



**PROPOSED SALE OF 4% OF THE SHARES
IN THE CAPITAL OF ASIA AIRFREIGHT TERMINAL COMPANY LIMITED TO
HOLISTIC 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 Holistic Capital Investment Limited (“**HCIL**”) in relation to the sale of 4% of the issued shares of Asia Airfreight Terminal Company Limited (“**AAT**”) by the Company to HCIL, leaving SATS with a 45% shareholding.

The other parties to the Sale and Purchase Agreement are existing shareholders of AAT (including, inter alia, Keppel Telecommunications & Transportation Ltd and Torres Investments Limited), and they have separately agreed to sell a total of 31% of the issued capital of AAT. HCIL is a subsidiary of Hong Kong Airlines Limited.

2. Principal Terms of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, SATS will sell to HCIL, 14,400,000 shares of AAT, representing 4% of the issued shares of AAT (“**Sale Shares**”), at a sale consideration of HKD100,000,000 (approximately S\$18.1M¹) (“**Sale Consideration**”), to be satisfied in cash (the “**Transaction**”). Assuming completion of the Transaction, SATS would remain the largest shareholder in AAT with 45% of the issued shares, HCIL would have a 35% shareholding in AAT and Eastern Option Limited (an existing shareholder of AAT which is not a party to the Sale and Purchase Agreement) would continue to have a 20% shareholding in AAT.

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.

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 AAT.

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 approximately S\$11.1M and S\$9.7M respectively.

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 continues to account for AAT 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 (i) their shareholdings (if any) in the Company and/or (ii) their non-substantial shareholdings (if any) in Keppel Corporation Limited, a holding company of Keppel Telecommunications & Transportation Ltd. The Company nevertheless notes that Temasek Holdings (Private) Limited, a controlling shareholder of the Company, is also a controlling shareholder of Keppel Telecommunications & Transportation Ltd which is a party to the Sale and Purchase Agreement in respect of the sale of its own shares in AAT to HCIL.

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