

**SINGAPORE AIRLINES LIMITED**

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

**JOINT VENTURE  
AMONGST SINGAPORE AIRLINES, SATS AND DFASS  
CHANGE OF TRANSACTION STRUCTURE**

Singapore Airlines Limited (“**SIA**” or the “**Company**”) refers to its announcement released to the SGX-ST on 8 March 2018 (“**Earlier Announcement**”) in relation to a proposed joint venture 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**”).

**Previous Transaction Structure**

It was disclosed in the Earlier Announcement that:

- (a) the Proposed JV was intended to be carried out through a joint venture company incorporated in Singapore, DFASS SATS Pte. Ltd. (“**DSPL**”), owned by DFASS and SATS Asia-Pacific Star Pte. Ltd. (“**APS**”), a wholly-owned subsidiary of SATS, in equal shares; and
- (b) SIA would purchase 70% of the issued share capital of DSPL from DFASS and APS, and upon completion of such purchase, each of DFASS and APS would hold 15% of the issued share capital of DSPL.

**New Proposed Transaction Structure**

SIA wishes to announce that after further discussions, the Proposed JV will no longer be carried out through DSPL. Instead, the Proposed JV will be carried out through SIA’s subsidiary, Singapore Airport Duty-Free Emporium (Private) Limited (“**SADE**”). Currently, SIA holds approximately 76% of the issued share capital of SADE, whilst SATS holds the remainder (approximately 24%).

In order to undertake the Proposed JV through SADE, it is now envisaged that:

- (a) each of SIA, SATS and DFASS will subscribe for, and SADE will allot and issue to each of them, new ordinary shares in the share capital of SADE (“**Subscription**”) such that after completion of the Subscription, SIA will hold 70% of the issued share capital of SADE, whilst each of DFASS and SATS will hold 15%; and
- (b) SADE will acquire certain assets and business undertakings of DSPL pursuant to a business transfer agreement in order to operate the Proposed JV (“**Business Transfer**”).

The Proposed JV is subject to the execution of a share subscription agreement, business transfer agreement, shareholders’ agreement and other definitive agreements to be entered into amongst the relevant parties, as well as conditions precedent being satisfied or waived, and necessary approvals being obtained.

**Interested Person Transaction**

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 voting rights in each of SIA and SATS, and SATS, DSPL and SADE are each considered an "associate" (as defined in the Listing Manual) of Temasek given that Temasek has a more than 30% interest in each of SATS, DSPL and SADE. The Proposed JV is therefore an "interested person transaction" vis-à-vis SIA and SADE for the purposes of Chapter 9 of the Listing Manual. However, the value of the Proposed JV is expected to be less than 3% of SIA group's latest audited net tangible assets.

The rationale for the Proposed JV as disclosed in the Earlier Announcement remains unchanged.

**Financial Effects**

SIA's further investment in SADE will be funded through internal resources, and the relative figures for the Business Transfer computed according to the bases set out in Rule 1006 of the Listing Manual is not expected to exceed 5%.

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 changes to the transaction structure are 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 further 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  
24 October 2018  
Singapore