



EXECUTION OF A JOINT VENTURE AGREEMENT WITH WI KITCHEN (TIANJIN) INVESTMENT CO., LTD.

1. Introduction

- 1.1 The Board of Directors (the “**Board**”) of SATS Ltd. (the “**Company**” or “**SATS**”) wishes to announce pursuant to Rule 704(17)(c) of the Listing Manual that the Company’s wholly-owned subsidiary, SATS Food Services Pte. Ltd. (“**SFS**”), has on 13 July 2018 entered into a conditional joint venture agreement (“**Agreement**”) with WI Kitchen (Tianjin) Investment Co., Ltd. (“**WIKTI**”) to incorporate a company (“**Langfang JVCo**”) in China (the “**Transaction**”).
- 1.2 WIKTI is an indirect wholly-owned subsidiary of Wilmar International Limited (“**Wilmar**”), a Singapore company listed on the Mainboard of the Singapore Exchange Securities Trading Limited, and the present Transaction marks the further expansion of the partnership between Wilmar and SATS:
- (a) Earlier on 22 January 2016, the Company had announced SFS’ execution of two conditional joint venture agreements with Yihai Kerry Investments Co., Ltd. (“**YKI**”), which is another indirect wholly-owned subsidiary of Wilmar, to incorporate two companies in China (“**Shanghai HoldCo**” and “**Kunshan OpCo**”).
 - (b) The Company had also announced on 15 September 2016 the successful incorporation of Kunshan OpCo under the name of “SATS Yihai Kerry Kunshan Food Co., Ltd.”.
 - (c) The Company and Wilmar have mutually decided not to proceed with the incorporation of Shanghai HoldCo, electing instead to proceed with the present Transaction to incorporate the new Langfang JVCo to build a second central kitchen to supply high quality, safe food to the Chinese market.

2. Business Activities of the Langfang JVCo

The primary business of the Langfang JVCo will be to carry on the business of food manufacturing, food processing, and sale of food products.

3. Principal Terms of the Agreement

- 3.1 Under the Agreement, subject to the fulfilment of certain conditions precedent:
- (a) the Langfang JVCo shall be incorporated with a registered capital of RMB 120,000,000 (equivalent to approximately S\$24.53 million)¹, with SFS and WIKTI subscribing for 60% (RMB 72,000,000, equivalent to approximately S\$14.72 million)

¹ The illustrative exchange rate used in this announcement is S\$1 : RMB 4.8912. 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.

and 40% (RMB 48,000,000, equivalent to approximately S\$9.81 million), respectively; and

- (b) SFS and WIKTI shall each inject 30% of their respective subscribed capital within 10 business days (as defined in the Agreement) after the Langfang JVCo's bank accounts are opened, with the 70% balance to be injected within 2 years of the Langfang JVCo's incorporation.

- 3.2 The proposed registered capital and contribution timelines were arrived at based on the initial business needs and working capital requirements of the Langfang JVCo.

4. Interest of Directors and Controlling Shareholders

None of the Directors or any controlling shareholders of the Company has any interest (whether direct or indirect) in the Transaction other than through their respective interest (if any) in the Company.

5. Financial Effects of the Transaction

The consideration for SFS' total subscription of RMB 72,000,000 (equivalent to approximately S\$14.72 million) will be funded through internal resources and paid in cash. The Transaction is not expected to have any material impact on the Company's net tangible assets per share and consolidated earnings per share for the current financial year.

6. Documents for Inspection

A copy of the Agreement 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
13 July 2018
Singapore