



SINGAPORE AIRLINES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No: 197200078R

UPDATE ON THE JOINT VENTURE BETWEEN SCOOT AND NOK AIR

Singapore Airlines Limited ("**SIA**" or the "**Company**") refers to its announcement on 16 December 2013 regarding the Memorandum of Understanding entered into between its wholly-owned subsidiary, Scoot Pte. Ltd. ("**Scoot**"), and Nok Airlines Public Company Limited ("**Nok Air**"), for the establishment of a low cost carrier based in Bangkok (the "**JV Airline**"), to be named NokScoot (the "**Transaction**").

The Company is pleased to announce that Scoot and Nok Air have agreed on the final structure of the JV Airline. A Joint Venture Agreement ("**JVA**") has been signed between Scoot, Nok Mangkang Co., Ltd., a Special Purpose Vehicle set up by Nok Air ("**Nok Mangkang**"), and Pueannammitr Co., Ltd., a company formed by the management of Nok Air ("**PNM**"), to set up the JV Airline by way of acquiring an existing company, Pete Air Co., Ltd. ("**JVC**"), which is already holding an Air Operator's Licence. The JVC will be subsequently renamed NokScoot Airlines Co., Ltd.

Principal terms of JVA

The principal terms of the JVA are set out below:

Shareholding

Nok Mangkang and Scoot will each initially own 43.75% of the share capital of the JVC. Arising from subsequent restructuring within the JVC, the ultimate shareholding of the JVC will be 49% held by Scoot, 49% held by Nok Mangkang and 2% held by PNM.

Consideration

The JV parties have agreed to invest an initial aggregate share capital of THB2 billion (equivalent to approximately SGD80 million) in the JVC in proportion to their respective shareholdings.

Approvals required

The establishment of the JV Airline is subject to receiving approval from the relevant authorities.

Rationale

The rationale for the Transaction as stated in SIA's previous announcement has not changed. Thailand is Asia's premier tourist destination and a logical hub for Scoot to expand to. The JV Airline aims to develop a new market segment and to offer Thai consumers and travellers to Thailand more travel options. Acquiring Pete Air Co., Ltd. instead of setting up a greenfield venture, would expedite the startup of NokScoot.

Financial Effects

The Transaction is not expected to have a material effect on the net tangible assets or earnings per share of the SIA Group for the financial year ending 31 March 2015. The Transaction will not exceed 5% of the relative figures computed on the bases set out in Rule 1006 of the SGX Listing Manual.

Interest of Directors and Controlling Shareholders

None of the Directors or controlling shareholder of the Company has any interest, direct or indirect, in the Transaction.

BY ORDER OF THE BOARD

Ethel Tan (Mrs)
Company Secretary
19 June 2014
Singapore