



EXECUTION OF SALE AND PURCHASE AGREEMENT IN RELATION TO SHARES IN THE CAPITAL OF FOOD CITY COMPANY LIMITED

1. Introduction

- 1.1 SATS Ltd. (the “**Company**”) wishes to announce pursuant to Rule 703(4) of the Listing Manual that the Company’s indirect subsidiary, SATS (Thailand) Co., Ltd. (“**SATS Thailand**”) has on 8 June 2021 entered into a conditional Sale and Purchase Agreement (“**SPA**”) with Bangkok Ranch Public Company Limited (“**Bangkok Ranch**”) to acquire shares in the capital of Food City Company Limited (“**Food City**”). Bangkok Ranch is listed on the Stock Exchange of Thailand.
- 1.2 Pursuant to the terms of the SPA, SATS Thailand and SATS Investments Pte. Ltd., a wholly owned subsidiary of the Company (“**SIPL**”), shall collectively acquire 85% of the shares in the capital of Food City for a total purchase consideration of THB 484.5 million (approximately SGD 21 million¹) (“**Acquisition**”).
- 1.3 Completion of the Acquisition is conditional upon certain specified conditions precedent being fulfilled or waived. Key conditions precedent in the SPA are as follows:
- a. Bangkok Ranch shall procure Food City to fully settle all outstanding intragroup trade payables and intragroup trade receivables owed to or owing from Bangkok Ranch and its subsidiaries calculated as at 31 December 2020, provided that those outstanding amounts incurred after 31 December 2020 shall be settled in the normal course of business terms and credit terms in a manner consistent with its past practice;
 - b. Bangkok Ranch shall procure Food City to execute the transitional service agreement with Bangkok Ranch in respect of the provision of certain transitional services to be provided by Bangkok Ranch to Food City after the completion of Acquisition on terms and conditions to be mutually agreed between Bangkok Ranch and the Company;
 - c. Bangkok Ranch shall execute a call option agreement with the Company pursuant to which the Company shall have an option to acquire the remaining 15% of the shares in Food City held by Bangkok Ranch on the terms and conditions to be mutually agreed between Bangkok Ranch and the Company; and
 - d. no material adverse change (as reasonably determined by Bangkok Ranch and the Company) in the prospects, operations, financial conditions or reputation of Food City occurring on or before the date of completion of the Acquisition.
- 1.4 Upon successful completion of the Acquisition, the shareholdings in Food City shall be as follows:

¹ The exchange rate used in this announcement is THB1: SGD0.0424 which 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.

Registered Shareholder	Number of Shares held	Percentage of Shares held
Bangkok Ranch	1,386,000	15.00%
SATS Thailand	7,851,600	84.974%
SIPL	2,400	0.026%
Total	9,240,000	100%

2. Rationale

- 2.1 Food City's main asset is a food production facility in Pathumthani, Thailand. Set up in 2016, the facility covers a land area of 30,000 square metres, and benefits from the well-established food ecosystem in Thailand. After the Acquisition, the facility will be configured to focus on the production of 90,000 ready-to-eat meals per day. The Company has been investing in large-scale kitchens and food technologies to increase productivity and reduce wastage. Upon completion of the Acquisition, the Company will own interests in 32 meal production facilities in 11 cities covering China, India, Indonesia, Japan, Macau, Malaysia, Maldives, Philippines, Singapore, Taiwan and Thailand.

3. Financial Effects

- 3.1 The purchase consideration was arrived at after arms' length negotiations between Bangkok Ranch and the Company on a willing buyer and willing seller basis, taking into account, inter alia, the fair value of assets and liabilities of Food City. The Acquisition will be funded through internal resources and paid in cash.
- 3.2 Based on Food City's unaudited management accounts as at 30 April 2021, the book value and net tangible asset value of Food City are approximately THB 521.5 million (approximately SGD 22 million) and THB 521.5 million (approximately SGD 22 million) respectively.
- 3.3 The Acquisition is not expected to have any material impact on the net tangible assets per share and consolidated earnings per share of the Company for the current financial year ending 31 March 2022.

4. Interest of Directors and Controlling Shareholders

- 4.1 Mr. Chia Kim Huat, a non-Executive Independent Director of the Company, is a partner at Rajah & Tann Singapore LLP, whose associate company, R&T Asia (Thailand) Limited, was engaged by the Company to advise on the Acquisition. However, Mr. Chia is not a partner at R&T Asia (Thailand) Limited nor was he involved in providing the advice on the Acquisition other solely than in his capacity as a director of the Company.
- 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

- 5.1 A copy of the SPA 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.

Issued by SATS Ltd. on 8 June 2021