



**ACQUISITION OF SATS BRF FOOD PTE. LTD.
(NOW KNOWN AS COUNTRY FOODS PTE. LTD.)**

1. Acquisition of SATS BRF Food Pte. Ltd.

- 1.1 SATS Food Services Pte. Ltd. (previously known as Singapore Food Industries Pte. Ltd.) (“**SFS**”), a wholly-owned subsidiary of SATS Ltd. (“**SATS**” or the “**Company**”) holds a 51% equity interest in SATS BRF Food Pte. Ltd. (“**SATS BRF**”) and BRF GmbH (“**BRF**”) holds the remaining 49% equity interest in SATS BRF. BRF GmbH is a subsidiary of BRF S.A., a Brazilian company listed on the Sao Paulo and New York Stock exchanges.
- 1.2 Pursuant to Rule 704(17)(d) of the Listing Manual, the Board of Directors of SATS wishes to announce that SFS has on 5 September 2019 entered into a sale and purchase agreement (“**Sale and Purchase Agreement**”) with BRF to acquire BRF’s 49% equity interest in SATS BRF for a purchase consideration of SGD17 million (“**Acquisition**”).
- 1.3 The purchase consideration for the Acquisition was arrived at a willing buyer and willing seller basis taking into consideration, the projected future performance of SATS BRF, and will be funded through internal resources and paid in cash.
- 1.4 Completion of the Acquisition has taken place immediately following the signing of the Sale and Purchase Agreement. Accordingly, SATS BRF is now a wholly-owned subsidiary of SFS, and an indirect wholly-owned subsidiary of the Company. SATS BRF has also executed agreements with BRF Global GmbH on the distribution and licensing of brands owned by BRF S.A.
- 1.5 With the completion of the Acquisition, SATS BRF has been renamed to ‘Country Foods Pte. Ltd.’ as SATS invests in its supply chain capabilities across Asia.

2. Rationale for the Acquisition

The Company wishes to acquire full control of SATS BRF to add scale to its distribution business and also allow for a quicker establishment of the Company’s centralized procurement and distribution platform which would enable the Company to develop more efficient supply chain practices such as diversified sourcing, consolidated purchases and consolidated distribution to customers and across the SATS Group.

3. Financial Effects

Based on SATS BRF’s management accounts as at 31 August 2019, both the book value and net tangible asset value of the 49% acquired equity interest are SGD 20.8 million each.

The Acquisition is 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.

4. Interest of Directors and Controlling Shareholders

- 4.1 Mr Chia Kim Huat, a Non-Executive Independent Director of the Company, is a partner of Rajah & Tann Singapore LLP, which was engaged by the Company to advise on certain aspects of the Acquisition. However, Mr Chia was not involved in providing the advice on the Acquisition.
- 4.2 Save as expressly mentioned in paragraph 4.1 above, none of the Directors or any controlling shareholders of the Company has any interest (whether direct or indirect) in the Acquisition other than through their respective interest (if any) in the Company.

5. Documents for inspection

A copy of the Sale and Purchase Agreement will be made available for inspection during normal business hours at the Company's registered office at 20 Airport Boulevard, Singapore 819659 for a period of three months from the date of this announcement.

BY ORDER OF THE BOARD

S. Prema
Company Secretary

5 September 2019
Singapore