

**SINGAPORE AIRLINES LIMITED**

(Incorporated in the Republic of Singapore)
(UEN/Company Registration No: 197200078R)

**JOINT VENTURE
AMONGST SINGAPORE AIRLINES, SATS AND DFASS**

Singapore Airlines Limited (“**SIA**” or the “**Company**”) wishes to announce that it has entered into a non-binding Points of Agreement with SATS Ltd (“**SATS**”) and DFASS (Singapore) Pte Ltd (“**DFASS**”) to engage in a travel retail business in Singapore, offering inflight and ground-based duty-free and duty-paid goods, as well as mail order and pre-order services (the “**Proposed JV**”).

The Proposed JV

The Proposed JV is intended to be carried out through a joint venture company incorporated in Singapore, DFASS SATS Pte. Ltd. (the “**Target**”). The Target is currently owned by DFASS and SATS Asia-Pacific Star Pte. Ltd. (“**APS**”), a wholly-owned subsidiary of SATS, in equal shares.

Under the terms of the Points of Agreement, it is envisaged that SIA will purchase 70% of the issued share capital of the Target from DFASS and APS, subject to satisfactory due diligence, conditions precedent being satisfied or waived, and necessary approvals being obtained. Upon completion of such purchase, each of DFASS and APS will hold 15% of the issued share capital of the Target.

The Proposed JV is subject to the execution of a joint venture agreement, share sale and purchase agreement and other definitive agreements to be entered into amongst the parties.

Under the Listing Manual, Temasek Holdings (Private) Limited (“**Temasek**”) is deemed to be a “controlling shareholder” of SIA and SATS, given that Temasek holds, directly or indirectly, at least 15% of the total number of issued shares (excluding treasury shares) in each of SIA and SATS. APS holds 50% of the issued share capital of the Target. Therefore, each of the Target and SATS is considered an “associate” (as defined in the Listing Manual) of Temasek, and the Proposed JV is an “interested person transaction” vis-à-vis SIA for the purposes of Chapter 9 of the Listing Manual.

Rationale

The Target currently operates the “KrisShop” and “Scootalogue” retail programmes offered by SIA, SilkAir and Scoot (the “**SIA Group**”) under a concession arrangement. By bringing together the SIA Group’s customer base of about 30 million passengers annually, the SIA Group’s KrisFlyer programme, SATS’ airport and logistics expertise and DFASS’ extensive supplier network together into a long term, equity-based relationship in the form of the Proposed JV, SIA believes that it will be able to substantially grow its travel-related retail business and better satisfy the needs of its customers and KrisFlyer members.

Financial Effects

SIA's investment in the 70% share in the Proposed JV will be funded through its internal resources, and is not expected to exceed 5% of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual.

The Proposed JV is not expected to have any material impact on the financial performance, net tangible assets per share and earnings per share of the Company for the current financial year.

Interest of Directors and Controlling Shareholder

Save as disclosed in this announcement, none of the directors or controlling shareholder of the Company have any interest, direct or indirect, in the Proposed JV, other than their shareholdings in the Company.

Caution in Trading

Shareholders and potential investors are advised to exercise caution when trading in the Company's shares as the Points of Agreement is non-binding and there is no certainty or assurance as at the date of this announcement that the Proposed JV will proceed or that no changes will be made to the terms thereof.

The Company will make the necessary announcements at the appropriate juncture as required under the Listing Manual. Shareholders and potential investors who have any doubts should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Brenton Wu
Company Secretary
8 March 2018
Singapore