



## JOINT VENTURES WITH AIRASIA BERHAD

### 1. INTRODUCTION

The Board of Directors (“**Board**”) of SATS Ltd. (“**Company**”) wishes to announce that the Company has today entered into the following documents in relation to proposed joint ventures with AirAsia Berhad (“**AirAsia**”) (the “**Joint Ventures**”):

- (a) a share swap agreement with Ground Team Red Holdings Sdn Bhd (“**GTRH**”) being a wholly owned subsidiary of AirAsia as at the date of this announcement to sell 80% equity stake in SATS Ground Services Pte. Ltd. (“**SGS Singapore**”), being a wholly owned subsidiary of the Company as at the date of this announcement to GTRH in return for a 11.4% equity stake in GTRH (the “**Share Swap Agreement**”);
- (b) a share sale agreement with AirAsia to acquire from AirAsia a 38.6% equity stake in GTRH (the “**SSA**”) for a consideration of Singapore Dollars One Hundred and Nineteen Million and Three Hundred Thousand only (SGD119,300,000) (“**Acquisition Consideration**”); and
- (c) upon completion of the Share Swap Agreement and the SSA, SATS will effectively hold a 60% equity stake in SGS Singapore and a 49% equity stake in Ground Team Red Sdn. Bhd (“**GTR**”).

### 2. BACKGROUND

- 2.1 GTRH was incorporated on 21 September 2017 in Malaysia with its principal business activity being investment holding of AirAsia’s airport services businesses.
- 2.2 SGS Singapore was incorporated on 5 September 2017 in Singapore with its principal business activity being the provision of ground handling services.
- 2.3 AirAsia’s wholly-owned subsidiary, GTR was incorporated on 26 December 2007 in Malaysia with its principal business activity being the provision of ground handling services in Malaysia.
- 2.4 On 30 October 2017, GTRH also entered into an agreement with AirAsia whereby AirAsia agreed to transfer 98% equity stake in GTR to GTRH in exchange of an 88.6% equity stake in GTRH (“**GTR Transaction**”)

### **3. PRINCIPAL TERMS OF THE SHARE SWAP AGREEMENT AND THE SSA**

3.1 The obligations of the Company and GTRH in the Share Swap Agreement and those of the Company and AirAsia in the SSA are subject to the fulfilment of certain conditions precedent.

3.2 Upon the fulfilment of all such conditions precedent and completion of the transactions contemplated under the Share Swap Agreement, the SSA and the GTR Transaction (the “**Transactions**”), the Company will eventually hold 50% of the shares of GTRH, which in turn will hold 98% of the shares of GTR and 80% of the shares of SGS Singapore. The Company will continue to directly hold the remaining 20% of the shares of SGS Singapore.

#### Share Swap Agreement

3.2 The consideration for the sale of 80% equity stake in SGS Singapore by the Company to GTRH under the Share Swap Agreement of approximately S\$615,160 was negotiated and determined at net book value on an arm’s length and willing buyer-willing seller basis, taking into account several factors, including the assets of SGS Singapore and GTRH, and shall be satisfied by GTRH issuing an 11.4% equity stake in GTRH to the Company. Upon completion of the Share Swap Agreement, the unaudited book value and the net tangible asset value of the 80% equity stake in SGS Singapore will be approximately S\$615,160 each.

#### SSA

3.4 The Acquisition Consideration for the acquisition of the 38.6% equity stake in GTRH by the Company from AirAsia under the SSA was negotiated and determined on an arm’s length and willing buyer-willing seller basis, taking into account several factors, including the assets of GTRH, and shall be satisfied in cash by the Company. Upon completion of the SSA, the unaudited book value and the net tangible asset value of the 50% equity stake in GTRH will be approximately RM8,388,564 (equivalent to approximately S\$2.7 million<sup>1</sup>) each.

### **4. FINANCIAL EFFECTS**

The transactions contemplated under the Joint Ventures and as described in this announcement 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.

### **5. 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 Joint Ventures contemplated hereunder other than through their respective interests (if any) in the Company.

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<sup>1</sup> The illustrative exchange rate used in this announcement is RM1: S\$ 3.12. This illustrative exchange rate is solely for illustration purposes and should not be construed as a representation that the relevant amounts have been or could be converted at this rate

**6. DOCUMENTS FOR INSPECTION**

A copy of the Share Swap Agreement and SSA are 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  
30 October 2017