-	-	-
Ng Kee Choe	10,000	10,000	10,000	-	-	-
Richard Charles Helfer	250,000	250,000	250,000	-	-	-
Interest in SMRT Corporation Limited's ordinary shares of \$0.10 each						
Chew Choon Seng	50,000	50,000	50,000	-	-	-
Interest in CapitaLand Limited's ordinary shares of \$1 each						
Richard Charles Helfer	70,000	70,000	70,000	-	-	-
Interest in ST Assembly Test Services Limited's ordinary shares of \$0.25 each						
Hong Hai	10,000	10,000	10,000	-	-	-
Barry Desker	-	-	-	20,000	20,000	20,000
Interest in Chartered Semiconductor Manufacturing Limited's ordinary shares of \$0.26 each						
Hong Hai	4,000	4,000	4,000	-	-	-
Barry Desker	-	-	-	5,000	5,000	5,000
Interest in SembCorp Logistics Limited's ordinary shares of \$0.25 each						
Barry Desker	-	-	-	10,000	10,000	10,000
Interest in Singapore Airlines Limited's Fixed Rate Notes 2011 of \$250,000 each						
Cheong Choong Kong	1	1	1	-	-	-
Interest in CapitaLand Limited's Fixed Rate Notes 2003 of \$250,000 each						
Cheong Choong Kong	1	-	-	-	-	-
Interest in CapitaMall Trust's Units of \$100,000 each						
Richard Charles Helfer	-	1	1	-	-	-

5. **DIRECTORS (CONT'D)**

NAME OF DIRECTOR	DIRECT INTEREST		
	AT 1.4.2002	AT 31.3.2003	AT 21.4.2003
Options to subscribe for Singapore Airlines Limited's ordinary shares of \$0.50 each			
Cheong Choong Kong	708,000	936,000	936,000
Michael Tan Jiak Ngee	302,000	454,000	454,000
Chew Choon Seng	302,000	454,000	454,000
Options to subscribe for CapitaLand Limited's ordinary shares of \$1 each			
Richard Charles Helfer	750,149	1,045,064	-
Options to subscribe for Raffles Holdings Limited's ordinary shares of \$0.50 each			
Richard Charles Helfer	1,000,000	2,000,000	-
Options to subscribe for The Ascott Group Limited's ordinary shares of \$0.20 each			
Richard Charles Helfer	60,000	120,000	-

- c) No director who held office at the end of the financial year had an interest in shares or debentures of the Company's ultimate holding company or any of the subsidiary companies of the Company's ultimate holding company except as disclosed above.
- d) Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than under the Employee Share Option Plan of its immediate holding company, and the subsidiary companies of the Company's ultimate holding company.
- e) Since the end of the previous financial year, no director has received or has become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Companies Act, Cap. 50 except those disclosed in Note 4 to the financial statements.

6. AUDIT COMMITTEE

The Audit Committee comprises three members, two of whom are independent non-executive directors. The members of the Audit Committee at the date of this report are:

Ng Kee Choe (Chairman)
Chew Choon Seng
Hong Hai

The Audit Committee carried out its function in accordance with Section 201B(5) of the Companies Act, Cap. 50 and performed the following functions:-

- a) reviewed the audit plans of the internal and external auditors of the Group and the Company, the results of their examination of the Group and the Company's system of internal accounting controls and the co-operation given by the Group and the Company's officers to the internal and external auditors;
- b) reviewed the financial statements of the Group and the Company for the year and the auditors' report thereon before their submission to the Board of Directors; and
- c) reviewed interested persons transactions.

The Audit Committee has nominated Ernst and Young for re-appointment as auditors of the Company by shareholders for the ensuing financial year commencing 1 April 2003.

7. SHARE CAPITAL

No shares were issued by the Company during the year.

During the financial year, the subsidiary company, Country Foods Pte Ltd issued additional 1,142,858 ordinary shares of \$1 each to the Company at a premium of \$0.75 per share to raise additional working capital.

8. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the financial year, the Company acquired the following subsidiary company:-

NAME OF SUBSIDIARY	COST OF INVESTMENT	NET ASSETS ACQUIRED	INTEREST ACQUIRED
Country Foods Pte Ltd	S\$4,000,000	S\$2,661,000	57%

Subsequent to the initial acquisition of Country Foods Pte Ltd, the Company subscribed additional 1,142,858 ordinary shares of \$1 each in the share capital of Country Foods Pte Ltd to increase its interest in Country Foods Pte Ltd from 57% to 67%.

There was no other acquisition or disposal of a subsidiary company by the Company during the year.

9. OPTIONS ON SHARES OF THE COMPANY

SATS Employee Share Option Plan ("the Plan"), which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, was approved by Shareholders of the Company at the Company's Extraordinary General Meeting held on 7 July 2001.

Under the 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 last dealt prices of the Company's ordinary shares on the SGX-ST for the five consecutive market days immediately preceding the date of grant.

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.

The Committee administering the Plan comprises the following directors as at the date of this report:

Richard Charles Helfer	-	Chairman
Michael Tan Jiak Ngee	-	Member
Hong Hai	-	Member

No options have been granted to Directors of the Company, controlling shareholders of the Company or their associates, or parent group employees.

No employee has received 5% or more of the total number of options available under the Plan and no option was granted at a discount.

During the financial year, in consideration of the payment of \$1 for each offer accepted, offers of options were granted pursuant to the Plan in respect of 17,457,400 unissued ordinary shares of \$0.10 each in the Company at an offering price of \$1.90 per share.

At the end of the financial year, options to take up 61,799,200 unissued ordinary shares of \$0.10 each in the Company were outstanding:

NUMBER OF UNISSUED ORDINARY SHARES OF \$0.10 EACH						
DATE OF GRANT	BALANCE AT 1.4.2002/ DATE OF GRANT	OPTIONS NOT ACCEPTED	OPTIONS LAPSED	BALANCE AT 31.3.2003	EXERCISE PRICE	EXPIRY DATE
28.3.2000	18,150,000	-	312,800	17,837,200	\$2.50	27.3.2010
3.7.2000	13,917,300	-	137,300	13,780,000	\$2.10	2.7.2010
2.7.2001	15,243,400	-	162,600	15,080,800	\$1.54	1.7.2011
1.7.2002	17,457,400	2,217,900	138,300	15,101,200	\$1.90	30.6.2012
	64,768,100	2,217,900	751,000	61,799,200		

10. OTHER STATUTORY INFORMATION

- a) Before the profit and loss account and balance sheet of the Company and of the Group were made out, the directors took reasonable steps:
 - i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written-off and that adequate provision had been made for doubtful debts; and
 - ii) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business had been written down to their estimated realisable values.
- b) At the date of this report, the directors are not aware of any circumstances which would render:
 - i) the amount written-off for bad debts or the amount of the provision for doubtful debts in the Group inadequate to any substantial extent; and
 - ii) the values attributed to current assets in the consolidated financial statements misleading.
- c) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Company and the Group misleading.
- d) As at the date of this report:
 - i) there are no charges on the assets of the Company and of the Group which have arisen since the end of the financial year to secure the liabilities of any other person; and
 - ii) there are no contingent liabilities which have arisen since the end of the financial year in respect of the Company and of the Group, except those mentioned in Note 33 to the financial statements.
- e) No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company or of the Group to meet their obligations as and when they fall due.
- f) In the opinion of the directors, no other item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

11. AUDITORS

Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board,

CHEONG CHOONG KONG
Chairman

MICHAEL TAN JIAK NGEE
Deputy Chairman

Dated this 19th day of May, 2003
Singapore

AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE AIRPORT TERMINAL SERVICES LIMITED

We have audited the financial statements of Singapore Airport Terminal Services Limited for the year ended 31 March 2003 in accordance with Singapore Standards on Auditing. The financial statements comprise the balance sheets of the Company and the Group as at 31 March 2003, the profit and loss accounts and statement of changes in equity of the Company and the Group, and the cash flow statements of the Group for the year then ended, together with the notes thereto.

In our opinion, the accompanying summary financial statements set out on pages 15 to 18 is consistent, in all material respects, with the financial statements and the directors' report from which they were derived, and complies with the requirements of S203A of the Companies (Amendment) Act 1995, and regulations made thereunder.

For a better understanding of the financial position and the results of the operations of the Company and the Group for the period and of the scope of our audit, the summary financial statement information on pages 15 to 18 should be read in conjunction with the financial statements and our audit report thereon.

In our auditors' report dated 19th May 2003 which is reproduced below, we expressed an unqualified opinion on the financial statements of Singapore Airport Terminal Services Limited:

"We have audited the financial statements of Singapore Airport Terminal Services Limited set out on pages # to #. These financial statements comprise the balance sheets of the Company and the Group as at 31 March 2003, the profit and loss accounts and statement of changes in equity of the Company and the Group, and the cash flow statement of the Group for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- a) the financial statements are properly drawn up in accordance with the provision of the Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:-
 - i) the state of affairs of the Company and of the Group as at 31 March 2003, the results and changes in equity of the Company and of the Group, and the cash flows of the Group for the year then ended; and
 - ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements.
- b) the accounting and other records, and the registers required by the Act to be kept by the Company and those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act."

ERNST & YOUNG

Certified Public Accountants

Dated this 19th day of May, 2003.
Singapore

Note:

The page numbers are stated in the Auditors' report dated 19 May 2003 included in the SATS Annual Report for the financial year ended 31 March 2003.

PROFIT AND LOSS ACCOUNTS FOR THE YEAR
ENDED 31 MARCH 2003
(IN \$ THOUSANDS)

	GROUP		COMPANY	
	2002-2003	2001-2002	2002-2003	2001-2002
REVENUE	958,145	895,279	74,301	70,864
EXPENDITURE				
Staff costs	(402,637)	(324,303)	(16,173)	(12,961)
Cost of raw materials	(70,436)	(67,469)	-	-
Licensing fees	(68,479)	(64,416)	-	-
Depreciation charges	(60,440)	(56,824)	(27,170)	(26,309)
Company accommodation and utilities	(56,563)	(54,116)	(7,904)	(7,057)
Other costs	(71,316)	(61,435)	(7,485)	(5,265)
	(729,871)	(628,563)	(58,732)	(51,592)
OPERATING PROFIT	228,274	266,716	15,569	19,272
Interest on borrowings	(5,834)	(5,938)	(7,690)	(9,309)
Interest income	3,856	3,996	3,841	3,949
Gross dividends from subsidiary companies	-	-	294,305	135,223
Gross dividends from associated companies	-	-	18,494	18,067
Gross dividend from long-term investment	691	615	691	615
Share of results of associated companies	31,061	22,486	-	-
Amortisation of goodwill	(888)	(429)	-	-
Amortisation of deferred income	911	-	911	-
PROFIT BEFORE TAXATION	258,071	287,446	326,121	167,817
Taxation	(43,259)	(74,659)	(71,605)	(44,277)
PROFIT AFTER TAXATION	214,812	212,787	254,516	123,540
Minority interests	(54)	70	-	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	214,758	212,857	254,516	123,540
Basic earnings per share (cents) *	21.5	21.3		
Diluted earnings per share (cents) #	21.4	21.3		

* Basic earnings per share is calculated by dividing the profit attributable to shareholders 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 on the exercise of all outstanding share options granted to employees. This dilutive effect is computed based on the difference between the number of shares under option and the number of shares that could have been issued at fair values.

BALANCE SHEET
AS AT 31 MARCH 2003
(IN \$ THOUSANDS)

	GROUP		COMPANY	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
SHARE CAPITAL				
Authorised	200,000	200,000	200,000	200,000
Issued and fully-paid	100,000	100,000	100,000	100,000
RESERVES				
Distributable				
Revenue reserve	978,875	819,496	619,797	419,881
Foreign currency translation reserve	6,357	9,939	-	-
Non-distributable				
Statutory reserve	1,601	822	-	-
	986,833	830,257	619,797	419,881
SHARE CAPITAL AND RESERVES	1,086,833	930,257	719,797	519,881
MINORITY INTERESTS	2,726	470	-	-
DEFERRED TAXATION	103,808	113,298	51,564	60,778
NOTES PAYABLE	-	200,000	-	200,000
LOAN FROM IMMEDIATE HOLDING COMPANY	45,965	48,016	45,965	48,016
TERM LOAN	863	1,483	-	-
HIRE PURCHASE CREDITORS	-	9	-	-
DEFERRED INCOME	31,891	-	31,891	-
	1,272,086	1,293,533	849,217	828,675
Represented by:				
FIXED ASSETS				
Leasehold land and buildings	593,304	617,224	587,560	614,597
Progress payments	17,260	8,831	748	432
Others	207,052	231,391	1,802	2,529
	817,616	857,446	590,110	617,558
INVESTMENT IN SUBSIDIARY COMPANIES	-	-	43,275	37,275
LONG-TERM INVESTMENTS	7,886	7,886	7,886	7,886
ASSOCIATED COMPANIES	130,259	122,195	95,231	92,722
GOODWILL	9,164	8,156	-	-
LOAN TO THIRD PARTY	45,965	48,016	45,965	48,016
DEFERRED TAXATION	85	-	-	-
CURRENT ASSETS				
Trade debtors	67,454	56,931	526	37
Other debtors	29,087	31,560	25,952	29,521
Related companies	238,583	293,729	185,678	247,146
Associated companies	1,108	757	1,108	733
Stocks	10,108	8,745	454	465
Short term non-equity investments	117,785	-	117,785	-
Bank fixed deposits	182,168	46,208	182,168	42,707
Cash and bank balance	14,811	6,252	6,157	2,028
	661,104	444,182	519,828	322,637
Less:				
CURRENT LIABILITIES				
Term loan	620	620	-	-
Trade creditors	104,633	52,503	4,181	3,945
Other creditors	30,620	70,517	21,192	33,577
Related companies	-	-	211,056	255,812
Notes payable	200,000	-	200,000	-
Provision for taxation	64,120	70,708	16,649	4,085
	399,993	194,348	453,078	297,419
NET CURRENT ASSETS	261,111	249,834	66,750	25,218
	1,272,086	1,293,533	849,217	828,675

**CONSOLIDATED CASH FLOW STATEMENT FOR
THE YEAR ENDED 31 MARCH 2003
(IN \$ THOUSANDS)**

	2002-2003	2001-2002
Cash flows from operating activities		
Profit before taxation	258,071	287,446
Adjustments for:		
Interest income	(3,856)	(3,996)
Interest on borrowings	5,834	5,938
Dividend from long-term investment	(691)	(615)
Depreciation of fixed assets	60,440	56,824
Unrealised foreign exchange loss/(gain)	3,013	(872)
Gain on sale of fixed assets	(83)	(973)
Share of results of associated companies	(31,061)	(22,486)
Amortisation of goodwill	888	429
Amortisation of deferred income	(911)	-
Operating profit before working capital changes	291,644	321,695
Increase in debtors	(8,558)	(2,099)
(Increase)/decrease in stocks	(905)	1,623
Decrease/(increase) in amounts owing by related companies	6,639	(7,205)
Increase/(decrease) in creditors	1,510	(92,078)
Increase in amounts due from associated companies	(152)	(29)
Cash generated from operations	290,178	221,907
Interest paid to third parties	(5,882)	(5,890)
Tax paid	(51,109)	(21,230)
Net cash provided by operating activities	233,187	194,787
Cash flows from investing activities		
Purchase of fixed assets	(12,429)	(43,108)
Investment in associated companies	(3,447)	(45,618)
Repayment of loan from associated companies	739	1,498
Dividends from associated companies	15,687	15,776
Proceeds from sale of fixed assets	3,634	1,056
Interest received from deposits	3,614	3,672
Dividend received from long-term investments	691	615
Purchase of short-term non-equity investments	(117,785)	-
Acquisition of subsidiary company, net of cash acquired	(2,093)	-
Net cash used in investing activities	(111,389)	(66,109)
Cash flows from financing activities		
Repayment of term loan	(620)	(620)
Issuance of shares by a subsidiary company to a minority shareholder	-	540
Repayment of hire purchase creditor	(193)	(394)
Dividends paid	(54,600)	(45,300)
Deferred income	32,802	-
Net cash used in financing activities	(22,611)	(45,774)
Net increase in cash and cash equivalents	99,187	82,904
Effects of exchange rate changes	(3,013)	872
Cash and cash equivalents at beginning of financial year	254,056	170,280
Cash and cash equivalents at end of financial year	350,230	254,056

CONSOLIDATED CASH FLOW STATEMENT FOR
THE YEAR ENDED 31 MARCH 2003 (CONT'D)
(IN \$ THOUSANDS)

SUMMARY OF EFFECTS OF CHANGES ON ACQUISITION OF SUBSIDIARY COMPANY

	<u>2002-2003</u>
Net Assets acquired:	
Fixed assets	2,930
Stocks	459
Debtors	1,941
Cash and bank balances	1,907
Creditors	(2,581)
	<u>4,656</u>
Less: Minority interests	(1,995)
Goodwill on acquisition	1,339
	<u>4,000</u>
Less: Cash and cash equivalent of subsidiary company acquired	(1,907)
Cash outflow on acquisition, net of cash acquired	<u><u>2,093</u></u>

SIGNIFICANT RELATED PARTY TRANSACTIONS

The followings are transactions entered into by the Group with related parties at market rates:

(IN \$ THOUSANDS)	GROUP		COMPANY	
	2002-2003	2001-2002	2002-2003	2001-2002
Services rendered by:				
Immediate holding company	15,872	15,845	1,756	1,569
Subsidiary companies	-	-	125	207
Related companies	2,002	2,031	119	119
	17,874	17,876	2,000	1,895
Sales to:				
Immediate holding company	418,217	417,780	610	1,555
Subsidiary companies	-	-	63,257	60,583
Related companies	157,226	105,991	2,425	2,065
Associated companies	905	975	905	975
	576,348	524,746	67,197	65,178
Interest expense on:				
Loan from third parties	5,834	5,938	5,799	5,872
Deposit from subsidiary companies	-	-	1,891	3,437
	5,834	5,938	7,690	9,309
Interest income from :				
Immediate holding company	1,448	2,662	1,448	2,662
Third parties	2,361	1,145	2,346	1,098
Associated companies	47	189	47	189
	3,856	3,996	3,841	3,949

INTERESTED PERSONS TRANSACTIONS (IN \$ THOUSANDS)

Interested persons transactions under the shareholders' mandate for the year are as follows:

NAME OF INTERESTED PERSON	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS ENTERED INTO DURING THE FINANCIAL YEAR UNDER REVIEW (EXCLUDING TRANSACTIONS OF VALUE LESS THAN \$100,000, AND TRANSACTIONS CONDUCTED UNDER THE SHAREHOLDERS' MANDATE PURSUANT TO RULE 920)		AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS ENTERED INTO DURING THE FINANCIAL YEAR UNDER REVIEW UNDER THE SHAREHOLDERS' MANDATE PURSUANT TO RULE 920 (EXCLUDING TRANSACTIONS OF VALUE LESS THAN \$100,000)	
	2002-2003	2001-2002	2002-2003	2001-2002
Singapore Airlines Ltd	-	8,790	7,972	16,443
Keppel FMO Pte Ltd	-	-	3,347	-
Keppel Electric Pte Ltd	-	-	1,500	-
Changi International Airport Services Pte Ltd	-	-	1,441	516
Invo-Tech Engineering Pte Ltd	-	-	1,006	1,773
SilkAir Pte Ltd	-	-	1,020	234
SIA Engineering Company Ltd	-	-	574	2,968
Eagle Services Asia Pte Ltd	-	-	154	951
SIA Cargo Pte Ltd	-	-	151	-
Singapore Food Industries Ltd	-	-	151	-
SEMAC Pte Ltd	-	-	-	409
Total interested person transactions	-	8,790	17,316	23,294

Note: All the above interested persons transactions were done on normal commercial terms.

INFORMATION ON SHAREHOLDINGS AS AT 16 MAY 2003

SHARE CAPITAL

Authorised share capital:	2,000,000,000 ordinary shares of S\$0.10 each
Issued and fully paid:	1,000,000,000 ordinary shares of S\$0.10 each
Voting Rights:	One Vote Per Share

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	%	AMOUNT OF SHAREHOLDINGS	%
1 --- 999	109	0.42	51,622	-
1,000 --- 10,000	25,390	97.86	40,117,600	4.01
10,001 --- 1,000,000	438	1.69	17,361,404	1.74
1,000,001 and above	8	0.03	942,469,374	94.25
Total	25,945	100.00	1,000,000,000	100.00

MAJOR SHAREHOLDERS

NO.	NAME	NUMBER OF SHARES HELD	%
1	SINGAPORE AIRLINES LIMITED	870,000,000	87.00
2	RAFFLES NOMINEES PTE LTD	19,805,100	1.98
3	DBS NOMINEES PTE LTD	18,642,786	1.86
4	CITIBANK NOMINEES SINGAPORE PTE LTD	13,556,753	1.36
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	9,487,400	0.95
6	OVERSEA-CHINESE BANK NOMINEES PTE LTD	6,383,800	0.64
7	DB NOMINEES (S) PTE LTD	2,553,035	0.26
8	HSBC (SINGAPORE) NOMINEES PTE LTD	2,040,500	0.20
9	REALTY & INVESTMENT HOLDINGS PTE LTD	600,000	0.06
10	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	466,000	0.05
11	OCBC SECURITIES PRIVATE LTD	395,500	0.04
12	UOB KAY HIAN PTE LTD	343,000	0.03
13	ABN AMRO NOMINEES SINGAPORE PTE LTD	298,000	0.03
14	W.GAN SDN. BHD.	286,000	0.03
15	PHILLIP SECURITIES PTE LTD	285,500	0.03
16	JOHN HANCOCK LIFE ASSURANCE CO LTD - LIFE FUND II A/C	267,000	0.03
17	ONG MONG SIANG	250,000	0.03
18	DBS VICKERS SECURITIES (S) PTE LTD	244,000	0.02
19	LAM SAN PROPERTIES PTE LTD	240,000	0.02
20	SINGAPORE REINSURANCE CORPORATION LTD - SIF GENERAL	239,000	0.02
Total		946,383,374	94.64

SUBSTANTIAL SHAREHOLDERS

(as shown in the Company's Register of Substantial Shareholders)

NAME OF SUBSTANTIAL SHAREHOLDER	NO. OF SHARES IN WHICH IT HAS A DIRECT INTEREST (REPRESENTING PERCENTAGE OF SHAREHOLDING)	NO. OF SHARES IN WHICH IT HAS A DEEMED INTEREST (REPRESENTING PERCENTAGE OF SHAREHOLDING)	TOTAL NUMBER OF SHARES IN WHICH IT IS INTERESTED (REPRESENTING PERCENTAGE OF SHAREHOLDING)
Singapore Airlines Limited	870,000,000 (87%)	-	870,000,000 (87%)
Temasek Holdings (Private) Limited	-	* 870,010,000 (87%)	870,010,000 (87%)

* derived mainly through direct interest of Singapore Airlines Limited

SHAREHOLDING HELD BY THE PUBLIC

As at 16 May 2003, the percentage of shareholding held in the hands of the public was approximately 13%. The Company confirms that Rule 723 of the SGX-ST Listing Manual is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 30th Annual General Meeting of the Company will be held at the Mandarin Ballroom, Level 6, South Tower, Meritus Mandarin Singapore, 333 Orchard Road, Singapore 238867, on Saturday 19 July 2003 at 10.00 am to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended 31 March 2003 and the Auditors' Report thereon.
2. To declare a final dividend of 40% or 4 cents per share less income tax of 22% for the year ended 31 March 2003.
3. To re-elect Mr Ng Kee Choe, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.
4. To re-elect Mr Chew Choon Seng, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.
5. To re-elect Mr Barry Desker, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.
6. To re-elect Mr Cheng Wai Wing Edmund in accordance with Article 90 of the Company's Articles of Association.
7. To re-appoint Messrs Ernst & Young as Auditors of the Company to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

ORDINARY RESOLUTIONS

8. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:
 - 8.1 "To approve payment of Directors' Fees of \$377,370.96 (2002:- \$266,256.79) for the year ended 31 March 2003."
 - 8.2 "That subject to the Companies Act (Cap. 50), the Articles of Association of the Company and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be and are hereby authorised pursuant to Section 161 of the Companies Act (Cap. 50), to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, **PROVIDED ALWAYS THAT:-** (a) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50 per cent of the total issued share capital of the Company for the time being, of which the aggregate number of shares that may be issued other than on a pro rata basis to existing shareholders shall not exceed 20 per cent of the total issued share capital of the Company for the time being, and the aggregate number of shares that may be issued under this proviso shall be calculated in accordance with the listing rules of the SGX-ST, and (b) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law or the Articles of Association of the Company to be held, whichever is the earlier."
 - 8.3 "That the Board of Directors of the Company be and is hereby authorised to offer and grant Options in accordance with the provisions of the SATS Employee Share Option Plan (the "Plan") and to allot and issue from time to time such number of ordinary shares of \$0.10 each in the capital of the Company as may be required to be issued pursuant to the exercise of the Options under the Plan, **PROVIDED ALWAYS THAT** the aggregate number of ordinary shares to be issued pursuant to the Plan shall not exceed 15 per cent of the total issued share capital of the Company from time to time."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8.4 "That, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Chapter 9):-

- (a) approval be and is hereby given, for the Company, its subsidiaries and relevant associated companies comprising entities at risk under the provisions of Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Company's Mandate for Interested Person Transactions approved at the Extraordinary General Meeting of the Company held on 7 July 2001 and renewed at the Annual General Meeting of the Company held on 9 July 2002 ("IPT Mandate"), with any party who is of the class of Interested Persons described in the IPT Mandate;
- (b) such approval shall, unless revoked or varied by the Company in General Meeting, continue in force until the next Annual General Meeting of the Company; and
- (c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation executing all such documents as may be required), as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorized by the IPT Mandate and/or this Resolution."

9. To transact any other business which may arise and can be transacted at an annual general meeting.

NOTICE IS HEREBY GIVEN THAT, subject to approval being obtained at the 30th Annual General Meeting of the Company for the declaration of the final dividend which will be paid on 8 August 2003, the Transfer Books and Register of Members of the Company will be closed on 28 and 29 July 2003 for the preparation of dividend warrants.

Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrars, KPMG, at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5.00 pm on 25 July 2003 will be registered to determine shareholders' entitlement to the proposed final dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 pm on 25 July 2003 will be entitled to the proposed final dividend.

By order of the Board

Yip Wai Ping Annabelle
Company Secretary

Dated this 12th day of June 2003
Singapore

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON ORDINARY BUSINESS RESOLUTION NOS. 3 TO 6 AND SPECIAL BUSINESS TO BE TRANSACTED

- i. In relation to Ordinary Resolutions Nos. 3 to 5, Mr Ng Kee Choe will upon re-election continue to serve as Chairman of the Audit Committee and member of the Nominating Committee and Capital Structure Committee. Mr Chew Choon Seng will upon re-election continue to serve as Deputy Chairman of the Company and as Chairman of the Capital Structure Committee and member of the Audit Committee, Nominating Committee and SATS Board Committee. Mr Barry Desker will upon re-election continue to serve as Chairman of the Nominating Committee. The Nominating Committee and the Board consider Mr Ng and Mr Desker as independent Directors and Mr Chew as a non-independent Director. Please refer to the sections on Board of Directors and Corporate Governance in the SATS Annual Report for FY2002-03 for more information relating to Mr Ng, Mr Chew and Mr Desker.
- ii. In relation to Ordinary Resolution No. 6, Mr Cheng Wai Wing Edmund will upon re-election continue to serve as Chairman of the Company and as Chairman of the SATS Board Committee. Please refer to the sections on Board of Directors and Corporate Governance in the SATS Annual Report for FY2002-03 for more information relating to Mr Cheng. The Nominating Committee and the Board consider Mr Cheng to be a non-independent Director.
- iii. Ordinary Resolution No. 8.1 is to approve the payment of Directors' Fees of \$377,370.96 (FY2001/02:-\$266,256.79) (FY2000/01:-\$327,120.54) for the year ended 31 March 2003, for services rendered by Directors on the Board as well as various Board Committees. The formula for computation of the said Directors' Fees is set out in the Corporate Governance section of the SATS Annual Report for FY2002-03. The increase in the amount of Directors' Fees from the amount for FY2001/02 is due to the increase in the number of Directors on the Board (from 7 to 9) and in the number of Board Committees (from 4 to 5, excluding the ad hoc Capital Structure Committee whose members will not receive fees in respect of their membership), as well as a 15% reduction in Directors' Fees that was incorporated in the amount for FY2001/02. The Directors have decided to waive 50% of the said Directors' Fees of \$377,370.96, in the light of the difficult economic conditions facing the Company following the war in Iraq and impact of Severe Acute Respiratory Syndrome (SARS), and the cost cutting measures taken as well as under consideration by the Company, relating to staff and other costs.
- iv. Ordinary Resolution No. 8.2 is to empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to issue shares in the Company. The number of shares which the Directors may issue under this Resolution will not exceed 50 per cent of the issued share capital of the Company for the time being. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued shall not exceed 20 per cent of the total issued share capital of the Company for the time being, calculated in accordance with the listing rules of the Singapore Exchange Securities Trading Limited.
- v. Ordinary Resolution No. 8.3 is to authorise the Directors to offer and grant Options in accordance with the provisions of the Company's Employee Share Option Plan (the "Plan") and to allot and issue shares under the Plan. The modified and restated Plan was approved at the Extraordinary General Meeting of the Company held on 7 July 2001.
- vi. Ordinary Resolution No. 8.4 is to renew the modified and restated Shareholders' Mandate for Interested Person Transactions ("IPT Mandate") approved at the Extraordinary General Meeting of the Company held on 7 July 2001 and renewed by ordinary resolution passed at the Annual General Meeting of the Company held on 9 July 2002, authorizing the Company, its subsidiaries and relevant associated companies or any of them to enter into certain types of transactions with certain interested persons, as specified in the IPT Mandate.

NOTES

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at Robinson Road Post Office, P O Box 2114, Singapore 904114 not less than 48 hours before the time appointed for the Meeting.

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1. For investors who have used their CPF monies to buy the Company's shares, this report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

SINGAPORE AIRPORT TERMINAL SERVICES LIMITED

(Incorporated in the Republic of Singapore)

*I/We _____ (NRIC / Passport No. _____)
of _____
being a *member/members of Singapore Airport Terminal Services Limited, hereby appoint

NAME	ADDRESS	NRIC/ PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS (NO. OF SHARES)

and/or (delete as appropriate)

--	--	--	--

Or failing *him/her, the Chairman of the Annual General Meeting ("AGM") of the Company, as *my/our *proxy/proxies to attend and to vote for *me/us and on *my/our behalf at the AGM of the Company to be held on 19 July 2003 and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be *my/our *proxy/proxies to vote, for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

NO.	RESOLUTION	**FOR	**AGAINST
	ORDINARY BUSINESS		
1	Adoption of the Directors' Report, Audited Accounts and the Auditors' Report		
2	Declaration of final dividend		
3	Re-election of Mr Ng Kee Choe retiring by rotation in accordance with Article 83		
4	Re-election of Mr Chew Choon Seng retiring by rotation in accordance with Article 83		
5	Re-election of Mr Barry Desker retiring by rotation in accordance with Article 83		
6	Re-election of Mr Cheng Wai Wing Edmund standing for re-election in accordance with Article 90		
7	Re-appointment and remuneration of Auditors		
	SPECIAL BUSINESS		
8.1	Approval of Directors' Fees		
8.2	Authority for Directors to issue shares pursuant to Section 161 of the Companies Act (Cap 50)		
8.3	Authority for Directors to offer and grant options and issue shares in accordance with the provisions of the SATS Employee Share Option Plan		
8.4	Approval of Shareholders' Mandate for Interested Person Transactions		

* Delete Accordingly

** Please indicate your vote "For" or "Against" with a " ✓ " within the box provided

Dated this _____ day of _____ 2003

Total number of Ordinary Shares held:-

IMPORTANT
Please read Notes on the reverse.

Signature(s) of Shareholder(s) or Common Seal

NOTES:-

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member appoints two proxies, he must specify the proportion of his shareholding to be represented by each proxy, failing which the appointments will be deemed in the alternative.
3. The instrument appointing a proxy or representative must be signed by the appointor or his duly authorised attorney or if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
4. A corporation which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act (Cap 50), to attend and vote on its behalf.
5. The instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a notorially certified copy thereof) must be deposited at Robinson Road Post Office, P.O. Box 2114 Singapore 904114, at least 48 hours before the time appointed for the AGM.
6. On a show of hands, the Chairman of the AGM, who may be appointed as proxy by one or more members and who may also be a member in his own name, may vote as he deems fit, subject to applicable law.
7. A member should insert the total number of Ordinary Shares held. If the member has Ordinary Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act (Cap 50)), he should insert that number of Ordinary Shares. If the member has Ordinary Shares registered in his name in the Register of Members, he should insert that number of Ordinary Shares. If the member has Ordinary Shares entered against his name in the Depository Register as well as Ordinary Shares registered in his name in the Register of Members, he should insert the aggregate number of Ordinary Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Ordinary Shares held by the member.
8. The Company shall be entitled to reject this instrument of proxy if it is incomplete, or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose Ordinary Shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have Ordinary Shares entered against his name in the Depository Register at least 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line



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The Company Secretary
Singapore Airport Terminal Services Limited
Robinson Road Post Office
P O Box 2114
Singapore 904114

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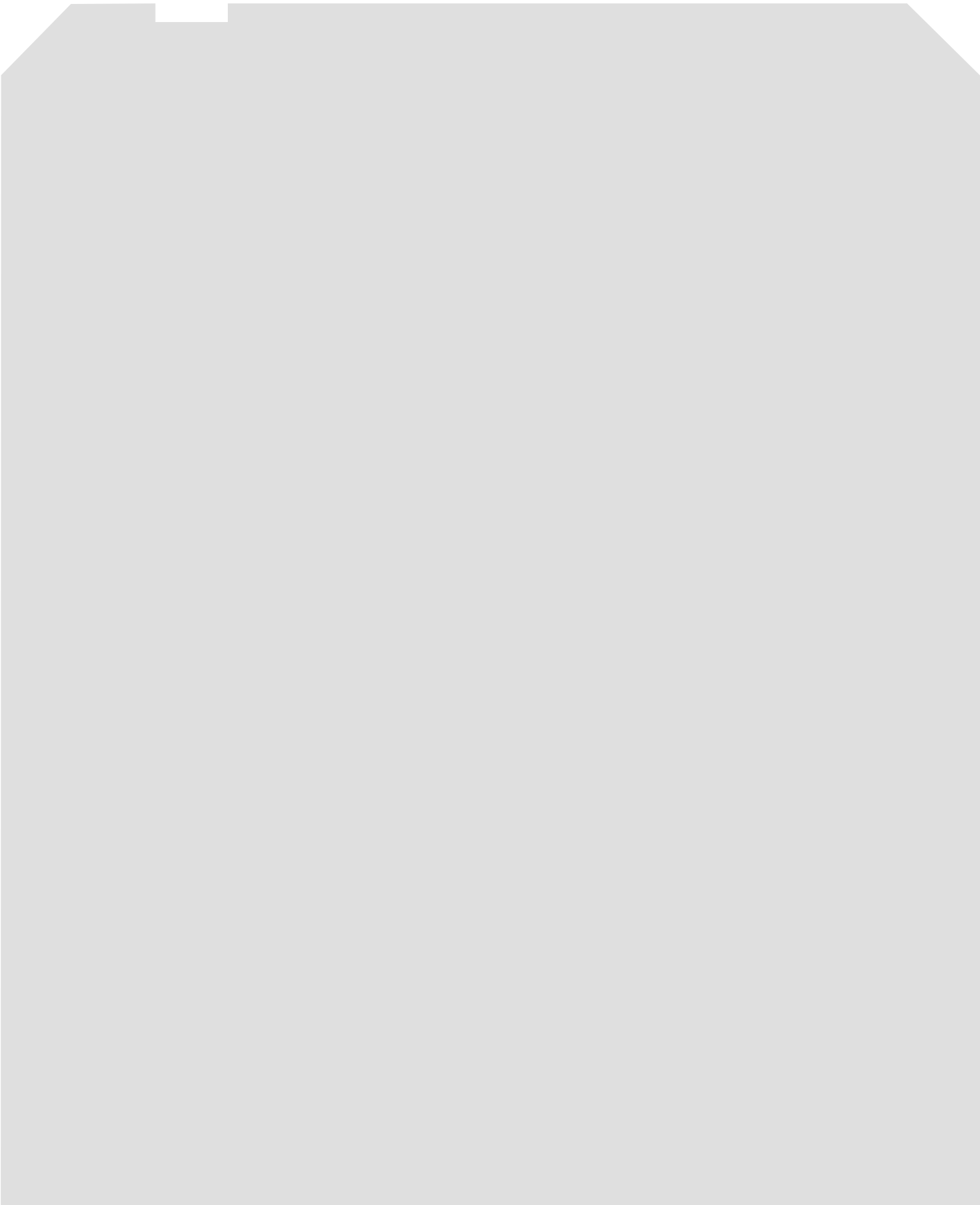
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REGISTERED OFFICE ▶ 20 Airport Boulevard SATS Inflight Catering Centre 1 Singapore 819659

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INVESTOR RELATIONS ▶ TEL (65) 6541 8153

CONTACTS ▶ FAX (65) 6541 8154

