

**SINGAPORE AIRLINES LIMITED**

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

**MEMORANDUM OF UNDERSTANDING FOR A PROPOSED JOINT VENTURE
BETWEEN SINGAPORE AIRLINES AND CAE**

Singapore Airlines Limited (“**SIA**” or the “**Company**”) wishes to announce that it has entered into a non-binding Memorandum of Understanding with CAE Inc (“**CAE**”) to incorporate a joint venture company in Singapore (the “**JV Company**”).

The Proposed JV

Each of SIA and CAE will hold 50% of the equity interest in the JV Company. The principal activity of the JV Company is to operate a civil aviation flight training centre in Singapore (the “**Proposed JV**”).

The Proposed JV is subject to the execution of a joint venture agreement to be entered into between the parties, and the approval of the Civil Aviation Authority of Singapore and any other relevant regulatory authorities.

Rationale

With the forecasted economic development in the Asia-Pacific, travel demand in the region is expected to grow with airlines taking delivery of large numbers of aircraft. Overall demand for pilots is expected to increase to meet the region's demand for air travel. By leveraging on SIA's and CAE's renowned reputation in safety and training, the JV Company will provide flight training services initially focusing on Boeing aircraft types. It will also support SIA's training needs as part of the airline's growth plan.

Financial Effects

The investment in the Proposed JV, including the paid-up share capital of the JV Company, will be contributed in proportion to the equity interest of each shareholder in the JV Company. SIA's 50% share of the investment 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 SGX-ST 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 for their shareholdings in the Company, none of the directors or controlling shareholder of the Company have any interest, direct or indirect, in the Proposed JV.

Caution in Trading

Shareholders and potential investors are advised to exercise caution when trading in the Company's shares as the Proposed JV is subject to certain conditions 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 SGX-ST Listing Manual, including the incorporation of the JV Company (if any). 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
10 August 2017
Singapore