



## PROPOSED ACQUISITION OF 49% OF THE SHARES IN THE CAPITAL OF BRAHIM'S AIRLINE CATERING HOLDINGS SDN BHD

### 1. Introduction

The Board of Directors ("**Board**") of SATS Ltd. (the "**Company**") refers to the announcements made by the Company on 22 October 2015 and 27 October 2015 in relation to the conditional binding offer (the "**Offer**") made by SATS Investments Pte Ltd ("**SIPL**") (a wholly-owned subsidiary of the Company) to the Board of Directors of Brahim's Holdings Berhad ("**BHB**") for the acquisition of BHB's 490,000 ordinary shares of RM1.00 each ("**Sale Shares**") representing 49% of the total issued and fully paid-up ordinary shares in Brahim's Airline Catering Holdings Sdn Bhd ("**BACH**") (the "**Proposed Acquisition**"), and the acceptance by the Board of Directors of BHB of the Offer subject to the execution of the definitive agreements for the Proposed Acquisition.

The Board wishes to announce that SIPL has on 18 December 2015 entered into a conditional share sale agreement ("**SSA**") with BHB to acquire the Sale Shares upon the terms and conditions of the SSA.

### 2. Principal Terms of the Proposed Acquisition

Pursuant to the SSA, the consideration for the Proposed Acquisition (subject to adjustment as provided in the SSA) comprises a base consideration of RM 110 million (equivalent to approximately S\$36.1 million<sup>1</sup>) and additional earn-out consideration and outperformance consideration of up to RM 108 million (equivalent to approximately S\$35.4 million) which is conditional upon certain agreed financial targets being achieved ("**Consideration**"). The Consideration was arrived at on a willing buyer willing seller basis after taking into account the financial position and business prospects of BACH.

As at 30 September 2015, the unaudited consolidated book value and consolidated net tangible asset value<sup>2</sup> of the Sale Shares were approximately RM 54.4 million (equivalent to approximately S\$17.8 million) and RM 20.3 million (equivalent to approximately S\$6.7 million) respectively.

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<sup>1</sup> The illustrative exchange rate used in this announcement is S\$1 : RM 3.05 as at 18 December 2015. 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.

<sup>2</sup> The unaudited consolidated book value and net tangible asset value are computed based on the balances attributable to the owners of BACH, excluding non-controlling interests.

The Proposed Acquisition is subject to certain conditions precedent being fulfilled by the parties, including without limitation the obtaining of relevant third party and regulatory authority consents and/or waivers. Under the SSA, the conditions precedent shall be fulfilled (or otherwise waived) within two (2) months of the date of the SSA (or such other date mutually agreed in writing), failing which SIPL may rescind the SSA with immediate effect by written notice to BHB. Completion of the Proposed Acquisition ("**Completion**") is also subject to certain conditions to Completion being fulfilled on or before the date for Completion, failing which SIPL may terminate the SSA by written notice to BHB.

For completeness, the SSA also contains, *inter alia*, other customary provisions such as warranties, indemnities, and termination and limitation of liability clauses.

**3. Rationale for the Proposed Acquisition**

The Proposed Acquisition is in line with the Company's strategy of growing the scale of its food business and enhancing its connectivity to better serve its customers across key airports in the region. Kuala Lumpur International Airport is an important and growing aviation hub, and is one of busiest airports in Asia, with high frequency connections to Singapore and other major hubs where the Company is present.

**4. 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 Proposed Acquisition.

**5. Documents for Inspection**

A copy of the SSA 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**

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Company Secretary

18 December 2015