

**SINGAPORE AIRLINES LIMITED**

(Incorporated in the Republic of Singapore)
Company Registration No. 197200078R

**IRREVOCABLE UNDERTAKING RELATING TO THE
TIGER AIRWAYS HOLDINGS LIMITED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS
ISSUE**

1. INTRODUCTION

Singapore Airlines Limited (“**SIA**” or the “**Company**”) refers to the announcement dated 17 October 2014 made by Tiger Airways Holdings Limited (“**Tiger Airways**”) in relation to its proposed renounceable non-underwritten rights issue (the “**Tiger Airways Rights Issue**”).

The Company wishes to announce that it has today entered into an irrevocable undertaking (the “**SIA Undertaking**”) in connection with the Tiger Airways Rights Issue.

2. INFORMATION ON TIGER AIRWAYS

2.1 Tiger Airways. Tiger Airways is a limited liability company incorporated and domiciled in Singapore with a paid up share capital of S\$485.0 million comprising 987,563,226 ordinary shares (“**Tiger Airways Shares**”). Tiger Airways is listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and its principal activity is airline operations.

2.2 Asset Value. As of the date of this Announcement, the last traded price of Tiger Airways Shares is S\$0.325 on 16 October 2014.

Based on the consolidated financial statements of Tiger Airways for the three months ended 30 June 2014 (“**1Q2015**”), the consolidated net tangible asset value attributable to each Tiger Airways Share is S\$0.22.

2.3 Net Loss. Based on the consolidated financial statements of Tiger Airways for 1Q2015, net loss attributable to each Tiger Airways Share is approximately S\$0.0661.

3. THE SIA UNDERTAKING

3.1 Current Holdings in Tiger Airways. As at the date of this Announcement, the Company holds 394,551,000 ordinary shares in the capital of Tiger Airways (the “**Relevant SIA Shares**”), representing approximately 40.0 per cent. of the issued ordinary shares in the capital of Tiger Airways¹. The Company also holds 189,390,367 non-voting perpetual

¹ Based on 987,563,226 ordinary shares in the capital of Tiger Airways in issue as at the date of this Announcement (excluding treasury shares).

convertible capital securities (the “**PCCS**”) issued by Tiger Airways (the “**Relevant SIA PCCS**”), pursuant to a non-renounceable preferential offering of the PCCS to Tiger Airways’ shareholders (the “**Tiger Airways Shareholders**”) which was completed on 22 April 2013.

3.2 SIA Undertaking. Pursuant to the terms of the SIA Undertaking, the Company has, *inter alia*, undertaken to Tiger Airways to:

- 3.2.1** vote, and/or procure the voting of, all of the Relevant SIA Shares in favour of the resolution to be proposed at the extraordinary general meeting of the Tiger Airways’ Shareholders to be held or any adjournment thereof (the “**Tiger Airways EGM**”), to approve, *inter alia*, the Tiger Airways Rights Issue and the issuance of up to 1,169,842,389 new ordinary shares in the capital of Tiger Airways (“**Tiger Airways Rights Shares**”);
- 3.2.2** convert all the Relevant SIA PCCS (the “**PCCS Conversion**”) into new Tiger Airways Shares (the “**Conversion Shares**”) subsequent to the adjustment of the conversion price of the PCCS (the “**Conversion Price**”) pursuant to the Tiger Airways Rights Issue in accordance with the terms and conditions of the PCCS and on the date on which the Tiger Airways Shares first trade ex-rights (the “**SIA Conversion Shares**”);
- 3.2.3** have not less than the Relevant SIA Shares credited to the Company’s securities account with The Central Depository (Pte) Limited (the “**SIA Securities Account**”) as at 5.00 p.m. (Singapore time) on the date the Tiger Airways’ Register of Shareholders and the Transfer Books of Tiger Airways will be closed to determine the number of Tiger Airways Rights Shares comprised in the Tiger Airways Rights Issue and the entitlements of the Tiger Airways Shareholders to the Tiger Airways Rights Shares (the “**Record Date**”);
- 3.2.4** in accordance with the terms and conditions of the Tiger Airways Rights Issue and in any case, not later than the last date and time for acceptance and payment of the Tiger Airways Rights Shares (the “**Closing Date**”), subscribe and pay in full for the Company’s pro-rata entitlement under the Tiger Airways Rights Issue in relation to (i) the Relevant SIA Shares and (ii) any SIA Conversion Shares that are credited to the SIA Securities Account on or prior to the Record Date pursuant to the undertaking by Tiger Airways as described in **paragraph 3.3** (the “**Pro-rata Subscription**”); and
- 3.2.5** in accordance with the terms and conditions of the Tiger Airways Rights Issue and in any case, not later than the Closing Date, subscribe and pay in full for up to such number of excess Tiger Airways Rights Shares (the “**Excess Rights Commitment**”) which are not validly subscribed for by the other Tiger Airways Shareholders, provided that the aggregate amount payable by the Company pursuant to the Pro-rata Subscription and the Excess Rights Commitment in accordance with the terms of the SIA Undertaking shall not exceed a maximum aggregate amount of S\$140 million.

3.3 Tiger Undertaking. In consideration of the Company providing the SIA Undertaking, Tiger Airways has agreed and irrevocably undertaken to the Company that:

3.3.1 subject to Rule 877(10) of the SGX-ST Listing Manual (the “**Listing Manual**”), in the allotment of any excess Tiger Airways Rights Shares, as between the directors and substantial shareholders falling within the ambit of Rule 877(10) of the Listing Manual, preference shall be given to the Company; and

3.3.2 it shall procure and ensure that upon the Company converting all of the Relevant SIA PCCS into SIA Conversion Shares pursuant to the SIA Undertaking, the Company shall be allotted and issued the SIA Conversion Shares and such SIA Conversion Shares shall be credited to the SIA Securities Account, before 5.00 p.m. (Singapore time) on the Record Date.

3.4 Conditions. The undertakings given by the Company pursuant to the SIA Undertaking are subject to and conditional upon:

3.4.1 the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Tiger Airways Rights Shares on the Main Board of the SGX-ST and such approval in-principle not having been withdrawn;

3.4.2 the Tiger Airways Rights Issue, including the allotment and issue of the Tiger Airways Rights Shares, being approved by the Tiger Airways Shareholders at the Tiger Airways EGM;

3.4.3 the lodgement of the offer information statement (the “**Offer Information Statement**”), together with all other accompanying documents, by Tiger Airways in connection with the Tiger Airways Rights Issue with the Monetary Authority of Singapore (the “**MAS**”); and

3.4.4 all approvals of any government whether Singapore or foreign, any department, minister or agency of any government and any other governmental, administrative, fiscal, monetary, regulatory or judicial body, which the Company reasonably determines are necessary to implement the transactions contemplated by the SIA Undertaking having been obtained either unconditionally or on conditions satisfactory to the Company acting reasonably and not having been withdrawn or revoked, including, the Competition Commission of Singapore (the “**CCS**”) having made a favourable decision in respect of Section 54 of the Competition Act, Chapter 50B of Singapore (the “**Competition Act**”), without the attachment thereto of any terms, conditions, or remedies (whether in the form of commitments or directions), within the indicative timeframe stipulated for a Phase 1 Review.

3.5 Resultant Maximum Shareholding Percentage Interest in Tiger Airways

3.5.1 Following the PCCS Conversion. Assuming that:

- (i) the Company converts all the Relevant SIA PCCS on the date the Tiger Airways Shares first trade ex-rights based on the adjusted conversion price of the PCCS of S\$0.565² and pursuant to the SIA Undertaking as described in **paragraph 3.2.2** above; and
- (ii) no other holders of the PCCS, Tiger Airways share options or Tiger Airways share awards exercise or convert such instruments or options into Tiger Airways Shares,

the Company will hold in aggregate 753,219,482 Tiger Airways Shares on or prior to the Record Date, representing approximately 56.0 per cent. of the total number of issued Tiger Airways Shares. The aforementioned 56.0 per cent. represents that maximum shareholding percentage interest in Tiger Airways the Company will hold following the PCCS Conversion.

3.5.2 Following the Pro-rata Subscription and the Excess Rights Commitment.

Assuming that following the conversion of the PCCS by the Company as described in **paragraph 3.5.1** above, the Company subscribes in full for the Pro-rata Subscription and the Excess Rights Commitment and no other Tiger Airways Shareholders subscribe for any Tiger Airways Rights Shares pursuant to the Rights Issue, the Company will hold an aggregate of 1,453,219,482 Tiger Airways Shares, representing approximately 71.0 per cent. of the enlarged share capital of Tiger Airways immediately following the Tiger Airways Rights Issue³. The aforementioned 71.0 per cent. also represents that maximum shareholding percentage interest in Tiger Airways the Company will hold following the fulfilment of the Pro-rata Subscription and Excess Rights Commitment by the Company and completion of the Tiger Airways Rights Issue.

3.6 No Offer Obligation. Under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”), as the Company currently holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of Tiger Airways and pursuant to the PCCS Conversion, will acquire more than one per cent. of the voting rights of Tiger Airways within a period of six months, the Company and its concert parties will be obliged under the said Rule 14 to extend offers to all holders of the Tiger Airways Shares (the “**Offer**”).

The Securities Industry Council (the “**SIC**”) had, in its ruling dated 28 February 2013 (the “**Whitewash Waiver**”), waived the obligation of the Company and its concert parties to make the Offer for Tiger Airways upon conversion of the PCCS subject to, *inter alia*, a resolution approved by a majority of the independent shareholders of Tiger Airways to waive their rights to receive an Offer (the “**2013 Whitewash Resolution**”). The 2013

² As a result of the Tiger Airways Rights Issue, the conversion price of the PCCS will be adjusted to S\$0.565 from the existing S\$0.740 in accordance with the terms and conditions of the PCCS with effect from the date that the Tiger Airways Shares first trade ex-rights.

³ On the basis that the enlarged share capital of Tiger Airways comprises 2,046,231,708 ordinary shares, assuming that 700,000,000 Tiger Airways Rights Shares are issued pursuant to the Tiger Airways Rights Issue and no exercisable vested options and performance shares are exercised and granted, respectively.

Whitewash Resolution was duly approved and passed by the independent shareholders of Tiger Airways on 22 March 2013. Therefore, the Company wishes to highlight that pursuant to the Whitewash Waiver, it will not be obliged to make the Offer pursuant to the Rule 14 of the Code as a result of the PCCS Conversion.

The Company also wishes to further highlight that following consultation with the SIC, the Company understands that as the PCCS Conversion will take place prior to the Pro-rata Subscription and/or Excess Rights Commitment, the Company will hold more than 50 per cent. of the voting rights of Tiger Airways prior to any subscription by the Company for the Tiger Airways Rights Shares pursuant to the SIA Undertaking and the Tiger Airways Rights Issue, the Pro-rata Subscription and Excess Rights Commitment will therefore also not result in the Company being obliged to make the Offer pursuant to the Rule 14 of the Code.

4. MATERIAL INFORMATION ON THE TIGER AIRWAYS RIGHTS ISSUE

4.1 Key Terms. Pursuant to the Tiger Airways Rights Issue, Tiger Airways proposes to issue up to 1,169,842,389 Tiger Airways Rights Shares at an issue price of S\$0.20 for each Tiger Airways Rights Share (the “**Issue Price**”), on the basis of 85 Tiger Airways Rights Share for every 100 Tiger Airways Shares held by Tiger Airways Shareholders at the Record Date.

The Issue Price represents an approximate 39 per cent. discount to the volume weighted average price (“**VWAP**”) of S\$0.328 per Tiger Airways Share on 16 October 2014, being the date preceding the date of this Announcement, and a discount of approximately 26 per cent. to the theoretical ex-rights price⁴, of S\$0.269 per Tiger Airways Share.

4.2 Conditions. The Tiger Airways Rights Issue is subject to, *inter alia*, the following conditions:

- 4.2.1** the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Tiger Airways Rights Shares on the Main Board of the SGX-ST and such approval in-principle not having been withdrawn;
- 4.2.2** the Tiger Airways Rights Issue, including the allotment and issue of the Tiger Airways Rights Shares, being approved by the Tiger Airways Shareholders at the Tiger Airways EGM;
- 4.2.3** the lodgement of the Offer Information Statement, together with all other accompanying documents, by Tiger Airways in connection with the Tiger Airways Rights Issue with the MAS; and

⁴ The theoretical ex-rights price is the theoretical market price of each Tiger Airways Share calculated based on the market capitalisation of Tiger Airways (computed based on the VWAP on 16 October 2014 and assuming the conversion of all the PCCS at the adjusted conversion price of the PCCS of S\$0.565 and the exercise of all the share options that have been granted by Tiger Airways under the Pre-IPO Tiger Aviation Share Option Scheme which are exercisable are exercised prior to the Record Date), the total estimated maximum gross proceeds from the Tiger Airways Rights Issue which is approximately S\$234 million, and the number of Tiger Airways Shares following the completion of the Tiger Airways Rights Issue.

4.2.4 all approvals of any government whether Singapore or foreign, any department, minister or agency of any government and any other governmental, administrative, fiscal, monetary, regulatory or judicial body, which the Company reasonably determines are necessary to implement the transactions contemplated by the SIA Undertaking having been obtained either unconditionally or on conditions satisfactory to the Company acting reasonably and not having been withdrawn or revoked, including, the CCS having made a favourable decision in respect of Section 54 of the Competition Act, without the attachment thereto of any terms, conditions, or remedies (whether in the form of commitments or directions), within the indicative timeframe stipulated for a Phase 1 Review.

4.3 **Further Information.** Further details on the Tiger Airways Rights Issue can be found in the announcement released by Tiger Airways today in connection with the Tiger Airways Rights Issue. A copy of the announcement is available on the website of the SGX-ST at www.sgx.com.

5. RATIONALE

The SIA Undertaking is in line with the Company's support of Tiger Airways. The Company's portfolio approach ensures that all segments of the airline business are well covered, through both full-service and low-cost operations. As a regional low-cost airline, Tiger Airways is an important part of the Company's portfolio given that it complements the operations of Scoot, which operates widebody aircraft on medium-haul routes. The Company is therefore committed to the long-term growth of Tiger Airways.

6. FINANCIAL EFFECTS

The pro forma financial effects of the PCCS Conversion, Pro-rata Subscription and Excess Rights Commitment (collectively, the **Proposed Transaction**) on the earnings, net tangible assets ("NTA"), gearing and working capital of the SIA group are set out below.

6.1 **Bases and Assumptions.** The following pro forma financial effects of the Proposed Transaction on the SIA group have been computed based on the audited consolidated financial statements of SIA and Tiger Airways for the financial year ended 31 March 2014 ("FY2014") and are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the SIA group following the Proposed Transaction. The pro forma financial effects have also been prepared based on the following bases and assumptions:

6.1.1 SIA converts all its 189,390,367 PCCS before the Record Date at the adjusted conversion price of S\$0.565 into the Conversion Shares (being 358,668,482 new Tiger Airways Shares) and no other holders of either (i) instruments convertible into Tiger Airways Shares, (ii) rights to subscribe for Tiger Airways Shares or (iii) options in respect of Tiger Airways Shares, exercise, subscribe or convert such instruments, rights or options;

- 6.1.2 SIA ranks for Tiger Airways Rights Shares in respect of the Relevant SIA Shares and the Conversion Shares;
- 6.1.3 pursuant to the SIA Undertaking, SIA fulfils the Pro-rata Subscription and Excess Rights Commitment;
- 6.1.4 SIA accounts for 52.1 per cent. of its share of results of Tiger Airways in its books of account before the Proposed Transaction and:
 - (i) in respect of the earnings of the SIA group, assuming that the Proposed Transaction had been completed on 1 April 2013, being the beginning of FY2014, SIA would account for:
 - (a) up to 55.8 per cent. of its share of results of Tiger Airways in its books of account, assuming the Tiger Airways Shareholders other than SIA subscribe for and pay in full for any Tiger Airways Rights Shares not subscribed for and paid in full by SIA and the maximum Tiger Airways Rights Issue issue size of S\$234 million (the “**Maximum Issue Size**”) is raised; and
 - (b) up to 69.0 per cent. of its share of results of Tiger Airways in its books of account, assuming the Tiger Airways Shareholders other than SIA do not subscribe for or pay in full for any Tiger Airways Rights Shares at all and the minimum Tiger Airways Rights Issue issue size of S\$140 million (the “**Minimum Issue Size**”) is raised; and
 - (ii) in respect of the NTA, gearing and working capital of the SIA group, assuming that the Proposed Transaction had completed on 31 March 2014, being the end of FY2014, SIA would equity account for:
 - (a) 57.8 per cent. of its share of results of Tiger Airways in its books of account, assuming the Tiger Airways Shareholders other than SIA subscribe for and pay in full for any Tiger Airways Rights Shares not subscribed for and paid in full by SIA and the Maximum Issue Size is raised; and
 - (b) 71.1 per cent. of its share of results of Tiger Airways in its books of account, assuming the Tiger Airways Shareholders other than SIA do not subscribe for or pay in full for any Tiger Airways Rights Shares at all and the Minimum Issue Size is raised;⁵ and

⁵ The variation in SIA's share of results of Tiger Airways is substantially due to the acquisition of additional interest in Tiger Airways by SIA during the course of FY2014. The variation in the percentage of the results SIA would account for earnings, on the one hand, and NTA, gearing and working capital, on the other hand, is due to the profit and loss related assumptions being based on an unadjusted conversion price of S\$0.74 for the PCCS and the balance sheet related assumptions being based on an adjusted conversion price of S\$0.565 for the PCCS. The difference in conversion prices used between earnings, on the one hand, and NTA, gearing and working capital, on the other hand, is due to the fact that the earnings are calculated assuming the Proposed Transaction had taken place on 1 April 2013

6.1.5 a remeasurement gain would be recorded in SIA's profit and loss statement as a result of the remeasurement of the previously held equity interest in Tiger Airways to its fair value pursuant to Financial Reporting Standards ("**FRS**") 103 Business Combinations.

6.2 Earnings. For illustrative purposes only and assuming that the Proposed Transaction had been completed on 1 April 2013, being the beginning of FY2014, the pro forma financial effects on the earnings of the SIA group are as follows:

	Before the Proposed Transaction	After the Proposed Transaction (assuming Maximum Issue Size is raised)	After the Proposed Transaction (assuming Minimum Issue Size is raised)
Profit after tax and minority interests (\$ million)	359.5	452.5 ⁶	434.2 ⁷
Earnings per SIA share – Basic (cents)	30.6	38.5	37.0
Earnings per SIA share – Diluted (cents)	30.3	38.1	36.6

6.3 NTA. For illustrative purposes only and assuming that the Proposed Transaction had been completed on 31 March 2014, being the end of FY2014, the pro forma financial effects on the NTA of the SIA group are as follows:

and NTA, gearing and working capital are calculated assuming the Proposed Transaction had taken place on 31 March 2014, as required under Chapter 10 of the Listing Manual of the SGX-ST.

⁶ Includes remeasurement gain of S\$98.5 million.

⁷ Includes remeasurement gain of S\$109.7.million.

	Before the Proposed Transaction	After the Proposed Transaction (assuming Maximum Issue Size is raised)	After the Proposed Transaction (assuming Minimum Issue Size is raised)
Net Assets (S\$ million)	13,237.2	13,424.1	13,367.1
Less: Intangibles (S\$ million)	(223.4)	(223.6)	(223.6)
NTA (S\$ million)	13,013.8	13,200.5	13,143.5
Number of ordinary shares of SIA	1,176,066,219	1,176,066,219	1,176,066,219
NTA per SIA share (S\$)	11.07	11.22	11.18

6.4 Gearing. For illustrative purposes only and assuming that the Proposed Transaction had been completed on 31 March 2014, being the end of FY2014, the pro forma financial effects on the net gearing of the SIA group are as follows:

	Before the Proposed Transaction	After the Proposed Transaction (assuming Maximum Issue Size is raised)	After the Proposed Transaction (assuming Minimum Issue Size is raised)
Total debt (including present value of operating leases) (S\$ million)	4,257.2	5,502.0	5,502.0
Cash and cash equivalents (S\$ million)	4,883.9	5,149.5	5,055.5
Shareholders' funds (S\$ million)	13,237.2	13,424.1	13,367.1
Gross gearing (times)⁸	0.32	0.41	0.41

⁸ Gross gearing means using total debt divided by shareholders' funds.

		Before the Proposed Transaction	After the Proposed Transaction (assuming Maximum Issue Size is raised)	After the Proposed Transaction (assuming Minimum Issue Size is raised)
Net gearing (times) ⁹		(0.05)	0.03	0.03

- 6.5 Working Capital.** For illustrative purposes only and assuming that the Proposed Transaction had been completed on 31 March 2014, being the end of FY2014, the pro forma financial effects on the working capital (net current assets) of the SIA group are as follows:

(S\$ million)				
	Before the Proposed Transaction	After the Proposed Transaction (assuming Maximum Issue Size is raised)	After the Proposed Transaction (assuming Minimum Issue Size is raised)	
Current assets	7,310.7	7,714.1	7,620.1	
Current liabilities	5,391.4	5,715.2	5,715.2	
Net current assets	1,919.3	1,998.9	1,904.9	

7. CONSIDERATION

Assuming that the Company subscribes in full for the Pro-rata Subscription and the Excess Rights Commitment, the aggregate consideration payable by the Company, which will be satisfied by internal sources of funds, is approximately S\$140 million on the basis of S\$0.20 for each Tiger Airways Rights Share.

8. DISCLOSEABLE TRANSACTION

- 8.1 Rule 1006 Relative Figures.** Assuming that SIA has a shareholding interest in Tiger Airways of 56.0 per cent. prior to any subscription for Tiger Airways Rights Shares pursuant to the Tiger Airways Rights Issue, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Transaction (which includes the PCCS Conversion, the Pro-rata Subscription and the Excess Rights Commitment) are as follows:

⁹ Net gearing means using total debt less cash and cash equivalents, and divided by shareholders' funds.

Rule 1006	Bases	Proposed Transaction (\$ million)	SIA group (\$ million)	Relative Figures (%)
(b)	Net profits/(losses) attributable to the Tiger Airways Rights Shares to be acquired, compared with the SIA group's net profits for 1Q2015 ⁽¹⁾ :	(33.6) ⁽²⁾	60.2	(55.8)
(c)	Consideration payable for the Proposed Transaction ⁽³⁾ compared with the SIA group's market capitalisation ⁽⁴⁾	140.0	11,315.5	1.2

Notes:

- (1) The net profits or losses before tax, minority interests and exceptional items attributable to the Tiger Airways Rights Shares to be acquired for 1Q2015 have been compared with the SIA group's net profits before tax, minority interests and exceptional items for 1Q2015 based on the unaudited consolidated financial statements of Tiger Airways and SIA for 1Q2015.
- (2) This represents the additional share of Tiger Airways' loss that SIA would be required to account in its books of account assuming that the transaction had taken place at the beginning of 1Q2015, which is equivalent to the difference between:
- (i) S\$67.6 million, being the net loss before tax, minority interests and exceptional items of Tiger Airways for 1Q2015 based on the unaudited consolidated financial statements of Tiger Airways for 1Q2015; and
- (ii) S\$34.0 million, being the share of Tiger Airways' loss for 1Q2015 that SIA equity accounts in its books of account prior to the Proposed Transaction.
- (3) Based on the proposed terms of the Tiger Airways Rights Issue, the maximum consideration payable by SIA for the Proposed Transaction is approximately S\$140 million (where SIA is required to fulfil the Pro-rata Subscription and Excess Rights Commitment).
- (4) The SIA group's market capitalisation is based upon 1,168,917,919 SIA shares in issue as at 16 October 2014, excluding treasury shares, being the last market day on which SIA shares were traded prior to the date of this Announcement, at a volume weighted average price of S\$9.6803 per SIA share on 16 October 2014.

8.2 Discloseable Transaction. Rule 1007 of the Listing Manual provides that if any of the relative figures computed pursuant to Rule 1006 of the Listing Manual is a negative figure, Chapter 10 of the Listing Manual may be applicable to the transaction at the discretion of the SGX-ST and issuers should consult the SGX-ST. As the relative figure under Rule 1006(b) is a negative figure, SIA has consulted the SGX-ST on the applicability of Chapter 10 of the Listing Manual. Following such consultation with the SGX-ST, the SGX-ST has advised that:

- (i) the Proposed Transaction is a discloseable transaction under Chapter 10 of the Listing Manual; and

- (ii) SIA is not required to seek SIA shareholders' approval for the Proposed Subscription,

based on, *inter alia*, the following submissions and representations made to the SGX-ST by the Company:

- (a) SIA is of the view that the Proposed Transaction will not change the current risk profile of the SIA group for the following reasons:
 - (I) SIA does not expect the Proposed Transaction to have a significant adverse impact on the SIA group's earnings, NTA, working capital and gearing. In particular, although the Rule 1006(b) relative figure would be negative, SIA does not expect the Proposed Transaction to have a significant adverse impact on the SIA group's earnings as the Proposed Transaction would result in SIA recording the remeasurement gain referred to in **paragraph 6.1.5** above. Further, a significant proportion of the net loss figure for 1Q2015 attributable to the Tiger Airways Rights Shares to be acquired (S\$33.6 million) relates to non-operating losses. The said non-operating losses relate to: net finance expense, share of loss of associates and joint venture and shutdown costs of PT Mandala Airlines (i.e. the 1Q2015 Non-Operating Losses). The 1Q2015 Non-Operating Losses account for 73 per cent. of the net loss figures for 1Q2015. If such 1Q2015 Non-Operating Losses were excluded, the net loss figure for 1Q2015 attributable to the Tiger Airways Rights Shares would be reduced to S\$9.1 million and the relative figure under Rule 1006(b) reduced to approximately 15 per cent.
 - (II) Save for the fact that the Rule 1006(b) relative figure is a negative figure, the Proposed Transaction would otherwise constitute a non-discloseable transaction. The relative figure in respect of the Proposed Transaction computed on the basis set out in Rule 1006(c) of the Listing Manual is 1.2 per cent., which is well under the 100 per cent. threshold at or above which the SGX-ST will, under Practice Note 10.1 of the Listing Manual, consider an acquisition to increase the scale of the existing operations of an issuer significantly.
 - (III) An increased shareholding in Tiger Airways, a budget carrier and an existing associated company of SIA, will not result in an expansion beyond SIA's existing core airline operations into a new geographical market and/or business sector. Instead, SIA believes that an increased shareholding in Tiger Airways, via the Proposed Transaction, will allow SIA to better achieve its existing strategy of offering services in all the segments in the airline business – premium, budget, short-haul and medium to long-haul.

(IV) Tiger Airways is an existing associated company of SIA. Pursuant to FRS 28 Investments in Associate, SIA group currently equity accounts 52.1 per cent. of its share of results of Tiger Airways in its books of account on the basis that the PCCS currently gives SIA access to returns associated with an ownership interest.¹⁰ Accordingly, as the SIA group is already substantially exposed to the budget airline business of Tiger Airways; the Proposed Transaction will not change the current risk profile of the SIA group.

(b) SIA understands that the proceeds from the Tiger Airways Rights Issue will be used to strengthen the balance sheet of Tiger Airways by increasing its equity base and enhance its liquidity to meet its general corporate funding requirements. To show SIA's support for the Tiger Airways Rights Issue and Tiger Airways, SIA is providing the SIA Undertaking.

9. INTEREST(S) OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE SIA UNDERTAKING

Save as disclosed above in this Announcement, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the SIA Undertaking.

10. GENERAL INFORMATION

A copy of the SIA Undertaking is available for inspection during normal business hours at the registered office of the Company at Airline House, 25 Airline Road, Singapore 819829 for three months from the date of this Announcement.

By Order of the Board

Ethel Tan (Mrs)
Company Secretary
17 October 2014

Perpetual Convertible Capital Securities issued to Singapore Airlines Limited

On 22 April 2013, Tiger Airways had allotted and issued, and SIA had subscribed for, S\$202,647,692.69 in aggregate principal amount of 189,390,367 listed PCCS in the denomination of S\$1.07 for each PCCS, pursuant to the preferential offering of the PCCS announced by the Company on 4 March 2013 and an undertaking dated 4 March 2013 provided by SIA to the Company (the "2013 SIA Undertaking").

Pursuant to the terms and conditions of the PCCS, SIA has the right to convert any PCCS into Conversion Shares at any time from the 41st day after the date of issue of the PCCS (being 2 June 2013). The number of Conversion Shares to be issued on the conversion of each PCCS will be determined by dividing the principal amount of each PCCS by the

¹⁰ Page 168 of SIA Annual Report 2013/2014.

conversion price of S\$0.740 (the “**Current Conversion Price**”). If more than one PCCS held by SIA is converted at any one time, the number of Conversion Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the PCCS to be converted. The Current Conversion Price will be subject to adjustments under certain circumstances in accordance with the terms and conditions of the PCCS. For the avoidance of doubt, no further cash outlay will be required from SIA for the conversion of the PCCS into Conversion Shares.

Details of the Whitewash Resolution

Prior to the issue of the PCCS, Tiger Airways Shareholders independent of SIA and its concert parties (including Temasek Holdings (Private) Limited, Dahlia Investments Pte. Ltd. and Aranda Investments Pte. Ltd.) (the “**SIA Concert Party Group**”) had, at an extraordinary general meeting of Tiger Airways held on 22 March 2013, passed an Ordinary Resolution waiving their rights to receive a mandatory general offer from the SIA Concert Party Group for all the Tiger Airways Shares not already owned or controlled by them, in the event an obligation to extend such an offer is incurred pursuant to Rule 14 of the Code, as a result of, inter alia, the subscription of PCCS under the preferential offering by SIA and the conversion of PCCS by SIA into Conversion Shares (i.e. the 2013 Whitewash Resolution). For the purposes of the 2013 Whitewash Resolution, the acquisition of the Conversion Shares by the SIA Concert Party Group upon the conversion of the PCCS must be completed within five years of the date of issue of the PCCS. Accordingly, the waiver pursuant to the 2013 Whitewash Resolution is valid from 22 April 2013 (being the date of the issue of the PCCS) to 22 April 2018 (being the date five years from the date of issue of the PCCS). Further details of the PCCS and the 2013 Whitewash Resolution are set out in Tiger Airways’s circular dated 7 March 2013.

Holdings and Interests of the SIA Concert Party Group

As at the date hereof, the SIA Concert Party Group holds or is interested in:

- (i) 394,551,000 Tiger Airways Shares, representing approximately 40.0 per cent. of all the Tiger Airways Shares in issue; and
- (ii) S\$202,647,692.69 in aggregate principal amount of 189,390,367 PCCS.

Save as disclosed, none of the SIA Concert Party Group holds any voting rights in Tiger Airways and instruments convertible into, rights to subscribe for and options in respect of the Tiger Airways Shares as at the date hereof.

Maximum Potential Interests of the SIA Concert Party Group

The SIA Concert Party Group would acquire a maximum potential interest of 53.0 per cent. in Tiger Airways’ enlarged share capital, based on the 1,261,411,459 Tiger Airways Shares in issue assuming the SIA Concert Party Group exercises and converts the PCCS (at the prevailing Current Conversion Price of S\$0.740) (assuming no adjustments thereto) they hold in full to Conversion Shares and no other holders of instruments convertible into, rights to subscribe for and options in respect of the Tiger Airways Shares exercise and convert such instruments, rights and options.

Cautionary Statement

Tiger Airways Shareholders should note that, having approved the 2013 Whitewash Resolution, Tiger Airways Shareholders have waived their rights to receive a general offer from the SIA Concert Party Group at the highest price paid by the SIA Concert Party Group for Tiger Airways Shares in the past six months preceding the date of the 2013 SIA Undertaking.

Tiger Airways Shareholders should also note that, having approved the 2013 Whitewash Resolution, Tiger Airways Shareholders could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the PCCS.