



**EXECUTION OF SHARE PURCHASE AGREEMENT
AND SHARE SUBSCRIPTION AGREEMENT IN RELATION TO
NANJING WEIZHOU AIRLINE FOOD CORP., LTD.**

1. Introduction

1.1 The Board of Directors (the “**Board**”) of SATS Ltd. (the “**Company**”) wishes to announce pursuant to Rule 704(17)(c) of the Listing Manual that the Company’s wholly-owned subsidiary, SATS China Co., Ltd. (“**SATS China**”) has on 17 May 2019 entered into:

- (a) a conditional Share Purchase Agreement (“**SPA**”) with Nanjing Guangyida Enterprise Management Consulting Service Centre (Limited Partnership) (“**GYD**”) and Mr. Luo Bo (“**LB**”), in relation to SATS China’s proposed acquisition of an amount equivalent to 45.0% of the existing shares in the capital of Nanjing Weizhou Airline Food Corp., Ltd. (“**TargetCo**”) from GYD (“**Proposed Transfer**”); and
- (b) a conditional share subscription agreement (“**SSA**”) with TargetCo and LB for the subscription by SATS China of such number of new shares of TargetCo (“**Proposed Subscription**”) that upon completion of the Proposed Subscription, SATS China shall hold (together with the TargetCo shares acquired from the Proposed Transfer) 50.0% of the enlarged share capital of TargetCo; and
- (c) a conditional Shareholders’ Agreement (“**SHA**”) with the existing shareholders of TargetCo, the terms of which shall become effective upon the successful completion of the Proposed Transfer.

1.2 The shareholdings of TargetCo (i) before the Proposed Transfer; (ii) after the Proposed Transfer; and (iii) after the Proposed Subscription are set out as follows:

Name of Shareholder	Shareholdings Before Proposed Transfer (%)	Shareholdings After Proposed Transfer (%)	Shareholdings After Proposed Subscription (%)
LB ⁽¹⁾	16,125,000 (47.6%)	16,125,000 (47.6%)	16,125,000 (43.2%)
GYD ⁽²⁾	17,774,000 (52.4%)	2,519,000 (7.4%)	2,519,000 (6.8%)
Wang Shunying ⁽³⁾	1,000 (0.0%)	1,000 (0.0%)	1,000 (0.0%)
SATS China	n.a.	15,255,000 (45.0%)	18,645,000 (50.0%)

Notes:

- (1) LB is the founder and key individual controlling TargetCo.
- (2) GYD is a limited partnership controlled by LB.

(3) Wang Shunying is LB's mother, who holds a minority stake in TargetCo.

1.3 Upon the successful completion of both the Proposed Transfer and the Proposed Subscription (collectively, the "**Proposed Acquisition**"), SATS China shall own 50.0% of the shares in the capital of TargetCo.

2. Business Activities of TargetCo

TargetCo is a leading independent aviation food manufacturer in Jiangsu Province, China, producing frozen food, ambient meals and related food components to aviation companies in China. It has an extensive domestic network of 12 cold storage facilities/distribution channel partners across China enabling it to serve 80 airports domestically.

TargetCo is (and has been since December 2016) listed on the National Equities Exchange and Quotations ("**NEEQ**"), an over-the-counter system for trading shares of small and medium-sized enterprises in China. Other than LB, GYD and WSY, there are no other shareholders of TargetCo.

3. Principal Terms of the Agreements

3.1 The principal terms of the SPA are as follows:

- (a) The number of shares proposed to be transferred is 15,255,000 shares in the capital of TargetCo ("**Purchase Shares**"), which is equivalent to 45.0% of the total issued shares in the capital of TargetCo.
- (b) The consideration to be paid for the Purchase Shares is RMB127.8 million (approximately SGD25.5 million¹) ("**Purchase Price**").
- (c) Completion of the Proposed Transfer is conditional upon all specified conditions precedent being fulfilled or waived, including all relevant procedures required by the rules of the NEEQ.
- (d) The SPA also includes an earn-out arrangement to incentivise the management of TargetCo for a period of three years ending after financial year 2021. Following such period, LB may be entitled to receive bonus compensation provided the three-year average audited annual EBITDA of TargetCo exceeds agreed performance targets.
- (e) After completion of the Proposed Acquisition, the parties to the SPA each have the right to propose the delisting of the TargetCo from the NEEQ, and in such event shall assist to procure and complete the relevant procedures required by the rules of the NEEQ in respect of such delisting proposal.

3.2 The principal terms of the SSA are as follows:

- (a) Subject to successful completion of the Proposed Transfer, TargetCo shall allot and issue an additional 3,390,000 new shares in the capital of TargetCo to SATS China, for a total subscription price of RMB28.4 million (approximately SGD5.7 million) ("**Subscription Price**"). The Subscription Price per share is equivalent to the average Purchase Price per share transferred.

¹ The exchange rate used in this announcement is SGD1:RMB5.02, 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.

- 3.3 Both the Purchase Price and the Subscription Price were arrived at after arm's length negotiations, on a willing-buyer and willing-seller basis and determined on the basis of and taking into account, amongst other things, the enterprise value of TargetCo.

4. Rationale

In line with the Company's strategy to feed and connect Asia, the Proposed Acquisition is envisaged to secure for the Company immediate market access, product innovation and sales capability in China, and will also complement the Group's existing operations to optimise and leverage on the production capabilities, distribution channels, and supply chain and procurement efficiencies of TargetCo.

5. Financial Effects of the Transactions

- 5.1 The Purchase Price and the Subscription Price will be funded through internal resources and paid in cash.
- 5.2 According to TargetCo's audited financial reports, as at 31 December 2018, both the book value and net tangible asset value of the TargetCo are RMB58.3 million (approximately SGD11.6 million) each.
- 5.3 The Proposed Transfer and Proposed Subscription are 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. Interest of Directors and Controlling Shareholders

None of the Directors or any controlling shareholders of the Company has any interest (whether direct or indirect) in the Transactions other than through their respective interest (if any) in the Company.

7. Documents for Inspection

Copies of the SPA, SHA and the SSA 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.

BY ORDER OF THE BOARD

S. Prema
Company Secretary
17 May 2019
Singapore