



JOINT VENTURE WITH CHIA TAI ANIMAL HUSBANDRY INVESTMENT (BEIJING) CO., LTD. IN RELATION TO JOINT INVESTMENT IN JILIN ZHONG XIN CHENG FOOD CO., LTD.

1. Introduction

The Board of Directors (“**Board**”) of SATS Ltd. (“**Company**”) wishes to announce that SG IPF Pte. Ltd. (“**SGIPF**”), an indirect wholly-owned subsidiary of the Company, has on 24 April 2017 entered into a conditional joint venture agreement (“**China JVA**”) with Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd. (“**CTAHIB**”), an indirect wholly-owned subsidiary of C.P. Pokphand Co. Ltd., in relation to SGIPF’s and CTAHIB’s proposed joint investment in Jilin Zhong Xin Cheng Food Co., Ltd. (“**Jilin JVCo**”).

2. Background and Further Details

- 2.1 Jilin JVCo was incorporated on 29 October 2010 with its principal business activity being integrated pig farming in Jilin, People’s Republic of China.
- 2.2 As at the date of this announcement, Jilin China-Singapore Food Zone Development Construction Investment Co., Ltd. owns 40% of the shares of Jilin JVCo, while SATS Food Services Pte. Ltd. (a wholly-owned subsidiary of the Company, and formerly known as Singapore Food Industries Pte. Ltd.) and Dachan Zhong Xin Limited each owns 30% of the shares of Jilin JVCo.

3. Principal Terms of the China JVA

SGIPF’s and CTAHIB’s obligations in the China JVA are subject to the fulfillment of certain conditions precedent. Upon the fulfillment of all such conditions precedent:

- (a) CTAHIB would own 65% of the shares in Jilin JVCo and SGIPF would own 35% of the shares in Jilin JVCo; and
- (b) CTAHIB and SGIPF shall provide additional capital contributions of RMB286 million (equivalent to approximately S\$58.1 million)¹ and RMB154 million (equivalent to approximately S\$31.3 million) respectively to Jilin JVCo, on such timing as shall be determined at the shareholders’ meeting of Jilin JVCo. Based on the unaudited consolidated financial statements of Jilin JVCo as at 31 December 2016, both the book value and net tangible asset value of all the shares in the capital of Jilin JVCo were approximately RMB129.3 million (equivalent to approximately S\$26.3 million).

¹ The illustrative exchange rate used in this announcement is S\$1 : RMB 4.92 as at 24 April 2017. This illustrative exchange rate is solely for illustrative purposes and should not be construed as a representation that the relevant amounts have been or could be converted at this rate or at any other rate.

4. Interest of Directors and Controlling Shareholders

- 4.1 Mr Chia Kim Huat, who became a Director of the Company on 15 March 2017, is a partner of Rajah & Tann Singapore LLP, which was engaged by the Company to advise on the transactions contemplated under the China JVA (the “**Jilin JVCo Restructuring**”). However, Mr Chia has recused himself from advising on the Jilin JVCo Restructuring since becoming a Director of the Company.
- 4.2 Save as expressly mentioned in paragraph 4.1 above, none of the Directors nor any controlling shareholders of the Company has any interest (whether direct or indirect) in the Jilin JVCo Restructuring.

5. Documents for Inspection

A copy of the China JVA is available for inspection at the Company's registered office at 20 Airport Boulevard SATS Inflight Catering Centre 1 Singapore 819659 during normal business hours for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

S. Prema
Company Secretary
24 April 2017