



JOINT VENTURE WITH CARGO SERVICE CENTER INDIA PRIVATE LIMITED

1. INTRODUCTION

1.1 The Board of Directors of SATS Ltd. ("**Company**" or "**SATS**") is pleased to announce that its wholly-owned subsidiary, SATS Investments (II) Pte Ltd ("**SIPL2**") has on 26 December 2017 subscribed for a 49% stake in Mumbai Cargo Service Center Airport Private Limited ("**MCSC**"), a newly-incorporated company which had been wholly-owned by Cargo Service Center India Private Limited ("**CSC**"). SIPL2, CSC and MCSC have also executed a joint venture agreement to set out the rights and obligations of the parties in relation to the organization, management and operation of MCSC ("**JVA**").

2. PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

2.1 Pursuant to the terms of the subscription agreement executed with CSC on 26 December 2017 ("**SA**"), SIPL2 has subscribed for 1,400,000 new ordinary shares of MCSC ("**SIPL2 Shares**"), for an aggregate consideration of INR49,000,000 (approximately S\$1,028,230¹) in cash. Concurrently, CSC has subscribed for 1,457,143 new ordinary shares of MCSC ("**CSC Shares**"), for an aggregate consideration of INR50,900,000 (approximately S\$1,068,100¹) in cash.

2.2 In addition, SIPL2 has subscribed for INR730,196,000 (approximately S\$15,322,600¹) in aggregate of compulsorily convertible debentures in MCSC

¹ The illustrative exchange rate used in this announcement is SGD1 : INR47.40 as at 26 December 2017. This illustrative exchange rate is solely for illustrative purposes and should not be construed as a representation that the relevant amounts have been or could be converted at this rate or at any other rate.

(**“SIPL2 CCDs”**), in cash. CSC has subscribed for INR760,000,000 (approximately S\$15,948,100¹) in aggregate of new ordinary shares of MCSC, (**“CSC Phase II Subscription Shares”**), to be satisfied in full by the transfer to MCSC of CSC’s existing general cargo export management business in Mumbai (**“Existing Business”**). The Existing Business shall be transferred by way of a scheme of arrangement under the Companies Act, 2013 of India, which is expected to complete by 31 December 2018 (**“CSC Phase II Subscription”**).

- 2.3 Upon completion of the CSC Phase II Subscription, the SIPL2 CCDs will convert into new ordinary shares of MCSC. Thereafter, SIPL2 and CSC will continue to hold the entire issued ordinary share capital of MCSC in the ratio 49:51 respectively.
- 2.4 The subscription amounts paid for the SIPL2 Shares, the CSC Shares, the SIPL2 CCDs and the CSC Phase II Subscription Shares were negotiated at arm’s length and on a willing buyer-willing seller basis, taking into account several factors, including in particular the capitalisation requirements of MCSC.
- 2.5 Completion of the CSC Phase II Subscription and the conversion of the SIPL2 CCDs to new ordinary shares in MCSC is subject to the fulfilment of certain conditions precedent, including the results of due diligence on the Existing Business being satisfactory to SIPL2, and receipt of court and other regulatory approvals.

3. FINANCIAL EFFECTS OF THE TRANSACTION

- 3.1 Upon completion of the CSC Phase II Subscription and the conversion of the SIPL2 CCDs (**“Transaction”**), the unaudited book value and the net tangible asset value of the 49% equity stake in MCSC will be approximately INR672,621,000 (approximately S\$14,114,500¹) and INR303,824,000 (approximately S\$6,375,530¹) respectively.

3.2 The Transaction is not expected to have any material impact on SATS' net tangible assets per share and consolidated earnings per share for the current financial year. The Company will account for MCSC as its associate in accordance with the Singapore Financial Reporting Standards.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

4.1 None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the above Transaction, other than through their respective interests (if any) in the Company.

5. DOCUMENTS FOR INSPECTION

5.1 A copy each of the SA and the JVA is available for inspection at the Company's registered office at 20 Airport Boulevard SATS Inflight Catering Centre 1 Singapore 819659 during normal business hours for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

S. Prema

Company Secretary

27 December 2017