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## SALE OF ENTIRE INTEREST IN ASIA AIRFREIGHT TERMINAL COMPANY LIMITED

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### 1. INTRODUCTION

Keppel Telecommunications & Transportation Ltd. (the “**Company**” or “**KT&T**”, and together with its subsidiaries, the “**Group**”) wishes to inform that it has today entered into a sales and purchase agreement (“**SPA**”) with, among other parties, Holistic Capital Investment Limited (a subsidiary of Hong Kong Airlines Limited) (“**Purchaser**”) to sell its entire 10 percent interest in Asia Airfreight Terminal Company Limited (“**AAT**”), comprising 36,000,000 shares (the “**Sale Shares**”), for a consideration of HK\$250 million (the “**Sale**”).

The other parties to the SPA are existing shareholders of AAT (including, *inter alia*, Torres Investments Limited and SATS Ltd.), and they have separately agreed to sell in aggregate 90,000,000 shares, representing 25 percent of the issued capital of AAT (“**Other Vendor Shares**”) to the Purchaser for an aggregate consideration of HK\$625 million.

Completion of the Sale is conditional upon, among others, the sale of the Other Vendor Shares, the receipt of third party consents and approval from regulatory authorities, the execution of a shareholders’ agreement between the Purchaser and the remaining shareholders of AAT, and the execution of cargo handling contract(s) between, among others, AAT and the Purchaser and its subsidiaries.

### 2. INFORMATION ON THE SALE

#### 2.1 **Information on AAT**

Asia Airfreight Terminal is an air cargo terminal based at Hong Kong International Airport in Chek Lap Kok, New Territories. Operating on a franchise awarded by the Airport Authority Hong Kong, AAT offers leading airlines a comprehensive range of services, ranging from physical cargo handling to documentation processing.

#### 2.2 **Rationale for and Benefit of the Sale**

The transaction is in line with the Company’s strategy to divest non-core assets and recycle its capital to seek higher returns. The proceeds from the divestment will allow KT&T to pursue further growth opportunities in its core businesses in data centres and logistics.

## 2.3 **Consideration**

The total consideration for the Sale Shares is HK\$250 million (approximately S\$45.2 million) (the "**Consideration**").

The Consideration will be paid in cash and was arrived at on a willing buyer, willing seller basis, taking into account: (i) the unaudited book value and net tangible asset ("**NTA**") value of the Sale Shares of S\$24.2 million as at 28 February 2017, (ii) the rationale and benefits of the Sale as set out in paragraph 2.2 of this Announcement; and (iii) the potential gain on sale as set out in paragraph 4 of this Announcement.

## 3. **RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL**

Chapter 10 of the listing manual of the SGX-ST ("**Listing Manual**") governs the continuing listing obligations in respect of acquisitions and realisations. The relative figures of the Sale using the applicable bases of comparison set out in Rule 1006 of the Listing Manual do not exceed 5%. Accordingly, the Sale is a "non-discloseable" transaction under Chapter 10 of the Listing Manual.

## 4. **FINANCIAL EFFECTS**

The Group expects to recognise a net gain on sale of approximately S\$19.0 million in its profit and loss account from the Sale.

Based on the latest unaudited financial statements of the Group for the financial year ended 31 December 2016 and assuming the Sale had been completed on 31 December 2016, the NTA per share as at 31 December 2016 would have increased from \$1.43 (before the Sale) to \$1.46 (after the Sale).

Based on the latest unaudited financial statements of the Group for the financial year ended 31 December 2016 and assuming the Sale had been completed on 1 January 2016, the earnings per share as at 31 December 2016 would have increased from 18.9 cents (before the Sale) to 21.9 cents (after the Sale).

## 5. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Sale. The Company nevertheless notes that Temasek Holdings (Private) Limited, a controlling shareholder of the Company, is also a controlling shareholder of SATS Ltd., which is a party to the SPA in respect of the sale of its own shares in AAT to the Purchaser.

## 6. **GENERAL**

A copy of the SPA is available for inspection at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 during normal office hours for a period of three months from the date of this Announcement.