

Media Release July/08

SATS BUYS OUT MINORITY SHAREHOLDERS IN COUNTRY FOODS

Singapore, 24 July 2008 – Singapore Airport Terminal Services Limited (SATS) announces today that it has entered into a conditional sale and purchase agreement with the three minority shareholders of its subsidiary, Country Foods Pte Ltd (Country Foods), to acquire their collective stake of approximately 33.3 percent of the issued and paid-up share capital in the company, comprising 1,714,285 ordinary shares for a total consideration of approximately S\$5.6 million.

On completion of the sale and purchase, Country Foods will become a wholly-owned subsidiary of SATS.

Background of Country Foods

Country Foods is in the business of manufacturing and supplying of chilled and frozen processed foods and ready-to-eat meals to fast food restaurants and café chains, convenience stores as well as other food establishments and institutions. Besides the Singapore operations, the Company also owns a 70 percent stake in a joint venture company in Macau called Country Foods Macau, Limited (Country Foods Macau), which supplies to casino, resort and restaurant operators.

Purchase Consideration

The purchase consideration of approximately S\$5.6 million was based on a valuation conducted by independent financial adviser, Deloitte & Touche Corporate Finance Pte Ltd, using the discounted cash flow and capitalisation of earnings methodology. Based on the consideration, the ascribed value of Country Foods is S\$16.7 million.

SINGAPORE AIRPORT TERMINAL SERVICES LIMITED

(a subsidiary of Singapore Airlines Limited)

20 Airport Boulevard, Singapore 819659

Internet: www.sats.com.sg

Company Registration No: 197201770G

The consideration payable to the main minority shareholder and CEO of Country Foods, Mr Frankie Tan Chiew Kuang, will be satisfied partly by way of issuance of new SATS shares and partly by cash. Mr Tan will utilise the cash consideration to acquire 19 percent of the total number of issued shares of Country Foods Macau from Country Foods. The consideration payable to the other two minority shareholders will be satisfied in full by cash.

The number of new SATS shares to be issued to Mr Tan will be determined by reference to the average of the closing market prices of the SATS shares traded on the Stock Exchange of Singapore for the three market days after the date of the conditional sale and purchase agreement.

Mr Tan will continue as the CEO of Country Foods after the acquisition. There will be a moratorium of three years from the date of completion, when Mr Tan may only transfer his SATS shares progressively.

Financial Information regarding Country Foods

The net tangible assets of Country Foods based on the latest audited accounts as at 31 March 2008 was S\$9.8 million.

Rationale for the Acquisition

Country Foods has the expertise in frozen and shelf-stable meal production. SATS intends to leverage on Country Foods to establish a low-cost airline catering unit at Singapore Changi Airport. The unit will cater to the growing number of low-cost airlines, as well as some full-service airlines, with more cost-effective frozen and shelf-stable meal offerings. The initiative will provide SATS with an alternative lower-cost catering platform to complement its conventional airline catering. It will enable SATS to compete more effectively in the different airline segments, using different product offerings and cost structures. With Country Foods becoming a wholly-owned subsidiary, there will be greater flexibility for SATS to steer towards this strategic direction.

Remarked Mr Clement Woon, SATS' President and Chief Executive Officer: "Going forward, SATS will be able to position itself more effectively to serve the different needs of its airline customers, without compromising the operational and cost efficiencies. With the growing tourism opportunities here and in Macau, SATS is also well-positioned to expand further into the non-airline catering market."

Financial Impact

The above transaction is not expected to have any material impact on the SATS Group's earnings per share and net tangible assets per share for the current financial year ending 31 March 2009.

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About Singapore Airport Terminal Services Limited

Singapore Airport Terminal Services Limited (SATS) is the leading provider of integrated ground handling and airline catering services at Singapore Changi Airport. SATS' network of ground handling and airline catering operations spans 18 overseas investments covering more than 40 airports in the Asia Pacific region. SATS' services include airfreight handling, airline catering, passenger services, baggage handling, ramp handling, aviation security, airline linen laundry and processed food manufacturing. SATS, a subsidiary of Singapore Airlines Limited (SIA), has been listed on the Singapore Exchange since May 2000.

For more information on SATS, please visit www.sats.com.sg.

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About Country Foods Pte Ltd

Established in 1989, Country Foods Pte Ltd (Country Foods) has grown from a small food company to become a leading manufacturer of chilled, frozen and processed food in Singapore. Country Foods has continuously moved up the value chain by being at the forefront of food innovation and technology and tailoring food solutions to meet the changing lifestyles and tastes of consumers. Today, it boasts an international clientele of well-known fast-food restaurant and café chains, convenience stores as well as other food establishments and institutions. Country Foods is currently a 66.67 percent-owned subsidiary of SATS.

For more information on Country Foods, please visit www.countryfoods.com.sg.

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