



## Joint Venture Amongst Singapore Airlines, SATS and DFASS Change of Transaction Structure

SATS Ltd. (“**SATS**” or the “**Company**”) refers to its announcement dated 8 March 2018 in respect of the proposed joint venture with Singapore Airlines Limited (“**SIA**”) and DFASS (Singapore) Pte. Ltd. (“**DFASS**”) whereby SIA was to purchase 70% of the issued share capital of DFASS SATS Pte. Ltd. (“**DFASS SATS**”), a Singapore joint venture company owned in equal shares between DFASS and SATS Asia-Pacific Star Pte. Ltd. DFASS SATS is engaged in travel-related retail business offering inflight and ground-based duty-free and duty-paid goods, as well as mail order and pre-order services.

Pursuant to Rule 703 of the Listing Manual, SATS wishes to announce that after further discussions, the parties have now agreed that the proposed joint venture shall be carried out through Singapore Airport Duty-Free Emporium (Private) Limited (“**SADE**”) instead of DFASS SATS. SADE is currently owned by SIA and SATS in the proportion of approximately 76: 24 respectively.

It is the parties’ intention that:

- (a) each of SIA, SATS and DFASS will subscribe for, and SADE will allot and issue to each of them, new ordinary shares in the share capital of SADE (“**Subscription**”) such that after completion of the Subscription, SIA will hold 70% of the issued share capital of SADE, whilst each of DFASS and SATS will hold 15%; and
- (b) SADE will acquire certain assets and business undertakings of DFASS SATS pursuant to a business transfer agreement in order to operate the proposed joint venture.

The proposed joint venture is subject to the execution of a share subscription agreement, business transfer agreement, shareholders’ agreement and other definitive agreements to be entered into amongst the relevant parties, as well as conditions precedent being satisfied or waived, and necessary approvals being obtained.

### Interested Person Transaction

Under the Listing Manual, Temasek Holdings (Private) Limited (“**Temasek**”) is deemed to be a “controlling shareholder” of SIA and SATS, given that Temasek holds, directly or indirectly, at least 15% of the total number of issued shares (excluding treasury shares) in each of SATS and SIA. Therefore SIA and SADE are each considered an “associate” (as defined in the Listing Manual) of Temasek, and this transaction is therefore an “interested person transaction” vis-à-vis SATS for the purposes of Chapter 9 of the Listing Manual. However, the value of the proposed joint venture is expected to be less than 3% of SATS group’s latest audited net tangible assets.

### Rationale

The rationale for the proposed joint venture as disclosed in SATS’ announcement of 8 March 2018 remains unchanged.

**Financial Effects**

The proposed joint venture is not expected to exceed 5% of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual.

This proposed joint venture is also not expected to have any material impact of the financial performance, net tangible assets per share and earnings per share of the Company for the current financial year.

**Interest of Directors and Controlling Shareholder**

Save as disclosed in this announcement, none of the Directors or controlling shareholder of the Company has any interest, direct or indirect, in the proposed joint venture other than their interests (if any) in the Company and in SIA.

**Caution in Trading**

Shareholders and potential investors are advised to exercise caution when trading in the Company's shares as the changes to the transaction structure are non-binding and there is no certainty or assurance as at the date of this announcement that the proposed joint venture will proceed or that no changes will be made to the terms hereof.

The Company will make the necessary announcements at the appropriate juncture as required under the Listing Manual. Shareholders and potential investors who have any doubts should consult their legal, financial, tax or other professional advisers.

**BY ORDER OF THE BOARD**

Low Siew Tian  
Assistant Company Secretary  
24 October 2018  
Singapore