

SATS EXPANDS ITS PARTNERSHIP WITH CAPITAL AIRPORTS HOLDING COMPANY IN CHINA

Beijing, 27 December 2006 – Singapore Airport Terminal Services Limited (SATS) announced today that together with its Chinese partner, Capital Airports Holding Company (CAH), it would, through their joint venture companies, Beijing Airport Inflight Kitchen Ltd (BAIK) and Beijing Aviation Ground Services Co Ltd (BGS), be expanding their inflight catering and ground handling businesses to cover 8 other Chinese airports in their network. These airports, namely Tianjin, Nanchang, Wuhan, Chongqing, Guiyang, Changchun, Hohhot and Harbin, are part of CAH's network of 31 airports.

Under the expansion plan, BAIK and BGS will acquire, either partially or fully, the inflight catering and ground handling assets and take over the businesses of the Chinese airport companies in respect of these airports. As a result of the expansion, BAIK and BGS will now have 8 new joint venture partners, resulting in a total of 10 joint venture partners (including CAH and SATS). SATS will retain a 40% equity share in the expanded entities (after contributing further capital in cash of US\$21.8 million) while CAH and the 8 Chinese airport companies will together hold the remaining 60% share.

The amount of additional capital to be contributed by SATS was arrived at based on a valuation of the assets being contributed to the Company by each of the 8 Chinese airport companies for a proportionate interest in BAIK and BGS, and determining the amount that SATS would contribute to maintain a 40% interest in the enlarged capital of BAIK and BGS.

50% of the additional capital to be paid by SATS will be paid in early January 2007, followed by the balance 50% payable upon approval received from the examination and approval authority of the Chinese Ministry of Commerce.

In consideration of the additional capital contributions of SATS and the new joint venture partners, application will be made for the joint venture terms of BAIK and BGS to be extended by a 20-year period from 2006, to 2026.

"SATS is delighted to be able to expand our presence in China through the successful partnership with CAH. This initiative bears testimony to our strong partnership which will strengthen further with the expansion," said Mr Ng Chin Hwee, President and CEO of SATS.

With the expansion, SATS will have a presence at 13 airports in China (including Macau and Hong Kong).

The expansion of BAIK and BGS is not expected to materially affect the financial performance in terms of earnings per share and net tangible assets per share of SATS in the current financial year.

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About Singapore Airport Terminal Services Limited (SATS)

The Singapore Airport Terminal Services (SATS) Group 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 more than 20 airports in the Asia Pacific region. SATS' services include airfreight handling, airline catering, passenger services, baggage handling, ramp handling, aviation security and airline linen laundry. 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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