



**(1) ACQUISITION OF SATS YIHAI KERRY KUNSHAN FOOD CO., LTD.; AND  
(2) DIVESTMENT OF SATS YIHAI KERRY (LANGFANG) FOOD CO., LTD.**

**1. Acquisition of SATS Yihai Kerry Kunshan Food Co., Ltd.**

- 1.1 The Board of Directors of SATS Ltd. (“**SATS**” or the “**Company**”) refers to its announcement dated 15 September 2016 relating to the incorporation of SATS Yihai Kerry Kunshan Food Co., Ltd. (“**Kunshan FoodCo**”). As stated in the announcement, the Company’s wholly-owned subsidiary, SATS Food Services Pte. Ltd. (“**SFS**”) holds a 60% equity interest in Kunshan FoodCo and Yihai Kerry Investments Co., Ltd. (“**YKI**”) holds the remaining 40% equity interest in Kunshan FoodCo. YKI 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.
- 1.2 Pursuant to Rule 704(17)(d) of the Listing Manual, the Board wishes to announce that SATS China Co., Ltd. (“**SATS China**”), another wholly-owned subsidiary of the Company, has on 19 November 2018 entered into:
- (i) a Share Transfer Agreement with SFS to acquire SFS’ 60% equity interest in Kunshan FoodCo for a purchase consideration of RMB 120 million; and
  - (ii) a Share Transfer Agreement with YKI to acquire YKI’s 40% equity interest in Kunshan FoodCo for a purchase consideration of RMB 80 million,
- collectively the “**Kunshan Acquisitions**”.
- 1.3 The purchase considerations for the Kunshan Acquisitions were arrived at a willing buyer and willing seller basis based on SFS’ and YKI’s respective registered capital contributions in Kunshan FoodCo. The purchase considerations for the Kunshan Acquisitions will be funded through internal resources and paid in cash.
- 1.4 Completion of the Kunshan Acquisitions is subject to the relevant regulatory approvals being obtained by the parties, and upon completion, the Company’s effective interest in Kunshan FoodCo shall be increased from 60% to 100%.

**2. Divestment of SATS Yihai Kerry (Langfang) Food Co., Ltd.**

- 2.1 The Board further refers to its announcement dated 13 July 2018 in relation to the execution of a conditional joint venture agreement by SFS and WI Kitchen (Tianjin) Investment Co., Ltd. (“**WIKTI**”) to incorporate a company in China (“**Langfang FoodCo**”). WIKTI is also an indirect wholly-owned subsidiary of Wilmar.
- 2.2 Langfang FoodCo has been incorporated with a registered capital of RMB 120,000,000, with SFS and WIKTI subscribing for 60% (RMB 72,000,000) and 40% (RMB 48,000,000) respectively. Langfang FoodCo has not commenced business operations and neither SFS nor WIKTI has injected their respective share of the registered capital in Langfang FoodCo.
- 2.3 Pursuant to Rule 704(18)(c) of the Listing Manual, the Board wishes to announce that SFS has on 19 November 2018 entered into a Share Transfer Agreement with WIKTI to transfer its

60% equity interest in Langfang FoodCo ("**Langfang Transfer Agreement**") for a sale consideration of RMB 1 ("**Langfang Divestment**").

- 2.4 The nominal sale consideration for the Langfang Divestment was based on the consideration that Langfang FoodCo has not commenced any business operations and neither SFS nor WIKTI has injected its respective share of the registered capital in Langfang FoodCo. Pursuant to the terms of the Langfang Transfer Agreement, WIKTI shall be responsible for subscribing for the entire registered capital of Langfang FoodCo.
- 2.5 Completion of the Langfang Divestment is subject to the relevant regulatory approvals being obtained by the parties, and upon completion, the Company will cease to have any interest in Langfang FoodCo, with Wilmar's effective interest in Langfang FoodCo increased to 100%.

### **3. Rationale for the Transactions**

The Company and Wilmar wish to revise their shareholdings in Kunshan FoodCo and Langfang FoodCo on mutually-beneficial terms because, with respect to the Kunshan Acquisitions, the Company wishes to acquire full control of Kunshan FoodCo to scale its operations in China to better serve the needs of its customers in fast casual restaurants and the aviation sector, and with respect to the Langfang Divestment, Wilmar wishes to acquire full control of Langfang FoodCo for its other businesses.

### **4. Financial Effects**

- 4.1 The Kunshan Acquisitions are not expected to exceed 5% of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual. Disregarding the intragroup transfer of the 60% equity interest in Kunshan FoodCo from SFS to SATS China, as at 30 September 2018, the book value and net tangible asset value attributable to a 40% equity interest in Kunshan FoodCo are S\$12.8 million each.
- 4.2 The Langfang Divestment is not expected to exceed 5% of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual. As at 30 September 2018, the book value and net tangible asset value of Langfang FoodCo are both nil.
- 4.3 The Kunshan Acquisitions and Langfang Divestment are 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.

### **5. 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 Kunshan Acquisitions and the Langfang Divestment other than through their respective interest (if any) in the Company.

#### **BY ORDER OF THE BOARD**

S. Prema  
Company Secretary  
19 November 2018  
Singapore