



JOINT VENTURE AGREED WITH JILIN IPF PTE. LTD. IN RELATION TO JOINT INVESTMENT IN SGIPF PTE. LTD.

AND

PROPOSED ACQUISITION OF SHARES IN THE CAPITAL OF JILIN ZHONG XIN CHENG FOOD CO., LTD.

1. Introduction

The Board of Directors (“**Board**”) of SATS Ltd. (“**Company**”) refers to its announcement dated 24 April 2017 relating to SGIPF’s entry into the China JVA with CTAHIB and wish to further announce as follows. Unless otherwise defined herein and save where the context requires otherwise, all words and expressions used in this announcement shall bear the meanings ascribed to them in the Company’s announcement dated 24 April 2017.

2. Background

- 2.1 SATS Food Services Pte. Ltd. (“**SFS**”), a wholly-owned subsidiary of the Company, has a 30% stake in Jilin JVCo since Jilin JVCo’s incorporation on 29 October 2010. Jilin JVCo was established to develop and operate a large scale integrated pig farm with abattoir and feed production facilities in Yongji County, Jilin Province (“**Jilin IPF**”).
- 2.2 The other shareholders of Jilin JVCo are Jilin China-Singapore Food Zone Development Construction Investment Co., Ltd. (“**JStateCo**”), with a 40% stake, and Dachan Zhong Xin Limited (“**Dachan**”), with a 30% stake.
- 2.3 Singbridge Corporate Pte. Ltd. (“**Singbridge**”) and Charoen Pokphand Group Co. Ltd. (“**CP**”) have expressed interest in participating in Jilin JVCO, and have the relevant expertise to help transform the Jilin IPF into a model food zone with enhanced food safety standards.

3. Singapore JVA

- 3.1 SFS has on 7 June 2017 entered into a conditional subscription and joint venture agreement (“**Singapore JVA**”) with Jilin IPF Pte. Ltd. (“**JIPF**”), a wholly-owned subsidiary of Singbridge, in relation to their joint investment in SGIPF.
- 3.2 Under the Singapore JVA, upon the fulfillment of certain conditions precedent:-
- (a) SFS shall subscribe for 58 shares in the capital of SGIPF for an aggregate amount of S\$7,619,998; and
 - (b) JIPF shall subscribe for 40 shares in the capital of SGIPF for an aggregate amount of S\$4,786,000.

4. Share Transfer Agreements

4.1 SGIPF has on 7 June 2017 entered into two Share Transfer Agreements to acquire the following interests in Jilin JVCo:-

- (a) a 30% stake in Jilin JVCo from SFS at a consideration of S\$9,600,000; and
- (b) a 5% stake in Jilin JVCo from JStateCo at a consideration of RMB6,403,600 (equivalent to approximately S\$1.3 million)¹.

4.2 Based on the unaudited consolidated financial statements of Jilin JVCo as at 31 March 2017, both the book value and net tangible asset of all the shares in the capital of Jilin JVCo were approximately RMB128.4 million (equivalent to approximately S\$26.1 million).

5. Completion

Upon the completion of the matters contemplated in the Singapore JVA, the Share Transfer Agreements, and the China JVA (as announced on 24 April 2017):-

- (a) SFS and JIPF will respectively hold 60% and 40% of SGIPF; and
- (b) SGIPF will hold 35% of Jilin JVCo, with the other 65% interest in Jilin JVCo being held by CTAHIB.

6. Interest of Directors and Controlling Shareholders

6.1 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 Jilin JVCo Restructuring. However, Mr Chia has recused himself from advising on the Jilin JVCo Restructuring since becoming a Director of the Company.

6.2 Save as expressly mentioned in paragraph 6.1 above, none of the Directors nor any controlling shareholders of the Company has any interest (whether direct or indirect) in the matters contemplated under the Jilin JVCo Restructuring.

7. Financial Effects

The transactions described in this announcement 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.

¹ The illustrative exchange rate used in this announcement is S\$1 : RMB 4.9201 as at 7 June 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.

8. Documents for Inspection

Copies of the Singapore JVA and the Share Transfer Agreements are 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

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Company Secretary
7 June 2017