

Mandatory Unconditional Cash Offer

By

Merrill Lynch (Singapore) Pte. Ltd.

(Incorporated in the Republic of Singapore)

(Company Registration No. 198602883D)

for and on behalf of



Singapore Airport Terminal Services Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 197201770G)

to acquire all the issued ordinary shares
in the capital of

Singapore Food Industries Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 197300678G)

other than those already owned, controlled or agreed
to be acquired by Singapore Airport Terminal Services Limited

1. Introduction

- 1.1 Acquisition.** Further to the announcement made by Merrill Lynch (Singapore) Pte. Ltd. (“**Merrill Lynch**”), for and on behalf of Singapore Airport Terminal Services Limited (the “**Offeror**”) on 2 December 2008 (the “**Acquisition Announcement Date**”), Merrill Lynch wishes to announce, for and on behalf of the Offeror, that the Offeror has today completed the purchase from Ambrosia Investment Pte. Ltd. (the “**Seller**”) of 359,731,154 ordinary shares in the capital of Singapore Food Industries Limited (“**SFI**”), representing approximately 69.61 per cent. of all the issued shares¹ (the “**SFI Shares**”) in the capital of SFI (the “**Acquisition**”). Following the Acquisition, the Offeror holds 359,731,154 SFI Shares, representing approximately 69.61 per cent. of all the SFI Shares.
- 1.2 Offer.** In accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”), the Offeror shall make a mandatory unconditional cash offer (the “**Offer**”) for all the SFI Shares, other than those already owned, controlled or agreed to be acquired by the Offeror, in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore and the Code.

¹ In this Announcement, for the purpose of computation, the number of SFI Shares is 516,794,500 as at the Latest Practicable Date (as hereinafter defined) as provided by SFI to the Offeror.

2. Offer

2.1 Terms.

2.1.1 The Offer, when made, will be made for all the SFI Shares other than those already owned, controlled or agreed to be acquired by the Offeror (the “**Offer Shares**”), subject to the terms and conditions set out in the formal document in relation to the Offer to be issued by Merrill Lynch, for and on behalf of the Offeror (the “**Offer Document**”).

2.1.2 The Offer, when made, will be on the following basis:

For each Offer Share : S\$0.93 in cash (the “Offer Price”).

The Offeror does not intend to revise the Offer Price.

2.1.3 The Offer Shares will be acquired:

- (i) fully paid;
- (ii) free from all mortgages, liens, charges, rights of pre-emption, third party rights, security interests or other encumbrances whatsoever; and
- (iii) **together with all rights, benefits, entitlements and advantages attached thereto as at completion of the Acquisition (“Completion”) and thereafter attaching thereto, including all voting rights and the right to receive and retain all dividends, rights and other distributions:**
 - (a) **which may be announced or declared by SFI; or**
 - (b) **the entitlement to which is determined by SFI,****each, on or after Completion.**

In the event the record or books closure date for the determination of entitlement to any dividends, rights or other distributions announced or declared by SFI falls on or after Completion, the Offeror shall be entitled to such dividends, rights or other distributions, and reserves the right to reduce the Offer Price by the amount of such dividends, rights or other distributions.

2.1.4 The Offer, when made, will be extended, on the same terms and conditions to all SFI Shares issued or to be issued pursuant to (i) the valid exercise, prior to the close of the Offer, of any options (each, an “**Option**”) to subscribe for SFI Shares granted under the SFI Share Option Plan (the “**Plan**”), and (ii) the valid release, prior to the close of the Offer, of any awards granted under the SFI Performance Share Plan and the SFI Restricted Stock Plan. For the purpose of the Offer, the expression “**Offer Shares**” shall include all such SFI Shares.

2.2 **Offer Unconditional.** As announced by Merrill Lynch, for and on behalf of the Offeror, on 14 January 2009, the Offer, when made, will be unconditional in all respects. **Therefore, the Offer is not conditional upon the level of acceptances which the Offeror may receive in respect of the Offer.**

3. Options

3.1 **The Plan.** As at 19 January 2009, the latest practicable date prior to the date of this Announcement (the “**Latest Practicable Date**”), there are outstanding Options granted under the Plan. Under the rules of the Plan, the Options are not transferable by the holders thereof

("**Optionholders**"). In view of this restriction, Merrill Lynch, on behalf of the Offeror, will not make an offer to acquire the Options (although, for the avoidance of doubt, the Offer will be extended to all SFI Shares issued or to be issued pursuant to the valid exercise of the Options on or prior to the close of the Offer). Instead, Merrill Lynch will, on behalf of the Offeror, make a proposal (the "**Options Proposal**") to Optionholders subject to the relevant Options continuing to be exercisable into new SFI Shares.

Under the Options Proposal, the Offeror will pay to such Optionholders a cash amount (determined as provided below) (the "**Option Price**") in consideration of such Optionholders agreeing:

3.1.1 not to exercise any of such Options into new SFI Shares; and

3.1.2 not to exercise any of their rights as Optionholders,

in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Options. Further, Optionholders who have accepted the Options Proposal will also be required to surrender all of their Options for cancellation. If the Offer lapses or is withdrawn or if the relevant Options cease to be exercisable into new SFI Shares, the Options Proposal will lapse accordingly.

3.2 Option Price. The Option Price is computed on a "see-through" basis. In other words, the Option Price in relation to any Option is the amount by which the Offer Price is in excess of the exercise price of that Option. Where the exercise price of an Option is equal to or in excess of the Offer Price, the Option Price for each Option will be fixed at S\$0.001.

3.3 Offer and Options Proposal Mutually Exclusive. For the avoidance of doubt, the Offer will not be conditional upon acceptances received in relation to the Options Proposal. The Offer and the Options Proposal are separate and are mutually exclusive. The Options Proposal does not form part of the Offer, and *vice versa*. Without prejudice to the foregoing, if Optionholders exercise their Options in order to accept the Offer in respect of the new SFI Shares to be issued pursuant to such exercise, they may not accept the Options Proposal in respect of such Options. Conversely, if Optionholders wish to accept the Options Proposal in respect of their Options, they may not exercise those Options in order to accept the Offer in respect of the new SFI Shares to be issued pursuant to such exercise.

3.4 Options Proposal. Details of the Options Proposal will be despatched to Optionholders no later than the date of despatch of the Offer Document.

4. Information on SFI

4.1 SFI. SFI is a public company limited by shares incorporated in Singapore on 16 April 1973 and is listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

As at the Latest Practicable Date, the directors of SFI are (i) Mr Tan Yam Pin (Chairman), (ii) Mr Roger Yeo Kok Tong, (iii) Mr Philip Tan Yuen Fah, (iv) Mr John Lim Kok Min, (v) Ms Mary Yeo Chor Gek, (vi) Ms Margaret Lui-Chan Ann Soo, and (vii) Mr Lok Vi Ming.

4.2 Principal Activities. SFI is one of the largest integrated food services companies in Singapore, with a wide portfolio of food-related businesses including food materials supplies, distribution, catering, manufacturing and processing. SFI also has significant operations in the United Kingdom ("**UK**").

5. Information on the Offeror

- 5.1 Offeror.** The Offeror was incorporated in Singapore on 15 December 1972 and is listed on the Main Board of the SGX-ST. The Offeror is the leading provider of airport ground services and inflight solutions at Singapore Changi Airport. Its network of operations spans more than 40 airports in nine countries. Services provided by the Offeror include airfreight handling, airline catering, baggage handling, passenger services, ramp handling, aviation security, airline catering, chilled and frozen processed food manufacturing and airline linen laundry.

As at the Latest Practicable Date, the directors of the Offeror are (i) Mr Edmund Cheng Wai Wing (Chairman), (ii) Mr David Zalmon Baffsky, (iii) Mr Khaw Kheng Joo, (iv) Dr Rajiv Behari Lall, (v) Mr Mak Swee Wah, (vi) Mr Ng Kee Choe, (vii) Dr Ow Chin Hock, (viii) Mr Keith Tay Ah Kee, and (ix) Mr Yeo Chee Tong.

6. Rationale, Synergies and Offeror's Intentions for SFI

- 6.1 Rationale.** The proposed acquisition of SFI is in line with the Offeror's mid and long term strategy to develop a balanced portfolio comprising a strong Singapore-based food services business and a global airport services business.

The Offeror believes that the acquisition of SFI will enhance its growth prospects for the following reasons: (i) SFI will provide both the scale of operations and access to wider customer segments in the non-aviation related food industry, both in Singapore and overseas, which will enable the Offeror to speed up the implementation of its strategic plans, (ii) the combined group will be able to compete effectively with large multinational food services companies, and (iii) SFI's UK-based food services operations will strengthen the Offeror's overseas platform and provide potential cross-selling opportunities to both airline and non-airline customers in a new geographical market.

By creating a stronger food services business, the Offeror is building on its existing core strengths whilst mitigating its exposure to the aviation sector.

- 6.2 Synergies.** The Offeror believes that the strategic fit of the Offeror and SFI is good. Both companies have complementary operations and competencies, which will allow the realisation of synergies through (i) the provision of a wider range of products and services to an enlarged customer base, and (ii) the combination of their respective operations. The integration of the two companies is expected to yield both cost and revenue synergies as follows:

- 6.2.1 Cost synergies: The Offeror estimates annual recurring pre-tax cost savings of between S\$12.0 million and S\$15.5 million.** The Offeror expects these cost synergies to come from the following areas:

- (i) **Food procurement:** SFI operates a large food distribution business with annual sales of approximately S\$140 million. The Offeror's annual food procurement budget amounts to approximately S\$100 million, of which a negligible amount is currently spent with SFI. By directing the majority of the Offeror's food procurement needs through SFI's distribution platform, the resulting backward integration will yield savings as a result of (a) the elimination of the profit margin which is currently being enjoyed by the Offeror's incumbent procurement relationships, and (b) stronger bargaining power with upstream food commodity producers due to the combined purchasing volume.

With the threats of food commodity shortages (e.g. shortage of chicken meat due to the Avian flu scare) and rising prices, the SFI food distribution business

will enhance the security and safety of the food supply chain, which is critical to support the competitive and efficient food services operation of the Offeror and SFI. In addition, SFI's food distribution business has historically been strong in food commodity categories such as chicken, pork, beef and mutton. Over time, the Offeror's more diverse food supply requirements will help to grow and broaden the distribution business by strengthening the seafood and fruits/vegetables categories and the supply of premium chilled food materials for higher value meal production.

Annual recurring pre-tax cost savings in the area of procurement is estimated by the Offeror to be in the region of S\$2.0 million to S\$2.5 million.

- (ii) **Food production:** The Offeror believes that cost savings can be achieved by streamlining and centralising the various production activities amongst SATS Catering Pte Ltd ("**SATS Catering**"), Country Foods Pte. Ltd. ("**Country Foods**") and SFI (both SATS Catering and Country Foods are wholly-owned subsidiaries of the Offeror). For example, SFI currently operates on-site preparation of meals for the Singapore Armed Forces. By leveraging the Offeror's expertise in central kitchen production, cost savings can be achieved by streamlining and centralising certain food production activities (e.g. vegetable and meat processing and soups and sauces preparation) at SATS Catering and Country Foods. By the same token, SFI operates a central retort meal production facility which could support certain production activities of SATS Catering and Country Foods.

Annual recurring pre-tax cost savings in the area of production is estimated by the Offeror to be in the region of S\$5.0 million to S\$5.5 million.

- (iii) **Food supply chain logistics:** The Offeror, SFI and Country Foods currently operate separate warehousing and logistics operations. The Offeror believes that duplication exists in parts of the three logistical functionalities which, upon rationalisation, will yield cost savings. Economies of scale are expected to be achieved by combining the operations of the Offeror and SFI.

Annual recurring pre-tax cost savings in the area of supply chain logistics is estimated by the Offeror to be in the region of S\$2.0 million to S\$3.0 million.

- (iv) **Central costs:** The Offeror and SFI currently operate separate and distinct central services and corporate functions. There will be cost savings from the reduction of central overheads, the quantum of which will depend on whether the Offeror acquires 100 per cent. of all the SFI Shares. These savings include the possible consolidation into one public company board, and the streamlining of central services such as finance, legal, human resources and information technology.

Annual recurring pre-tax cost savings in the area of central costs is estimated by the Offeror to be in the region of S\$3.0 million to S\$4.5 million.

- 6.2.2 **Revenue synergies:** The Offeror believes that there will be significant potential to generate additional revenue from the combination of customers, products and skills. The merger would lead to an enhanced range of products and services being offered to customers across broader sales channels and geographical footprint.

- (i) **Product development and sales:** The acquisition of SFI will provide the Offeror with access to different production facilities, food processing technologies and operating platforms such as on-airport, premium chilled production by SATS Catering and off-airport industrial chilled/frozen/shelf-stable production which can be done by SFI and Country Foods. This will give the Offeror the competitive advantage to serve a wider range of customer segments by using different product offerings and cost structures.

Moreover, the established distribution network of SFI will provide a strong sales channel for the Offeror to direct more and higher value-added food materials (e.g. ready-to-cook and ready-to-eat items) other than unprocessed raw materials, to food establishments such as restaurant chains, hotels and new tourism-related developments/events (e.g. integrated resorts, sport hub and F1 Grand Prix). It will also strengthen the Offeror's ability to provide integrated food catering and logistics services, which would be an increasingly important consideration for major establishments looking to outsource their non-core food and logistics operations (e.g. integrated resorts).

- (ii) **Overseas platform:** SFI's UK-based food services operations have a proven track record of growth. The compounded annual growth rates of its UK-based food services operations, based on revenue and profit before tax for the period from 2003 to 2007, were approximately 14 per cent. and 19 per cent. respectively. The Offeror is seeking to leverage on SFI's UK domain knowledge and management expertise as the beachhead to expand into airline catering in key UK and European airports. In addition, SFI's UK production facilities and products (e.g. juices, soups, fruits, chilled convenience meals and desserts) could be utilised to support the Offeror's airline catering operations. This concept builds on a commonly accepted industrial practice in the UK and Europe, where bulk food production is generally outsourced and flight kitchens are used mainly for assembly, with limited in-house production for premium passengers only.

The Offeror notes that Northern Foods plc, one of the leading non-aviation food manufacturing companies in the UK with business similar to SFI's UK business, has recently formed a strategic partnership with DHL to provide aviation catering for British Airways' short-haul flights out of London Heathrow airport. This marks a potentially new development in the aviation industry, as DHL-Northern Foods successfully displaced the incumbent caterer, Gate Gourmet, a world leading airline catering specialist, with an industrial, logistical catering model. In this regard, the acquisition of SFI will provide a key strategic platform for the Offeror to strengthen its industrial catering and logistical capabilities in anticipation of new competition from players such as DHL-Northern Foods.

Separately, through its expertise in Asian cuisines, the Offeror will be able to add value to SFI's UK operations by introducing more authentic Asian food products for sale in the non-airline segment. Industry observers² forecast the market for ethnic foods in the UK to experience further growth between 2007 and 2011, with product innovation (e.g. through healthy meals and increased

² Based on the Ethnic Food Market Report Plus 2007.

variety of regional and authentic dishes), and convenience of premium ready meals among the factors driving growth.

- 6.2.3 One-off restructuring costs:** To achieve the cost savings set out in **Section 6.2.1** of this Announcement, the Offeror expects to incur one-off pre-tax restructuring costs and charges, of approximately S\$8.5 million in aggregate over the 12 to 18 months following the completion of the Acquisition, the Offer and the Options Proposal (collectively, the “**Transactions**”).
- 6.2.4 Estimated Synergies:** The estimated figures for cost savings and one-off restructuring costs and charges as set out in **Section 6.2.1** and **Section 6.2.3** respectively of this Announcement, have been prepared on bases consistent with the accounting policies normally adopted by the Offeror and its subsidiaries (the “**Group**”). The estimated figures for cost savings are derived from savings identified and assumed to be realised across the cost basis of the combined business, and assume that (i) the Offeror acquires 100 per cent. of the SFI Shares, (ii) SFI’s cost basis is substantially similar to that of the Offeror’s, (iii) there will be no material changes to the market dynamics of the combined Group’s core markets, (iv) there will be no material changes in the existing political, legal or regulatory conditions affecting the activities of the combined Group, the industry or the countries in which the combined Group operates, (v) there will be no significant disruption to the conduct of the business activities of the combined Group arising from industrial, political, legal or legislative action or action taken by any relevant authority, and (vi) there will be no significant disruption to the conduct of the business activities of the combined Group arising from changes in senior management during the integration period.

The Offeror is further making the Offer with a view to exercising its rights of compulsory acquisition under Section 215(1) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) in the event that the Offeror becomes entitled to do so, and delisting SFI from the SGX-ST thereafter.

Notwithstanding the foregoing, the Offeror expects to realise most of the benefits of the Transactions even if less than 100 per cent. of the SFI Shares is acquired.

- 6.3 Offeror’s Intentions for SFI.** Following the close of the Offer, and depending on the level of acceptances thereof, the Offeror intends to undertake a comprehensive review of the organisation, businesses and operations of SFI and its subsidiaries (the “**SFI Group**”) to confirm the potential cost savings which it believes would exist, and to identify any other cost savings. An integration committee would be formed with senior representatives from both the Offeror and SFI, and with direct oversight from the directors of the Offeror, to conduct the review and to oversee the integration process. The overarching objective would be to implement the integration whilst maintaining continuity and minimising disruption. The integration committee would seek to retain the best talent to enable the combined business to increase shareholder value and improve the quality of products and services going forward.

Save as disclosed in this Announcement, the Offeror presently has no intention to (i) introduce any major changes to the business of SFI, (ii) redeploy the fixed assets of SFI, or (iii) discontinue the employment of the employees of the SFI Group. However, the directors of the Offeror retain the flexibility at any time to consider any options in relation to the SFI Group which may present themselves and which they may regard to be in the interest of the Offeror.

7. Compulsory Acquisition and Delisting

7.1 Compulsory Acquisition. Pursuant to Section 215(1) of the Companies Act, if the Offeror receives acceptances pursuant to the Offer³ for not less than 90 per cent. of the SFI Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer, including the 359,731,154 SFI Shares purchased from the Seller under the Sale and Purchase Agreement), the Offeror will exercise its right under Section 215(1) of the Companies Act to compulsorily acquire, at the Offer Price, all the SFI Shares of the shareholders of SFI ("**Shareholders**") who have not accepted the Offer and proceed to delist SFI from the SGX-ST.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of SFI Shares which, together with SFI Shares held by it, its related corporations and their respective nominees, comprise 90 per cent. or more of the SFI Shares, Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their SFI Shares at the Offer Price. Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

7.2 Delisting. Under Rule 1105 of the Listing Manual of the SGX-ST ("**Listing Manual**"), in the event that the Offeror and parties acting in concert with it, as a result of the Offer or otherwise, own or control more than 90 per cent. of the SFI Shares, excluding treasury shares (as the term is defined in the Companies Act), the SGX-ST may suspend the listing of the SFI Shares until such time when the SGX-ST is satisfied that at least 10 per cent. of the SFI Shares (excluding treasury shares) are held by at least 500 shareholders who are members of the public.

In addition, under Rule 724 of the Listing Manual, if the percentage of the SFI Shares (excluding treasury shares) held in public hands falls below 10 per cent., SFI must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the SFI Shares. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the SFI Shares (excluding treasury shares), thus causing the percentage of SFI's total number of SFI Shares (excluding treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of SFI Shares at the close of the Offer.

Rule 725 of the Listing Manual states that the SGX-ST may allow SFI a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of SFI Shares in public hands to at least 10 per cent., failing which SFI may be delisted.

The Offeror intends to make SFI its wholly-owned subsidiary and does not intend to preserve the listing status of SFI. **Accordingly, the Offeror does not intend to take steps for any trading suspension of the SFI Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10 per cent. of the SFI Shares (excluding treasury shares) are held in public hands.**

8. Financial Evaluation of the Offer

8.1 Financial Evaluation of the Offer. The Offer Price represents a premium over the recent market prices of the SFI Shares. The Offeror believes that the Offer represents an attractive proposition for Shareholders to realise their investment in SFI Shares for cash at a fixed price

³ For the avoidance of doubt, acceptances pursuant to the Offer will include acquisitions or contracts for acquisitions of the Offer Shares in compliance with the provisions of Section 215(11) of the Companies Act.

(being the Offer Price), without incurring brokerage and other trading costs. Specifically, the Offer Price represents the following premia:

	Benchmark price⁴	Premium over/ (discount to) the benchmark price
(i) Last transacted price before the SGX-ST Query Date ⁽¹⁾	S\$ 0.745	24.8%
(ii) VWAP ⁽²⁾ for the one-week period up to the SGX-ST Query Date ⁽¹⁾	S\$ 0.737	26.2%
(iii) VWAP (Dividend-Adjusted) ⁽³⁾ for the one-month period up to the SGX-ST Query Date ⁽¹⁾	S\$ 0.743	25.2%
(iv) VWAP (Dividend-Adjusted) ⁽³⁾ for the three-month period up to the SGX-ST Query Date ⁽¹⁾	S\$ 0.750	24.0%
(v) VWAP (Dividend-Adjusted) ⁽³⁾ for the six-month period up to SGX-ST Query Date ⁽¹⁾	S\$ 0.772	20.5%
(vi) Last transacted price as quoted on the SGX-ST on 1 December 2008 ⁽⁴⁾	S\$0.890	4.5%
(vii) VWAP ⁽²⁾ for the one-week period up to 1 December 2008 ⁽⁴⁾	S\$0.867	7.2%
(viii) VWAP ⁽²⁾ for the one-month period up to 1 December 2008 ⁽⁴⁾	S\$0.866	7.3%
(ix) VWAP (Dividend-Adjusted) ⁽³⁾ for the three-month period up to 1 December 2008 ⁽⁴⁾	S\$0.828	12.3%
(x) VWAP (Dividend-Adjusted) ⁽³⁾ for the six-month period up to 1 December 2008 ⁽⁴⁾	S\$0.821	13.3%
(xi) Last transacted price as quoted on the SGX-ST on 19 January 2009 ⁽⁵⁾	S\$0.920	1.1%
(xii) VWAP ⁽²⁾ for the one-week period up to 19 January 2009 ⁽⁵⁾	S\$0.916	1.5%
(xiii) VWAP ⁽²⁾ for the one-month period up to 19 January 2009 ⁽⁵⁾	S\$0.902	3.1%
(xiv) VWAP ⁽²⁾ for the three-month period up to 19 January 2009 ⁽⁵⁾	S\$0.873	6.5%

⁴ The figures set out in **Section 8.1** of this Announcement are based on data extracted from Bloomberg.

	Benchmark price⁴	Premium over/ (discount to) the benchmark price
(xv) VWAP (Dividend-Adjusted) ⁽³⁾ for the six-month period up to 19 January 2009 ⁽⁵⁾	S\$0.860	8.2%

Notes:

- (1) The term “**SGX-ST Query Date**” means 22 October 2008, being the date of the SGX-ST’s query on the substantial increase in the price of the SFI Shares.
- (2) The term “**VWAP**” means the volume weighted average price of the SFI Shares on the SGX-ST.
- (3) The term “**VWAP (Dividend-Adjusted)**” means the VWAP adjusted for the interim dividend in respect of financial year ending 31 December 2008 of 1.80 Singapore cents per SFI Share, declared and paid by SFI on 24 July 2008 and 26 September 2008, respectively. The interim dividend amount has been deducted from the prices of SFI Shares before 5 September 2008, taking into account the record date of 10 September 2008 and a three market day settlement period.
- (4) 1 December 2008 is the last full trading day prior to the Acquisition Announcement Date.
- (5) 19 January 2009 is the last full trading day prior to the date of this Announcement.

The Offer Price represents an implied price-earnings multiple of approximately 15.2 and 13.3 times, based on the audited basic earnings per SFI Share of approximately S\$0.061 for the financial year ended 31 December 2007 and the unaudited basic earnings per SFI Share of approximately S\$0.070 for the 12-month period ended 30 September 2008, respectively.

Further information on the financial aspects of the Offer will be set out in the Offer Document to be despatched to Shareholders in early February 2009.

9. Disclosures

9.1 Shareholdings. Save as disclosed below, as at the Latest Practicable Date⁵, neither the Offeror nor any party acting in concert with the Offeror owns, controls or has agreed to acquire any SFI Shares or securities which carry voting rights in SFI or are convertible into SFI Shares or securities which carry voting rights in SFI, or rights to subscribe for, or options in respect of, such SFI Shares or securities.

No.	Name	Number of SFI Shares	Percentage (%)
(i)	The Offeror	359,731,154	69.61
(ii)	Concert parties of the Offeror ⁶	35,000	0.01

9.2 Dealings and Irrevocable Undertakings.

9.2.1 Dealings: Save as disclosed below, as at the Latest Practicable Date⁷, neither the Offeror nor any of any party acting in concert with the Offeror has dealt for value in

⁵ Information relating to the shareholdings of Merrill Lynch and parties acting in concert with it in SFI (if any) is as at 16 January 2009, being the latest practicable date for Merrill Lynch.

⁶ As at the Latest Practicable Date, (i) Anne Ang, a director of SIA’s subsidiary, held 10,000 SFI Shares, (ii) Ng Chin Hwee, a director of SIA’s subsidiary, held 2,000 SFI Shares, (iii) Tan Chuan Lye, a director of the Offeror’s subsidiary, held 4,000 SFI Shares, and (iv) the spouse of Lucien Wong Yuen Kuai, a director of SIA, held 19,000 Shares.

⁷ Information relating to the shareholdings of Merrill Lynch and parties acting in concert with it in SFI (if any) is as at 16 January 2009, being the latest practicable date for Merrill Lynch.

any SFI Shares or convertible securities during the six-month period immediately preceding the Latest Practicable Date:

Date of acquisition	Number of SFI Shares acquired	Consideration per SFI Share, excluding brokerage fee, clearing fee and other applicable tax
7 November 2008	19,000 ⁸	S\$0.867

9.2.2 Irrevocable Undertakings: Pursuant to the Sale and Purchase Agreement, the Seller has undertaken to accept the Offer in respect of any SFI Shares that it may from time to time acquire after the Acquisition Announcement Date (other than the 359,731,154 SFI Shares sold by the Seller to the Offeror pursuant to the Sale and Purchase Agreement). Such undertaking shall lapse if the Offer is withdrawn or lapses for any reason whatsoever. Save as disclosed above, as at the Latest Practicable Date, neither the Offeror nor any party acting in concert with the Offeror has received any irrevocable undertaking from any party to accept or reject the Offer.

10. Confirmation of Financial Resources

Merrill Lynch, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

11. Responsibility Statement

The directors of the Offeror (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, in relation to SFI or its subsidiaries) or obtained from the Seller, the sole responsibility of the directors of the Offeror has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

Issued by

Merrill Lynch (Singapore) Pte. Ltd.

For and on behalf of

Singapore Airport Terminal Services Limited

20 January 2009

Singapore

⁸ The relevant SFI Shares were acquired by the spouse of Lucien Wong Yuen Kuai, a director of SIA.

Any inquiries relating to this Announcement or the Offer should be directed to:

Merrill Lynch (Singapore) Pte. Ltd.

Keith Magnus

Managing Director and Head of Singapore
and Malaysia Investment Banking Division

Tel: (65) 6330 7167

Fax: (65) 6330 7130

Address: 1 Temasek Avenue #28-01 Millenia Tower Singapore 039192

Harmeet Singh Bedi

Director and Co-Head South East Asia
Corporate Finance

Tel: (65) 6330 7085