



**PROPOSED SALE OF 51% OF THE SHARES
IN THE CAPITAL OF SATS HK LIMITED TO VOLTAIRE CAPITAL INVESTMENT
LIMITED**

1. Introduction

The Board of Directors of SATS Ltd. (the “**Company**” or “**SATS**”) wishes to announce that the Company has today entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Voltaire Capital Investment Limited (“**VCIL**”) in relation to the sale of 51% of the issued shares of SATS HK Limited (“**SATS HK**”) by the Company to VCIL. VCIL is a subsidiary of Hong Kong Airlines Limited and SATS HK is currently a wholly-owned subsidiary of SATS.

2. Principal Terms of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, SATS HK will capitalize existing shareholders loans from SATS by applying such sums to pay for new shares to be issued to SATS, after which SATS will sell to VCIL 51% of the enlarged issued share capital of SATS HK (the “**Sale Shares**”), at a sale consideration of HKD76,500,000 (approximately S\$13.8M¹) (“**Sale Consideration**”), to be satisfied in cash (the “**Transaction**”).

The Sale Consideration was negotiated on an arm’s length and willing buyer-willing seller basis, taking into account several factors, including the earnings and assets of SATS HK.

¹ The illustrative exchange rate used in this announcement is S\$1:HKD5.54 as at 17 March 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.

Completion of the Transaction is subject to the fulfillment of certain conditions precedent.

3. Financial Effects of the Transaction

Based on the unaudited consolidated financial statements of the Company as at 31 December 2016, the book value and net tangible assets of the Sale Shares were each approximately S\$8.4M.

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. Following the Transaction, the Company will account for SATS HK as its associate in accordance with the Singapore Financial Reporting Standards.

4. Interest of Directors and Controlling Shareholders

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

A copy of the Sale and Purchase Agreement 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

17 March 2017

Singapore