



PROPOSED ACQUISITION OF 10% OF THE SHARES IN THE CAPITAL OF EVERGREEN SKY CATERING CORPORATION FROM MALAYSIA AIRLINES BERHAD

1. Introduction

The Board of Directors ("**Board**") of SATS Ltd. ("**Company**") wishes to announce that the Company has entered into a conditional Share Sale Agreement ("**SSA**") with Malaysia Airlines Berhad ("**MAB**") on 27 December 2016 to acquire 11,000,000 ordinary shares in the capital of Evergreen Sky Catering Corporation ("**ESCC**"), representing 10% of the total issued ordinary shares in the capital of ESCC ("**Proposed Acquisition**").

The Company currently owns 16,500,000 ordinary shares in the capital of ESCC, representing 15% of the total issued ordinary shares in the capital of ESCC. Upon the completion of the Proposed Acquisition, the Company would own 27,500,000 ordinary shares in the capital of ESCC, representing 25% of the total issued ordinary shares in the capital of ESCC, and ESCC would then become an associated company of the Company.

2. Principal Terms of the Proposed Acquisition

- (a) Pursuant to the SSA, the consideration for the Proposed Acquisition is RM100,000,000 (equivalent to approximately S\$32.3 million¹) ("**Consideration**"). The Consideration was arrived at on a willing buyer willing seller basis after taking into account the financial position and business prospects of ESCC.
- (b) As at 30 September 2016, the unaudited book value and net tangible asset value attributable to the Proposed Acquisition was approximately NTD 330 million (equivalent to approximately S\$14.8 million¹).
- (c) The Proposed Acquisition is subject to certain conditions precedent being fulfilled, including without limitation the parties having obtained all relevant third party and regulatory consents and waivers.

3. Rationale for the Proposed Acquisition

The Proposed Acquisition is in line with the Company's strategy of growing the scale of its food business and enhancing its connectivity to better serve its customers across key airports in Asia.

¹ The illustrative exchange rate used in this announcement is S\$1 : RM3.09 and S\$1 : NTD22.28 as at 27 December 2016. 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.

4. Interest of Directors and Controlling Shareholders

None of the Directors nor any controlling shareholders of the Company has any interest (whether direct or indirect) in the Proposed Acquisition other than through their respective interest (if any) in the Company.

5. Financial Effects of the Proposed Acquisition

The Proposed 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.

6. Documents for Inspection

A copy of the SSA 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 2016