



(Incorporated in the Republic of Singapore)

Company Registration No. 197200078R

## LETTER TO SHAREHOLDERS

### Board of Directors:

Peter Seah Lim Huat (*Chairman*)  
Goh Choon Phong (*Chief Executive Officer*)  
Gautam Banerjee (*Non-Independent Director*)  
Simon Cheong Sae Peng (*Independent Director*)  
David John Gledhill (*Independent Director*)  
Goh Swee Chen (*Independent Director*)  
Dominic Ho Chiu Fai (*Independent Director*)  
Lee Kim Shin (*Independent Director*)  
Jeanette Wong Kai Yuan (*Independent Director*)  
Yeoh Oon Jin (*Independent Director*)

### Registered Office:

Airline House  
25 Airline Road  
Singapore 819829

To: The Shareholders of  
Singapore Airlines Limited

1 July 2024

Dear Sir/Madam

### 1. INTRODUCTION

1.1 **Notice of AGM.** We refer to:

- (a) the Notice of Annual General Meeting of Singapore Airlines Limited (the “**Company**”) dated 1 July 2024 (the “**Notice**”), convening the Fifty-Second Annual General Meeting of the Company to be held on 29 July 2024 (the “**2024 AGM**”);
- (b) Ordinary Resolution No. 7 relating to the proposed renewal of the IPT Mandate (as defined in paragraph 2.1 below, as proposed in the Notice);
- (c) Ordinary Resolution No. 8 relating to the proposed renewal of the Share Buy Back Mandate (as defined in paragraph 3.1 below, as proposed in the Notice);
- (d) Ordinary Resolution No. 9 relating to the proposed renewal of the authorisation to issue redeemable cumulative preference shares of the Company pursuant to Article 10 of the Constitution of the Company (“**ASA Shares**”) (as described in paragraph 4 below, as proposed in the Notice);
- (e) Ordinary Resolution No. 10 relating to the proposed adoption of the SIA PSP 2024 (as defined in paragraph 5.1 below, as proposed in the Notice); and
- (f) Ordinary Resolution No. 11 relating to the proposed adoption of the SIA RSP 2024 (as defined in paragraph 5.1 below, as proposed in the Notice).

- 1.2 **Letter to Shareholders.** The purpose of this Letter is to provide shareholders of the Company (“**Shareholders**”) with information relating to Ordinary Resolution Nos. 7, 8, 9, 10 and 11, as proposed in the Notice (collectively, the “**Proposals**”).
- 1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.
- 1.4 **Legal Adviser.** Allen & Gledhill LLP is the legal adviser to the Company in relation to the proposed renewal of the Share Buy Back Mandate and the proposed adoption of the SIA PSP 2024 and SIA RSP 2024.
- 1.5 **Advice to Shareholders.** If a Shareholder is in any doubt as to the course of action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

## **2. THE PROPOSED RENEWAL OF THE MANDATE FOR INTERESTED PERSON TRANSACTIONS**

- 2.1 **Background.** At the Annual General Meeting of the Company held on 27 July 2023 (the “**2023 AGM**”), Shareholders approved, *inter alia*, the renewal of a mandate (the “**IPT Mandate**”) to enable the Company, its subsidiaries and associated companies which are considered to be “entities at risk” (as that term is defined in Chapter 9 of the Listing Manual of the SGX-ST (the “**Listing Manual**”)) to enter into certain interested person transactions with the classes of interested persons (the “**Interested Persons**”) as set out in the IPT Mandate.

Particulars of the IPT Mandate were set out in the Appendix to the Company’s Letter to Shareholders dated 28 June 2023 (the “**2023 Letter**”) and Ordinary Resolution No. 8 as set out in the Notice of the 2023 AGM. The IPT Mandate was expressed to take effect until the conclusion of the next Annual General Meeting of the Company, being the 2024 AGM which is scheduled to be held on 29 July 2024.

- 2.2 **Renewal of the IPT Mandate.** The Directors propose that the IPT Mandate be renewed at the 2024 AGM to take effect until the Fifty-Third Annual General Meeting of the Company. There is no change to the scope and terms of the IPT Mandate which is proposed to be renewed.
- 2.3 **The Appendix.** Details of the IPT Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with the Interested Persons and other general information relating to Chapter 9 of the Listing Manual, are set out in the Appendix to this Letter.
- 2.4 **Audit Committee Statement.** The Audit Committee of the Company, comprising Yeoh Oon Jin, Gautam Banerjee, Goh Swee Chen, Dominic Ho Chiu Fai and Jeanette Wong Kai Yuan, confirms that:
  - (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 2023 AGM; and
  - (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

### **3. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE**

**3.1 Background.** At the 2023 AGM, Shareholders approved, *inter alia*, the renewal of a mandate (the “**Share Buy Back Mandate**”) to enable the Company to purchase or otherwise acquire issued ordinary shares of the Company (“**Shares**”).

The rationale for, the authority and limitations on, and the financial effects of, the Share Buy Back Mandate were set out in the 2023 Letter and Ordinary Resolution No. 9 as set out in the Notice of the 2023 AGM.

The Share Buy Back Mandate was expressed to take effect on the date of the passing of Ordinary Resolution No. 9 at the 2023 AGM and will expire on the date of the forthcoming 2024 AGM which is scheduled to be held on 29 July 2024. Accordingly, the Directors propose that the Share Buy Back Mandate be renewed at the 2024 AGM.

As at 5 June 2024 (the “**Latest Practicable Date**”), the Company had purchased or acquired an aggregate of 1,000,000 Shares by way of On-Market Share Buy Backs (as defined in paragraph 3.2.3 below) pursuant to the Share Buy Back Mandate approved by Shareholders at the 2023 AGM. The highest and lowest price paid was S\$6.44 and S\$6.35 per Share respectively and the total consideration paid for all purchases was S\$6,405,468.54, excluding commission, brokerage and goods and services tax.

As at the Latest Practicable Date, the Company had not purchased or acquired any of its Shares by way of Off-Market Equal Access Share Buy Backs (as defined in paragraph 3.2.3 below) pursuant to the Share Buy Back Mandate approved by Shareholders at the 2023 AGM.

**3.2 Authority and Limits on the Share Buy Back Mandate.** The authority and limitations placed on the purchases or acquisitions of Shares by the Company (the “**Share Buy Backs**”) pursuant to the Share Buy Back Mandate, if renewed at the 2024 AGM, are substantially the same as previously approved by Shareholders at the 2023 AGM. These are summarised below:

#### **3.2.1 Maximum Number of Shares**

Only Shares which are issued and fully paid may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate is limited to that number of Shares representing not more than 5% of the issued Shares as at the date of the 2024 AGM at which the renewal of the Share Buy Back Mandate is approved. Treasury shares and subsidiary holdings (as defined in the Listing Manual)<sup>1</sup> will be disregarded for the purposes of computing the 5% limit.

As at the Latest Practicable Date, the Company had 4,236,000 treasury shares and no subsidiary holdings.

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<sup>1</sup> “**Subsidiary holdings**” is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967.

### **3.2.2 *Duration of Authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2024 AGM at which the renewal of the Share Buy Back Mandate is approved, up to:

- (a) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (b) the date on which the authority conferred by the Share Buy Back Mandate is revoked or varied; or
- (c) the date on which purchases and acquisitions of Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated,

whichever is the earliest.

### **3.2.3 *Manner of Share Buy Backs***

A Share Buy Back may be made by way of:

- (a) an on-market Share Buy Back (“**On-Market Share Buy Back**”), transacted on the SGX-ST through the SGX-ST’s trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) an off-market Share Buy Back in accordance with an equal access scheme (“**Off-Market Equal Access Share Buy Back**”) effected pursuant to Section 76C of the Companies Act 1967 (the “**Companies Act**”).

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy Back Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Equal Access Share Buy Back must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Equal Access Share Buy Back, it will, pursuant to Rule 885 of the Listing Manual, issue an offer document containing at least the following information:

- (I) the terms and conditions of the offer;
- (II) the period and procedures for acceptances; and
- (III) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

### 3.2.4 **Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the committee constituted for the purposes of effecting Share Buy Backs. The purchase price to be paid for the Shares pursuant to Share Buy Backs (both On-Market Share Buy Backs and Off-Market Equal Access Share Buy Backs) must not exceed 105% of the Average Closing Price of the Shares (excluding related expenses of the purchase or acquisition) (the “**Maximum Price**”).

For the above purposes:

“**Average Closing Price**” means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the On-Market Share Buy Back by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Equal Access Share Buy Back, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs during the relevant five-day period and the date of the On-Market Share Buy Back by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Equal Access Share Buy Back; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Equal Access Share Buy Back, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Equal Access Share Buy Back.

- 3.3 **Rationale for Share Buy Back Mandate.** The renewal of the Share Buy Back Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions up to the 5% limit described in paragraph 3.2.1 above at any time, subject to market conditions, during the period when the Share Buy Back Mandate is in force.

In managing the business of the Company and its subsidiaries (the “**Group**”), management strives to increase Shareholders’ value. Share Buy Backs are one of the ways through which Shareholders’ value may be enhanced. Share Buy Backs are intended to be made as and when the Directors believe them to be of benefit to the Company and/or the Shareholders.

A share repurchase programme will also allow management to effectively manage and minimise the dilution impact (if any) associated with employee share schemes.

While the Share Buy Back Mandate would authorise a purchase or acquisition of Shares up to the 5% limit described in paragraph 3.2.1 above, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate may not be carried out to the full 5% limit as authorised and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial condition of the Company.

- 3.4 **Status of Purchased Shares.** Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

3.5 **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

3.5.1 ***Maximum Holdings***

The number of Shares held as treasury shares<sup>2</sup> cannot at any time exceed 10% of the total number of issued Shares.

3.5.2 ***Voting and Other Rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.5.3 ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Singapore Code on Take-overs and Mergers (the "**Take-over Code**")):

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

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<sup>2</sup> For these purposes, "**treasury shares**" shall be read as including shares held by a subsidiary under Sections 21(4B) or 21(6C) of the Companies Act 1967.

3.6 **Funding of Share Buy Backs.** The Company may use internal or external sources of funds to finance Share Buy Backs. The Directors do not propose to exercise the Share Buy Back Mandate to such extent that it would materially affect the working capital requirements, financial flexibility or investment ability of the Group.

3.7 **Financial Effects.** The financial effects of a Share Buy Back on the Group and the Company will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the audited financial statements of the Group and the Company will depend, *inter alia*, on the factors set out below.

#### 3.7.1 **Purchase or Acquisition out of Profits and/or Capital**

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

#### 3.7.2 **Number of Shares Purchased or Acquired**

Based on 2,977,590,128 issued Shares as at the Latest Practicable Date (out of which 4,236,000 Shares were held in treasury and no Shares were held as subsidiary holdings as at that date), and assuming that on or prior to the 2024 AGM, (i) no further Shares are issued, (ii) no further Shares are purchased or acquired, or held by the Company as treasury shares, and (iii) no Shares are held as subsidiary holdings, the purchase by the Company of up to the maximum limit of 5% of its issued Shares (excluding the 4,236,000 Shares held in treasury) will result in the purchase or acquisition of 148,667,706 Shares.

#### 3.7.3 **Maximum Price Paid for Shares Purchased or Acquired**

Assuming that the Company purchases or acquires the 148,667,706 Shares at the Maximum Price of S\$7.10 for each Share (being the price equivalent to 105% of the average last dealt prices of the Shares for the five consecutive trading days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for such Share Buy Back is approximately S\$1,055.54 million.

The maximum amount of funds required for such Share Buy Back is the same regardless of whether the Company effects an On-Market Share Buy Back or an Off-Market Equal Access Share Buy Back.

**For illustrative purposes only**, assuming:

- (a) the Share Buy Back Mandate had been effective since 1 April 2023;
- (b) the issued share capital as at 1 April 2023 was the same as the issued share capital as at the Latest Practicable Date, that is, 2,977,590,128 issued Shares (out of which 4,236,000 Shares were held in treasury and no Shares were held as subsidiary holdings);

- (c) the Company had on 1 April 2023 purchased 148,667,706 Shares (representing 5% of its issued Shares (excluding the Shares held in treasury) as at the Latest Practicable Date) at the Maximum Price of S\$7.10 for each Share (being 105% of the average last dealt prices of the Shares for the five consecutive trading days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date); and
- (d) the purchase or acquisition of 148,667,706 Shares was made equally out of profits and capital and either cancelled or held in treasury,

the financial effects of the Share Buy Back on the audited financial statements of the Group and the Company for the financial year ended 31 March 2024 would have been as follows:

**Share Buy Back of up to a maximum of 5% made equally out of profits (2.5%) and capital (2.5%) and either cancelled or held in treasury**

	Group		Company	
	Per audited financial statements		Per audited financial statements	
	as at 31 March 2024	Proforma after Share Buy Back	as at 31 March 2024	Proforma after Share Buy Back
(a) Share capital less treasury shares (\$m)	7,142.9	6,615.1	7,142.9	6,615.1
(b) General reserve (\$m)	7,305.7	6,777.9	9,243.0	8,715.2
(c) Net asset value (\$m)	16,337.9	15,282.3	17,469.9	16,414.3
(d) Net asset value per Share (\$)	5.49	5.41	5.87	5.81
(e) Profit attributable to equity holders of the Company (\$m)	2,674.8	2,674.8	2,570.8	2,570.8
(f) Weighted average no. of issued and paid-up Shares <sup>(1)</sup> (m)	4,228.4	4,079.7	4,228.4	4,079.7
(g) Basic Earnings per Share ("EPS") (cents)	63.3	65.6	60.8	63.0
(h) Total borrowings <sup>(2)</sup> (\$m)	13,448.0	13,448.0	11,951.7	11,951.7
(i) Liquid investments, cash and cash equivalents <sup>(3)</sup> (\$m)	11,788.5	10,732.9	11,440.5	10,384.9
(j) Net borrowings <sup>(4)</sup> (\$m)	1,659.5	2,715.1	511.2	1,566.8
(k) Equity holders' funds <sup>(5)</sup> (\$m)	16,337.9	15,282.3	17,469.9	16,414.3
(l) Gearing <sup>(6)</sup> (times)	0.82	0.88	0.68	0.73
(m) ROE <sup>(7)</sup> (%)	14.8	15.2	13.3	13.7
(n) Current ratio (times)	1.23	1.15	1.08	1.00

**Notes:**

- (1) For the purpose of calculating EPS, in the case where Shares are bought back and held in treasury, the “weighted average number of issued and paid-up Shares” excludes Shares held in treasury.
- (2) “Total borrowings” means short term and long term notes payable, loans, and lease liabilities.
- (3) “Liquid investments, cash and cash equivalents” means short term investments, cash and bank balances.
- (4) “Net borrowings” means liquid investments, cash and cash equivalents less total borrowings.
- (5) “Equity holders’ funds” means the aggregate of issued share capital and reserves.
- (6) “Gearing” is defined as the ratio of total borrowings to equity holders’ funds.
- (7) “ROE” is determined by calculating the profit attributable to equity holders of the Company expressed as a percentage of the average equity holders’ funds.

**SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE FOR ILLUSTRATION PURPOSES ONLY (BASED ON THE AFOREMENTIONED ASSUMPTIONS). IN PARTICULAR, IT IS IMPORTANT TO NOTE THAT THE ABOVE ANALYSIS IS BASED ON THE HISTORICAL PROFORMA NUMBERS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024, AND IS NOT NECESSARILY REPRESENTATIVE OF FUTURE FINANCIAL PERFORMANCE.**

Although the Share Buy Back Mandate would authorise the Company to purchase or acquire up to 5% of its issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 5% of its issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

- 3.8 **Shareholding Limits.** The Constitution of the Company currently prescribes a limit of 5% (the “**Prescribed Limit**”) of the issued Shares (excluding treasury shares) in which any single Shareholder or related groups of Shareholders (other than Temasek Holdings (Private) Limited (“**Temasek**”) and/or such other person or persons with the approval of the Directors) may have an interest.

As the number of the issued Shares (excluding treasury shares) will be diminished by the number of Shares purchased or acquired by the Company, the shareholding percentage of Shareholders whose Shares are not repurchased or acquired by the Company may increase correspondingly after each Share Buy Back. The Company wishes to draw the attention of the Shareholders to the following consequences of a purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate, if the proposed renewal of the Share Buy Back Mandate is approved by the Shareholders at the 2024 AGM:

**A SHARE BUY BACK BY THE COMPANY MAY INADVERTENTLY CAUSE THE PERCENTAGE SHAREHOLDING OF SHAREHOLDERS (IN PARTICULAR, SHAREHOLDERS WHOSE CURRENT HOLDING OF SHARES IS CLOSE TO 5%) TO EXCEED THE PRESCRIBED LIMIT. SHAREHOLDERS WHOSE HOLDING OF SHARES MAY POTENTIALLY EXCEED THE PRESCRIBED LIMIT ARE ADVISED TO TAKE ONE OF THE FOLLOWING ACTIONS:**

- (A) SEEK PRIOR WRITTEN APPROVAL OF THE DIRECTORS TO HOLD SHARES IN EXCESS OF THE PRESCRIBED LIMIT IN THE EVENT OF A SHARE BUY BACK; OR**
- (B) TAKE ACTION TO SELL PART OF THEIR HOLDING OF SHARES AT THE APPROPRIATE TIME TO AVOID VIOLATING THE PRESCRIBED LIMIT.**

3.9 **Take-over implications arising from Share Buy Backs.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

3.9.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

3.9.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of any of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

### 3.9.3 ***Effect of Rule 14 and Appendix 2***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy Back Mandate.

Based on the interests of substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date as set out in paragraph 6.2 below, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 5% of its issued Shares (excluding treasury shares) as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any Share Buy Back by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

- 3.10 **Listing Status of the Shares.** The Listing Manual requires a listed company to ensure that at least 10% of the equity securities (excluding treasury shares, preference shares and convertible equity securities) must be held by public Shareholders. As at the Latest Practicable Date, Temasek, a substantial Shareholder of the Company, had a direct and deemed interest in approximately 53.61% of the issued Shares (excluding Shares held in treasury and rounded down to the nearest 0.01%). Approximately 46.23% of the issued Shares (excluding Shares held in treasury) were held by public Shareholders as at the Latest Practicable Date. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 5% limit pursuant to the proposed Share Buy Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or affect orderly trading.

- 3.11 **Reporting Requirements.** Rule 886(1) of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of an On-Market Share Buy Back, on the market day following the day of purchase or acquisition of any of its shares, and (b) in the case of an Off-Market Equal Access Share Buy Back, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of

shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

- 3.12 **No Purchases During Price or Trade Sensitive Developments.** While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy Back Mandate at any time after a price or trade sensitive development has occurred or has been the subject of a decision until the price or trade sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through on-market or off-market Share Buy Backs during the period of one month immediately preceding the announcement of the Company’s half-year and full-year financial statements. The Company will also not purchase or acquire any Shares during the period of two weeks immediately preceding the announcement of the Company’s voluntary quarterly business updates for the first and third quarters of each financial year.

#### 4. THE PROPOSED RENEWAL OF THE AUTHORISATION TO ISSUE ASA SHARES

- 4.1 **Background.** The Company’s ability to operate its existing route network and flight frequency is derived solely from and dependent entirely on the air services agreements entered into between the Government of Singapore and the governments of other countries for regulating the conduct of air services between Singapore and the respective countries (the “**Air Services Agreements**”). The Air Services Agreements are therefore critical to the Company’s operations. In almost all the Air Services Agreements, it is a condition that the Company must at all times be “effectively controlled” and “substantially owned” by Singapore nationals for the tenure of the respective Air Services Agreements.

Prior to 1999, the Company’s ability to satisfy the “substantial ownership” requirements of the Air Services Agreements was facilitated by a limit on the ownership by foreign shareholders of Shares and the trading of the Shares in two tranches on the Main Board of the SGX-ST. In 1999, this foreign shareholding limit was removed and trading of local and foreign Shares was merged into a single tranche on the SGX-ST.

With the share merger and the removal of the foreign shareholding limit, it is conceivable that foreigners may come to own the majority of the issued share capital of the Company at some future date. This in turn may potentially result in a breach of the condition under the Air Services Agreements that the Company must be “effectively controlled” and “substantially owned” by Singaporeans. Such a breach of the Air Services Agreements may potentially result in the Company losing its rights to operate many of its air services.

In order to ensure that all conditions under the Air Services Agreements can continue to be met and that the “**Operating Rights**” (that is, all or any part of any authority, permission, licence or privilege whether granted or enjoyed pursuant to an Air Services Agreement or otherwise, which enables an air service to be operated) are not prejudiced, a new class of non-tradable redeemable cumulative preference shares, namely, the ASA Shares, was created. At the same time, Shareholders’ approval was obtained at an Extraordinary General Meeting of the Company held on 11 September 1999 for the issue of the ASA Shares to the Minister for Finance (the “**Minister**”), and authority was granted to the Directors to issue such number of ASA Shares to the Minister as they deemed appropriate.

This authorisation to the Directors was subsequently renewed by Shareholders:

- (a) on 14 July 2001, as part of a capital reduction exercise undertaken by the Company, which resulted in a change to the par value of the ASA Shares;
- (b) on 29 July 2004, being the fifth anniversary of the original authority granted to the Directors by Shareholders in September 1999;
- (c) on 31 July 2009, following the extension of the undertaking from the Minister that it would subscribe for the ASA Shares for a further period of five years commencing from 31 July 2009;
- (d) on 30 July 2014, following the extension of the undertaking from the Minister that it would subscribe for the ASA Shares for a further period of five years commencing from 30 July 2014; and
- (e) on 29 July 2019, following the extension of the undertaking from the Minister that it would subscribe for the ASA Shares for a further period of five years commencing from 29 July 2019.

Details of the background to the ASA Shares and the capital reduction exercise are set out in:

- (i) the Circular to Shareholders dated 18 August 1999 (the “**1999 Circular**”);
- (ii) the Circular to Shareholders dated 21 June 2001;
- (iii) the Letter to Shareholders dated 23 June 2004 (the “**2004 Letter**”) and Notice of Annual General Meeting of the Company held on 29 July 2004;
- (iv) the Letter to Shareholders dated 25 June 2009 (the “**2009 Letter**”) and Notice of Annual General Meeting of the Company held on 31 July 2009;
- (v) the Circular to Shareholders dated 1 July 2014 (the “**2014 Circular**”) and Notice of Extraordinary General Meeting of the Company held on 30 July 2014; and
- (vi) the Letter to Shareholders dated 28 June 2019 (the “**2019 Letter**”) and Notice of Annual General Meeting of the Company held on 29 July 2019.

In consideration of the agreement by Shareholders for the issue of the ASA Shares to the Minister, the undertaking referred to in sub-paragraph (c) above was given by the Minister to the Company in 1999, valid for a period of five years from 1999, that it would subscribe for any ASA Shares that the Directors resolved to issue in accordance with Article 4A (which is now Article 10 of the Constitution of the Company). The Minister, pursuant to a letter dated 29 July 2004, extended the undertaking for a further period of five years and agreed to enter negotiations with the Company in good faith to extend the undertaking for further consecutive five-year periods. Thereafter, the Minister, pursuant to letters dated 31 July 2009, 30 July 2014 and 1 August 2019, extended the undertaking for further periods of five years from 31 July 2009, 30 July 2014 and 29 July 2019 respectively.

The undertaking is due for renewal in 2024 and the Minister has agreed to extend the undertaking, which will be valid for a further period of five years, commencing from the date of the shareholders’ resolution approving the authorisation to the Directors to issue the ASA Shares to the Minister. The Minister has also given the Company assurance that it will not exercise its voting rights under the ASA Shares save to the extent necessary to ensure that the Company remains “substantially owned” by Singapore nationals.

The Company will agree not to change the price or terms of issue of the ASA Shares without prior consent from the Minister. The Company will also agree that for so long as there are any ASA Shares outstanding, the Board will, as and when requested by the Minister so to do, review whether such ASA Shares continue to be required in order to protect the Company's Operating Rights (as described in this Letter) or to avoid an Intervening Act (as described in this Letter), and report the Board's findings to the Minister.

- 4.2 **Renewal of Authorisation to Issue ASA Shares.** The Directors are therefore seeking Shareholder approval for the renewal of the authorisation to the Directors to allot and issue ASA Shares from time to time and at any time to the Minister. In this respect, it is proposed that ASA Shares be issued to the Minister partly paid at the price of S\$0.01 per ASA Share. This proposal was similarly made and approved by Shareholders in 1999, and subsequently renewed by Shareholders in 2001, 2004, 2009, 2014 and 2019. Other than for the proposed renewal of this authorisation, no separate approvals will be sought from Shareholders for any ASA Shares which are subsequently issued in accordance with such renewed authorisation.

The Directors believe that the renewal of the authorisation to the Directors to allot and issue ASA Shares, from time to time and at any time to the Minister, if approved by Shareholders, will allow the Company to react quickly and effectively to any threat to its Operating Rights resulting from potential breaches of the "effective control" and "substantive ownership" requirements under the Air Services Agreements arising from foreign Shareholders acquiring a majority stake in the Company.

The Directors wish to reiterate that their ability to allot and issue ASA Shares will be restricted to circumstances when it is necessary or desirable to protect the Company's Operating Rights and to overcome, prevent, avoid or reduce, the risk of an Intervening Act (as defined in paragraph 4.3(i)(1) below). The Directors may not allot and issue ASA Shares for any other purpose. Also, the maximum number of ASA Shares that may be issued shall not exceed the issued Shares at the time of the issue.

- 4.3 **Terms of ASA Shares.** Detailed terms of the ASA Shares are set out in the Constitution of the Company, and in the 1999 Circular, the 2004 Letter, the 2009 Letter, the 2014 Circular and the 2019 Letter.

For ease of reference, the principal terms of the ASA Shares are set out below:

Issuer	:	The Company
Subscriber	:	The Minister
Instrument	:	Redeemable cumulative preference shares at S\$0.50 each in the capital of the Company
Issue Size	:	To be determined by the Directors from time to time, subject to the total number of ASA Shares issued and outstanding not exceeding the number of issued Shares at the time of issue of ASA Shares. The number of ASA Shares to be issued to the Minister will depend on the level of ownership of the Company's issued share capital by Singapore nationals

Issue Price	:	At S\$0.50 per ASA Share, or in the event of a liquidation of the Company, at the certified liquidation value per ordinary share, whichever value is higher
Payment of Issue Price	:	ASA Shares shall be partly paid at the price of S\$0.01 per share upon issue, with the balance being payable on redemption or in the event of a liquidation of the Company, whichever is earlier
Redemption	:	All outstanding ASA Shares shall be redeemed by the Company, either in part or in full, no later than five years from the date of issue of ASA Shares (or such later date as the Directors deem appropriate). ASA Shares must be fully paid up before redemption
		Redemption of issued ASA Shares does not preclude the further issue of ASA Shares should the need arise
Early Redemption	:	The Company shall have the right to redeem ASA Shares, in part or in full, at any time subject to 30 days' prior written notice to the Minister
Rights	:	<p>The Minister shall have the right to:</p> <ul style="list-style-type: none"> <li>(a) receive a preferential gross dividend of 1 per cent. per annum based on the paid-up amount per ASA Share, in priority to any dividend payable on the ordinary shares;</li> <li>(b) receive copies of the same documents and notices received by holders of ordinary shares;</li> <li>(c) attend general meetings and to speak and vote (with one vote per ASA Share) at such meetings. The Minister has given the Company the assurance that it will not exercise its voting rights under the ASA Shares save to the extent necessary to ensure that the Company remains "substantially owned" by nationals of Singapore; and</li> <li>(d) participate, in the event of a winding-up of the Company, rateably with the ordinary shares in/for: <ul style="list-style-type: none"> <li>(i) return of capital paid up; and</li> <li>(ii) residue of the surplus assets of the Company</li> </ul> </li> </ul>

The Minister does not have any other right to profits or asset value other than those mentioned above and in the Constitution of the Company

The Company agrees not to change the price or terms of issue of the ASA Shares without the prior written consent of the Minister

The Company also agrees that for so long as there are any ASA Shares outstanding, the Board will, as and when requested by the Minister so to do, review whether such ASA Shares continue to be required in order to protect the Company's Operating Rights (as described in this Letter) or to avoid an Intervening Act (as described in this Letter), and report the Board's findings to the Minister

Undertaking : The Minister has agreed to subscribe for all ASA Shares as and when they are issued

Since the passing of Ordinary Resolution 8.2 at the Thirty-Second Annual General Meeting in 2004, the par value for shares was abolished in a legislative amendment to the Companies Act in 2005. The Directors have determined that the abolishment of the par value will not affect the issue price of ASA Shares, which will remain unchanged at S\$0.50 each.

The Directors wish to reiterate to Shareholders that ASA Shares will only be issued by the Directors as and when the level of foreign shareholding of the shares of the Company is such that the Company has breached or could potentially breach the condition under the Air Services Agreements to be "substantially owned" by Singapore nationals and where any of the rights and privileges of the Company granted by or pursuant to the Air Services Agreements are put at risk.

Specifically, the Constitution of the Company provides that ASA Shares may only be allotted and issued if the Directors determine that:

- (i) such allotment and issue of ASA Shares is necessary in order to protect any Operating Right by reason of the fact that:
  - (1) there has taken place, a refusal, withholding, suspension or revocation of any Operating Right or the imposition of any condition or limitation upon any such Operating Right by reason of the nationality of persons owning or controlling the Company (that is, an "**Intervening Act**");
  - (2) an Intervening Act is contemplated, threatened, intended or may take place;
  - (3) the foreign shareholding is such that an Intervening Act may occur; or
  - (4) the ownership or control of the Company is otherwise such that an Intervening Act may occur; and
- (ii) such allotment and issue of ASA Shares is necessary or desirable to overcome, prevent or avoid an Intervening Act.

ASA Shares may not be allotted and issued if the above requirements are not complied with, as determined by the Directors. In addition, the Company may redeem any outstanding ASA Shares in the event that the Directors determine that such shares are no longer required in order to protect the Company's Operating Rights or to overcome, prevent or avoid an Intervening Act. All ASA Shares shall in any event be redeemed by the Company on the date falling five years from the respective dates of issue of ASA Shares, (or such later date as the Directors deem appropriate), provided that any redemption of ASA Shares will not preclude a further or future issue of ASA Shares in accordance with the Constitution of the Company.

ASA Shares will not be listed or quoted on the SGX-ST or other stock exchanges and will not be transferable without the prior approval of the Directors and the Company in general meeting.

As disclosed in the 1999 Circular, the Company has received approval from the Minister to treat the payment by the Company on the redemption of ASA Shares as a return of capital and not as a payment of dividends. The Company's contributed capital after any redemption would be correspondingly reduced by the amount of redemption.

**The Directors wish to highlight that ASA Shares will not be issued immediately after the 2024 AGM but are intended to be issued to the Minister only when the Directors determine that the Company faces a threat on its Air Services Agreements by reason of the nationality of the majority of its shareholders. The Directors also wish to highlight that the Minister has also given the Company assurance that it will not exercise its voting rights under ASA Shares save to the extent necessary to ensure that the Company remains "substantially owned" by Singapore nationals.**

- 4.4 **Take-over obligations.** The Directors wish to highlight that at the Extraordinary General Meeting held in 1999, Shareholders had also approved a one-off whitewash resolution to waive their rights to receive a mandatory take-over offer from the Minister in the event that the issue of ASA Shares to the Minister resulted in a transfer of the effective control of the Company to the Minister. This whitewash waiver continues in effect indefinitely. However, Shareholders should note that in the event that the Minister exercises its votes under ASA Shares other than to the extent necessary to ensure that the Company remains "substantially owned" by Singapore nationals, the Minister will incur an obligation to make a mandatory offer in accordance with the requirements of the Take-over Code and the conditions imposed by the Securities Industry Council.

Further details of the whitewash waiver are set out in the 1999 Circular.

- 4.5 **Effect of Issue of ASA Shares.** As at the Latest Practicable Date, the issued share capital of the Company was S\$7,078,155,056.52 comprising 2,973,354,128 Shares (excluding treasury shares). Assuming (a) no new Shares are issued after the Latest Practicable Date, (b) no Shares are purchased or acquired by the Company pursuant to the Share Buy Back Mandate after the Latest Practicable Date, or held by the Company as treasury shares or as subsidiary holdings, (c) there is a threat on an Air Services Agreement by reason of the nationality of the majority of Shareholders, and (d) the maximum number of 2,973,354,128 ASA Shares are issued and the Minister exercises its full voting rights under the ASA Shares, the voting rights of the holders of Shares will be halved.

## 5. THE PROPOSED NEW SHARE PLANS

- 5.1 **Existing and Previous Share Plans.** The Company currently has in place the SIA Performance Share Plan 2014 (the "**SIA PSP 2014**") and SIA Restricted Share Plan 2014 (the "**SIA RSP 2014**" and together with the SIA PSP 2014, the "**Existing Share Plans**"). The Existing Share Plans were adopted at an Extraordinary General Meeting of the Company held on 30 July 2014. At the Annual General Meeting of the Company held on 27 July 2018, Shareholders approved alterations to the SIA RSP 2014 to enable non-executive Directors to participate in the SIA RSP 2014. The duration of the Existing Share Plans is 10 years commencing on the date of adoption, that is, 10 years commencing on 30 July 2014. The Existing Share Plans are accordingly due to expire on 29 July 2024.

The Company proposes to adopt the new SIA Performance Share Plan 2024 (the "**SIA PSP 2024**") and SIA Restricted Share Plan 2024 (the "**SIA RSP 2024**" and together with the SIA PSP 2024, the "**New Share Plans**") to replace the Existing Share Plans. Details of the New Share Plans are set out in paragraphs 5.4 to 5.10 below. The Existing Share Plans will terminate following the adoption of the New Share Plans by Shareholders at the 2024 AGM.

The Company previously also had in place the SIA Performance Share Plan and SIA Restricted Share Plan (which were adopted at an Extraordinary General Meeting of the Company held on 28 July 2005, and which were terminated following the adoption of the Existing Share Plans at the Extraordinary General Meeting of the Company held on 30 July 2014), and the SIA Employee Share Option Plan (which was adopted at an Extraordinary General Meeting of the Company held on 8 March 2000, and which expired on 7 March 2010). There are no outstanding options or awards under these plans.

No other share schemes will be in force as at the date of adoption of the New Share Plans by Shareholders at the 2024 AGM.

**5.2 Outstanding Awards/Shares Delivered.** Details of outstanding awards granted/Shares delivered under the Existing Share Plans are set out below:

**5.2.1 PSP Awards/RSP Awards/SSA Awards**

As at the Latest Practicable Date:

- (a) there are outstanding base awards (“**PSP Base Awards**”) granted to 17 participants under the SIA PSP 2014 in respect of 1,881,185 Shares (representing approximately 0.06% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date)<sup>3</sup>;
- (b) an aggregate of 1,309,090 Shares (representing approximately 0.04% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date) have been delivered upon vesting of awards granted under the SIA PSP 2014 since the commencement of the SIA PSP 2014;
- (c) there are (i) outstanding base awards (“**RSP Base Awards**”) granted to 104 participants under the SIA RSP 2014 in respect of 3,436,249 Shares (representing approximately 0.12% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date), and (ii) outstanding final awards (“**RSP Final Awards**”) held by 96 participants under the SIA RSP 2014 in respect of 1,924,959 Shares (representing approximately 0.06% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date) pending final release<sup>4</sup>;
- (d) there are outstanding strategic share awards (“**SSA Awards**”) granted to 17 participants under the SIA RSP 2014 in respect of 910,825 Shares (representing approximately 0.03% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date) pending final release<sup>5</sup>; and
- (e) an aggregate of 12,831,726 Shares (representing approximately 0.43% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date) have been delivered upon vesting of awards granted under the SIA RSP 2014 since the commencement of the SIA RSP 2014.

<sup>3</sup> Depending on the achievement of pre-determined targets over a three-year performance period, an achievement factor will be applied to the PSP Base Awards to determine the final number of Shares to be awarded at the end of the respective performance periods. The achievement factor could range from 0% to 200%. All the PSP final awards will be released to the participants at the end of the three-year performance period.

<sup>4</sup> Depending on the achievement of pre-determined targets over a one-year performance period, an achievement factor will be applied to the RSP Base Awards to determine the RSP Final Award, being the final number of Shares to be awarded at the end of the respective performance periods. The achievement factor could range from 0% to 150%. One-third of the RSP Final Awards will be released to the participants at the end of the one-year performance period, and the balance will be released equally over the next two years with fulfilment of service requirements.

<sup>5</sup> Strategic share awards were established with the objective of rewarding, motivating and retaining a select group of key senior management staff throughout the COVID-19 recovery period. Under a strategic share award, 50% of the award vests upon grant and the balance will be released equally over the next two years with fulfilment of service requirements, with an additional 20% equity kicker being awarded upon final vesting for retention purposes.

Save as disclosed in this Letter, and save for the prescribed performance-based, time-based and/or other conditions attached to the PSP Base Awards, the RSP Base Awards, the RSP Final Awards and the SSA Awards, the PSP Base Awards, the RSP Base Awards, the RSP Final Awards and the SSA Awards outstanding as at the Latest Practicable Date are not subject to any material conditions.

No awards have been granted to controlling shareholders of the Company or associates of such controlling shareholders.

#### 5.2.2

#### **Awards Granted to Director**

Details of existing PSP Base Awards granted to a Director under the SIA PSP 2014 which are outstanding and unvested as at the Latest Practicable Date are as follows:

Name of Director	Date of PSP Base Award	Number of Shares comprised in PSP Base Awards <sup>6</sup>
Goh Choon Phong	15 July 2021	154,276
Goh Choon Phong	14 July 2022	140,241
Goh Choon Phong	18 July 2023	110,785

Details of existing RSP Base Awards and RSP Final Awards granted to a Director under the SIA RSP 2014 which are outstanding and unvested as at the Latest Practicable Date are as follows:

Name of Director	Date of RSP Base Award	Number of Shares comprised in RSP Base Awards <sup>7</sup>	Number of Shares comprised in RSP Final Awards (Pending Release) <sup>8</sup>
Goh Choon Phong	15 July 2021	–	44,912
Goh Choon Phong	14 July 2022	–	67,320
Goh Choon Phong	18 July 2023	73,856	–

Details of existing SSA Awards granted to a Director under the SIA RSP 2014 which are outstanding and unvested as at the Latest Practicable Date are as follows:

Name of Director	Date of SSA Award	Number of Shares comprised in SSA Award (Pending Release) <sup>9</sup>
Goh Choon Phong	14 July 2022	41,925
Goh Choon Phong	18 July 2023	151,150

<sup>6</sup> See footnote 3 above.

<sup>7</sup> See footnote 4 above.

<sup>8</sup> See footnote 4 above.

<sup>9</sup> See footnote 5 above.

As at the Latest Practicable Date, an aggregate of 322,310 Shares have been delivered to Goh Choon Phong upon vesting of awards granted under the SIA PSP 2014 since the commencement of the SIA PSP 2014 and an aggregate of 1,444,875 Shares have been delivered to Goh Choon Phong upon vesting of awards granted under the SIA RSP 2014 since the commencement of the SIA RSP 2014.

### 5.2.3 ***Awards Granted as Directors' Fees***

Beginning with the financial year ended 31 March 2019, approximately 30% of the Directors' fees of the non-executive Directors approved by Shareholders for the particular financial year was paid in the form of awards granted under the SIA RSP 2014. Such awards consisted of the grant of fully paid Shares outright with no performance or vesting conditions attached, but with a selling moratorium of one year. Non-executive Directors would eventually be required to hold Shares (including Shares obtained by other means) worth a minimum of the annual basic retainer fees as the Shares paid out to them as part of their remuneration in lieu of cash accumulate over time. The Directors as at the Latest Practicable Date who were paid part of their Directors' fees in the form of awards granted under the SIA RSP 2014 are as follows:

<b>Directors</b>	<b>Date of appointment as Director</b>	<b>Aggregate number of Shares delivered under the SIA RSP 2014 as part of Directors' fees</b>
Peter Seah Lim Huat	1 September 2015	173,100
Gautam Banerjee	1 January 2013	47,800
Simon Cheong Sae Peng	1 June 2017	40,300
David John Gledhill	1 September 2018	40,100
Goh Swee Chen	1 January 2019	35,100
Dominic Ho Chiu Fai	1 May 2017	55,500
Lee Kim Shin	1 September 2016	37,100
Jeanette Wong Kai Yuan	1 June 2021	11,000
Yeoh Oon Jin	1 August 2021	9,600

5.3 **Definitions.** For the purposes of paragraphs 5.4 to 5.11 below and in relation to the New Share Plans, the following expressions shall have the following meanings:

**"Adoption Date"** means the date on which the SIA PSP 2024 and the SIA RSP 2024 are adopted by the Company in general meeting;

**"associated company"**, in relation to any company, means a company, not being a subsidiary of the Company, in which (a) the Group has a long-term interest of not less than 20% in the equity and in whose financial and operating policy decisions the Group exercises significant influence; or (b) the Group has a long-term interest of not more than 50% in the equity and has joint control of the company's commercial and financial affairs;

**"Auditor"** means the auditor of the Company for the time being;

**“Award”** means an award of Shares granted under the SIA PSP 2024 and/or the SIA RSP 2024;

**“Award Date”** means, in relation to an Award, the date on which the Award is granted pursuant to the SIA PSP 2024 and/or the SIA RSP 2024;

**“Award Letter”** means a letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee;

**“Committee”** means a committee comprising Directors duly authorised and appointed by the Board of Directors of the Company to administer the SIA PSP 2024 and the SIA RSP 2024;

**“Group”** means the Company and its subsidiaries;

**“Group Employee”** means any employee of the Group (including any Group Executive Director) selected by the Committee to participate in the SIA PSP 2024 and/or the SIA RSP 2024;

**“Group Executive Director”** means a director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function;

**“Non-Executive Director”** means a director of the Company who does not perform an executive function; and

**“Participant”** means a Group Employee or Non-Executive Director who has been granted an Award.

- 5.4 **Rationale.** The new SIA PSP 2024 and SIA RSP 2024 are intended to replace the existing SIA PSP 2014 and SIA RSP 2014 respectively, both of which are due to expire on 29 July 2024.

The New Share Plans have substantially the same terms as the Existing Share Plans, save for:

- (a) the removal of the restrictions on participation by employees of SIA Engineering Company Limited (“**SIAEC**”)<sup>10</sup> and its subsidiaries, and employees of any other listed subsidiaries (and their respective subsidiaries); and
- (b) the removal of non-executive directors of subsidiaries of the Company as eligible participants of the SIA RSP 2024.

The change described in sub-paragraph (a) above means that employees (including executive directors) of SIAEC will be able to participate in the New Share Plans. The removal of these restrictions on participation is intended to facilitate talent management, and movement and rotation of staff amongst the Company and SIAEC for succession planning and staff development purposes.

The change described in sub-paragraph (b) above means that grants of awards under the SIA RSP 2024 cannot be made to non-executive directors of subsidiaries of the Company, including SIAEC, as part of their remuneration in respect of their office as such in lieu of cash. Employees of subsidiaries of the Company who also sit as non-executive directors of such subsidiaries will continue to be eligible for the grant of awards under the SIA RSP 2024 in their capacity as Group Employees, which is aligned with the Company’s existing practice.

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<sup>10</sup> As at the Latest Practicable Date, SIAEC is a subsidiary of the Company whose shares are listed on the Mainboard of the SGX-ST.

The New Share Plans will additionally incorporate amendments to take into account changes to relevant legislation and the Listing Manual, and changes to streamline and rationalise certain other provisions.

The New Share Plans are proposed to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance. The New Share Plans will further strengthen the Company's competitiveness in attracting and retaining talented key senior management and senior executives as well as drive participants to support the execution of the Group's sustainability strategy, including to achieve environmental carbon emission reduction targets over the long term.

The New Share Plans, that is, the SIA PSP 2024 and SIA RSP 2024, serve different objectives. The SIA RSP 2024 is intended to apply to a broader base of senior executives while the SIA PSP 2024 is intended to apply to a select group of key senior management. Generally, it is envisaged that the range of performance targets to be set under the SIA RSP 2024 and the SIA PSP 2024 will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer term growth.

The New Share Plans will provide incentives to high performing key senior management and senior executives to excel in their performance and encourage greater dedication and loyalty to the Company. Through the New Share Plans, the Company will be able to motivate key senior management and senior executives to continue to strive for the Group's long-term shareholder value. In addition, the New Share Plans aim to foster a greater ownership culture within the Group which more directly aligns the interests of key senior management and senior executives with the interests of Shareholders, and to improve performance and achieve sustainable growth for the Company in the changing business environment.

The New Share Plans use methods fairly common among major local and multinational companies to incentivise and motivate key senior management and senior executives to achieve pre-determined targets which create and enhance economic value for Shareholders. The Company believes that the New Share Plans will be effective tools in motivating key senior management and senior executives to strive to deliver long-term shareholder value.

For Participants who are Group Employees, the New Share Plans contemplate the award of fully paid Shares, when and after pre-determined performance and/or service conditions are accomplished.

In addition, the SIA RSP 2024 will also enable grants of fully paid Shares to be made to Non-Executive Directors as part of their remuneration in respect of their office as such in lieu of cash.

A Participant's Awards under the New Share Plans will be determined at the sole discretion of the Committee. In considering an Award to be granted to a Participant who is a Group Employee, the Committee may take into account, *inter alia*, the Participant's performance during the relevant period, and his capability, creativity, entrepreneurship, innovativeness, scope of responsibility and skills set.

#### **5.4.1     *The Proposed SIA PSP 2024***

One of the primary objectives of the SIA PSP 2024 is to further motivate key senior management to strive for superior performance and to deliver long-term shareholder value. The SIA PSP 2024 is targeted at senior management in key positions who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company through innovation, creativity and superior performance.

Awards granted under the SIA PSP 2024 are performance-based. Performance targets set under the SIA PSP 2024 are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets aimed at sustaining long-term growth. Examples of performance targets to be set include targets based on criteria such as total shareholders' return, economic value added, market share, market ranking, return on sales and/or sustainability targets such as environmental carbon emission reduction targets.

Awards granted under the SIA RSP 2024 differ from those granted under the SIA PSP 2024 in that an extended vesting period is normally (but not always) imposed for performance-based restricted Awards granted under the SIA RSP 2024 beyond the performance target completion date, that is, they also incorporate a time-based service condition as well, to encourage Participants to continue serving the Group beyond the achievement date of the pre-determined performance targets. Awards granted under the SIA PSP 2024 are not subject to any vesting periods beyond the performance target completion date.

#### 5.4.2 ***The Proposed SIA RSP 2024***

One of the primary objectives of the SIA RSP 2024 is to serve as an additional motivational tool to recruit and retain talented senior executives as well as to reward for Company and individual performance. In addition, the SIA RSP 2024 acts as an enhancement of the Group's overall compensation packages, strengthening the Group's ability to attract and retain high performing talent.

Awards granted under the SIA RSP 2024 will typically vest only after the satisfactory completion of time-based service conditions, that is, after the Participant has served the Group for a specified number of years (time-based restricted Awards) or, where the Award is performance-related (performance-based restricted Awards), after a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the SIA RSP 2024, and the length of the vesting period(s) in respect of each Award will be determined on a case-by-case basis.

A time-based restricted Award may be granted, for example, as a supplement to the cash component of the remuneration packages of senior executives or based on performance conditions already achieved prior to the date of grant according to a pre-determined performance scorecard and/or incentive pool formulation. The use of purely time-based restricted Awards that are not based on performance conditions already achieved prior to the date of grant will only be made on a case-by-case basis where business needs or exceptional circumstances justify such Awards.

A performance-based restricted Award may be granted, for example, with a performance target based on the successful completion of a project, or on the Company meeting certain specified corporate target(s) (including sustainability target(s)), and thereafter with a further vesting period to encourage the Participant to continue serving the Group for a further period of time following completion of the project. The grant of performance-based restricted Awards will ensure that the earning of Shares under the SIA RSP 2024 is aligned with the pay-for-performance principle.

Similar to the SIA RSP 2014, the SIA RSP 2024 will also enable grants of fully paid Shares to be made to Non-Executive Directors as part of their remuneration in respect of their office as such in lieu of cash in order to improve the alignment of the interests of such Non-Executive Directors with the interests of Shareholders. Awards would not, however, be made to independent Non-Executive Directors to such an extent that their independence may be compromised.

Where an Award is to be made to a Non-Executive Director under the SIA RSP 2024 as part of his directors' remuneration in lieu of cash, the current intention is that approximately 30% (or such other percentage as may be determined by the Committee) of his remuneration for a particular financial year will be paid out in the form of Shares comprised in such awards (with the balance being paid out in cash). The current intention is that these Awards will consist of the grant of fully paid Shares outright, with no performance conditions attached and no vesting periods imposed. The Committee may, however, impose any other conditions (for example, a minimum shareholding requirement and/or a moratorium period) as it may determine in relation to such awards. Non-Executive Directors would eventually be required to hold Shares (including Shares obtained by other means) worth a minimum of the annual basic retainer fees as the Shares paid out to them as part of their remuneration in lieu of cash accumulate over time.

Where Shareholders' approval for Directors' fees payable to Non-Executive Directors is sought at an Annual General Meeting and where the intention is that such fees will comprise a share component, the formula for converting the relevant amount of cash into Shares (which will be based on the market price of the Shares) will be disclosed in the Notice of that Annual General Meeting, along with information on the quantum, conditions, timing, etc. for the Awards.

#### 5.4.3 ***Flexibility of Grants***

Participants who are Group Employees may be granted Awards under either the SIA PSP 2024 or SIA RSP 2024. The Committee also has the flexibility to grant Awards under both the SIA PSP 2024 and SIA RSP 2024 to an individual Participant, where appropriate. For example, an individual Participant who is a key senior management staff may be granted an Award under the SIA PSP 2024 based on specified medium-term critical target objectives (for example, targets relating to market position and Company profitability and growth) over the next three years which vests at the end of the performance period. Concurrently, the individual could also be granted an Award under the SIA RSP 2024 based on different performance targets (for example, ensuring that a particular project is successfully completed on time or that the Company meets certain specified corporate target(s)) and with a longer vesting period with the aim of retaining the individual as the Company's employee.

It is unlikely that performance targets for any individual Participant under the SIA PSP 2024 and SIA RSP 2024 will be identical.

- 5.5 **Listing of New Shares.** The SGX-ST has granted in-principle approval for the listing and quotation of the new Shares to be issued pursuant to the New Share Plans, subject to compliance with the SGX-ST's listing requirements and guidelines and independent Shareholders' approval being obtained for the adoption of the New Share Plans. The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the New Share Plans, the new Shares, the Company and/or its subsidiaries.

**5.6 Summary of Rules.** The following are summaries of the principal rules of the SIA PSP 2024 and the SIA RSP 2024, and should be read in conjunction with paragraphs 5.7 to 5.10 below which describe certain other significant provisions of the New Share Plans.

**5.6.1 *Summary of Rules of SIA PSP 2024***

**Eligibility**

Group Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time shall be eligible to participate in the SIA PSP 2024 at the absolute discretion of the Committee, unless they are also controlling shareholders (as defined in the Listing Manual) of the Company or associates (as defined in the Listing Manual) of such controlling shareholders.

Non-Executive Directors will not be eligible to participate in the SIA PSP 2024 (but are eligible to participate in the SIA RSP 2024). Directors and employees of (a) associated companies<sup>11</sup> of the Company, and (b) the Company's parent company and its subsidiaries (excluding the Group) will also not be eligible to participate in the SIA PSP 2024.

**Awards**

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, upon the Participant achieving prescribed performance condition(s). Awards are released at the end of the performance period once the Committee is satisfied that the prescribed performance condition(s) have been achieved.

**Participants**

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the SIA PSP 2024 shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance condition(s) within the performance period.

**Details of Awards**

The Committee shall decide, in relation to each Award to be granted to a Participant:

- (a) the Award Date;
- (b) the number of Shares which are the subject of the Award;
- (c) the prescribed performance condition(s);
- (d) the performance period during which the prescribed performance condition(s) are to be satisfied;

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<sup>11</sup> For these purposes, the term "**associated company**" is as defined in the Listing Manual and not as defined in paragraph 5.3 above.

- (e) the extent to which the Shares which are the subject of that Award shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period; and
- (f) any other condition which the Committee may determine in relation to that Award.

#### Timing

The Committee has the discretion to grant Awards at any time in the year. An Award Letter confirming the Award and specifying (*inter alia*) the prescribed performance condition(s), the performance period during which the prescribed performance condition(s) are to be attained or fulfilled and the extent to which the Shares will be released on satisfaction of the prescribed performance condition(s), will be sent to each Participant as soon as is reasonably practicable after the making of an Award.

#### Events Prior to Vesting

Special provisions for the vesting and lapsing of Awards apply in certain circumstances including the following:

- (a) the Participant ceasing to be in the employment of the Group for any reason whatsoever (other than as specified in sub-paragraphs (e), (f) and (g) below);
- (b) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (c) the misconduct on the part of the Participant as determined by the Committee in its discretion;
- (d) an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency;
- (e) the retirement of the Participant or the Participant ceasing to be employed by the Group by reason of (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee) or death, (ii) redundancy, or (iii) any other reason approved in writing by the Committee;
- (f) the completion of a fixed term contract for a Participant on a fixed term contract;
- (g) the Participant ceasing to be in the employment of the Group by reason of:
  - (i) a transfer of employment to any of the Company's associated companies, where such reason for cessation of employment is approved in writing by the Committee;
  - (ii) a subsequent transfer of employment (from time to time) to any of the Company's associated companies, following a transfer of employment by a Participant to any of the companies described in sub-paragraph (i) above; or

- (iii) the subsidiary in which a Participant is employed, or the associated company of the Company in which a Participant is employed following transfer(s) of employment by that Participant as described in sub-paragraphs (i) and (ii) above, being subsequently wholly or partially disposed of by the Company;
- (h) any other event approved by the Committee; and
- (i) a take-over, reconstruction or amalgamation of the Company or an order being made or a resolution passed for the winding-up of the Company (other than as provided in sub-paragraph (d) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in sub-paragraphs (a), (b), (c) and (d) above, an Award then held by a Participant shall, subject as provided in the rules of the SIA PSP 2024 and to the extent not yet released, immediately lapse without any claim whatsoever against the Company.

Upon the occurrence of any of the events specified in sub-paragraphs (e), (f), (g) and (h) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant performance period and subject to the rules of the SIA PSP 2024. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by the Participant and the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of any of the events specified in sub-paragraph (i) above, the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the performance period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

#### Operation of the SIA PSP 2024

Subject to the prevailing legislation and the rules of the Listing Manual, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of new Shares; and/or
- (b) the delivery of existing Shares (including treasury shares).

In determining whether to issue new Shares or to deliver existing Shares to Participants upon vesting of their Awards, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or delivering existing Shares (including treasury shares).

The financial effects of the above methods are discussed in paragraph 5.11 below.

The Company has the flexibility, and if circumstances require, to approve the release of an Award, wholly or partly, in the form of cash rather than Shares.

New Shares allotted and issued, and existing Shares procured by the Company for transfer, pursuant to the release of any Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

In determining whether the performance condition has been satisfied (whether fully or partially) or exceeded, the Committee shall have the right to make reference to the audited results of the Company or the Group to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

#### 5.6.2 ***Summary of Rules of SIA RSP 2024***

##### Eligibility

The following persons, unless they are also controlling shareholders (as defined in the Listing Manual) of the Company or associates (as defined in the Listing Manual) of such controlling shareholders, shall be eligible to participate in the SIA RSP 2024 at the absolute discretion of the Committee:

- (a) Group Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time; and
- (b) Non-Executive Directors.

Directors and employees of (i) associated companies<sup>12</sup> of the Company, and (ii) the Company's parent company and its subsidiaries (excluding the Group) will not be eligible to participate in the SIA RSP 2024.

##### Awards

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance condition(s) (if any) are met and upon expiry of the prescribed vesting period(s).

No performance-related Awards may be granted to Non-Executive Directors under the SIA RSP 2024.

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<sup>12</sup> For these purposes, the term "associated company" is as defined in the Listing Manual and not as defined in paragraph 5.3 above.

## Participants

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the SIA RSP 2024 shall be determined at the absolute discretion of the Committee, which shall take into account such criteria as it considers fit, including (but not limited to), in the case of a Group Employee, his rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and, in the case of a performance-related Award, the extent of effort and resourcefulness required to achieve the performance condition(s) within the performance period and, in the case of a Non-Executive Director, his board and committee appointments and attendance, and his contribution to the success and development of the Company.

## Details of Awards

The Committee shall decide, in relation to each Award to be granted to a Participant:

- (a) the Award Date;
- (b) the number of Shares which are the subject of the Award;
- (c) in the case of a performance-related Award:
  - (i) the prescribed performance condition(s);
  - (ii) the performance period during which the prescribed performance condition(s) are to be satisfied; and
  - (iii) the extent to which the Shares which are the subject of that Award shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;
- (d) the prescribed vesting period(s) (if any);
- (e) the release schedule setting out the extent to which Shares, which are the subject of that Award, shall be released at the end of each prescribed vesting period (if any);
- (f) the retention period in relation to any or all of the Shares comprised in the Award (if any); and
- (g) any other condition which the Committee may determine in relation to that Award.

## Timing

The Committee has the discretion to grant Awards at any time in the year. An Award Letter confirming the Award and specifying (*inter alia*) the vesting period(s) (if any), the release schedule (if any), the retention period (if any) and, in relation to a performance-related Award, the prescribed performance condition(s), the performance period during which the prescribed performance condition(s) are to be attained or fulfilled and the schedule setting out the extent to which the Shares will be released on satisfaction of the prescribed performance condition(s), will be sent to each Participant as soon as is reasonably practicable after the making of an Award.

### Events Prior to Vesting

Special provisions for the vesting and lapsing of Awards apply in certain circumstances including the following:

- (a) where the Participant is a Group Employee, the Participant ceasing to be in the employment of the Group for any reason whatsoever (other than as specified in sub-paragraphs (e), (f) and (g) below);
- (b) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (c) the misconduct on the part of the Participant as determined by the Committee in its discretion;
- (d) an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency;
- (e) where the Participant is a Group Employee, the retirement of the Participant or the Participant ceasing to be employed by the Group by reason of (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee) or death, (ii) redundancy, or (iii) any other reason approved in writing by the Committee;
- (f) where the Participant is a Group Employee, the completion of a fixed term contract for a Participant on a fixed term contract;
- (g) where the Participant is a Group Employee, the Participant ceasing to be in the employment of the Group by reason of:
  - (i) a transfer of employment to any of the Company's associated companies, where such reason for cessation of employment is approved in writing by the Committee;
  - (ii) a subsequent transfer of employment (from time to time) to any of the Company's associated companies, following a transfer of employment by a Participant to any of the companies described in sub-paragraph (i) above; or
  - (iii) the subsidiary in which a Participant is employed, or the associated company of the Company in which a Participant is employed following transfer(s) of employment by that Participant as described in sub-paragraphs (i) and (ii) above, being subsequently wholly or partially disposed of by the Company;
- (h) where the Participant is a Non-Executive Director, the Participant ceasing to be a director of the Company for any reason whatsoever;
- (i) any other event approved by the Committee; and
- (j) a take-over, reconstruction or amalgamation of the Company or an order being made or a resolution passed for the winding-up of the Company (other than as provided in sub-paragraph (d) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in sub-paragraphs (a), (b), (c) and (d) above, an Award then held by a Participant shall, subject as provided in the rules of the SIA RSP 2024 and to the extent not yet released, immediately lapse without any claim whatsoever against the Company.

Upon the occurrence of any of the events specified in sub-paragraphs (e), (f), (g), (h) and (i) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the prescribed performance period (if any) and/or each relevant vesting period (if any) and subject to the rules of the SIA RSP 2024. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by the Participant and, in the case of a performance-related Award, the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of any of the events specified in sub-paragraph (j) above, the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the vesting period(s) which has elapsed and, in the case of a performance-related Award, the extent to which the applicable performance conditions and targets have been satisfied.

#### Operation of the SIA RSP 2024

Subject to the prevailing legislation and the rules of the Listing Manual, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of new Shares; and/or
- (b) the delivery of existing Shares (including treasury shares).

In determining whether to issue new Shares or to deliver existing Shares to Participants upon vesting of their Awards, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or delivering existing Shares (including treasury shares).

The financial effects of the above methods are discussed in paragraph 5.11 below.

The Company has the flexibility, and if circumstances require, to approve the release of an Award (other than an Award granted to a Non-Executive Director as part of his directors' remuneration in lieu of cash), wholly or partly, in the form of cash rather than Shares.

New Shares allotted and issued, and existing Shares procured by the Company for transfer, pursuant to the release of any Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

In determining whether the performance condition has been satisfied (whether fully or partially) or exceeded, the Committee shall have the right to make reference to the audited results of the Company or the Group to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

- 5.7 **Size and Duration.** The total number of Shares which may be delivered pursuant to Awards granted under the New Share Plans (whether in the form of Shares or in the form of cash in lieu of Shares) shall not exceed 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

The maximum limit of 5% will provide for sufficient Shares to support the use of Awards in the Company's overall long-term incentive and compensation strategy. In addition, it will provide the Company with the means and flexibility to grant Awards as incentive tools in a meaningful and effective manner to encourage staff retention and to align Participants' interests more closely with those of Shareholders.

As at the Latest Practicable Date, an aggregate of 6,288,259 Shares, representing approximately 0.21% of the issued Shares (excluding treasury shares), are comprised in outstanding awards granted under the SIA PSP 2014 and SIA RSP 2014 (see paragraph 5.2 above for details of such outstanding awards). The adoption of the New Share Plans will be without prejudice to the rights of holders of such outstanding awards. As such, the dilutive impact of the adoption of the New Share Plans on the Company's share capital, after taking into account the awards outstanding under the SIA PSP 2014 and SIA RSP 2014 and assuming that new Shares are allotted and issued to settle these awards and all Awards granted under the New Plans, will not exceed approximately 5.21% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date.

In addition, Ordinary Resolution Nos. 10 and 11, being the Ordinary Resolutions relating to the adoption of the SIA PSP 2024 and the SIA RSP 2024 respectively to be proposed at the 2024 AGM, will also provide that the total number of Shares under Awards to be granted pursuant to the SIA PSP 2024 and the SIA RSP 2024 from the 2024 AGM to the next Annual General Meeting (the "**Relevant Year**") shall not exceed 0.5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time (the "**Yearly Limit**"), provided that if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit may be used by the Directors to make grants of Awards in subsequent years for the duration of the SIA PSP 2024 and the SIA RSP 2024 respectively.

The New Share Plans shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the New Share Plans are adopted by the Company in general meeting, provided always that the New Share Plans may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the New Share Plans, Awards made to Participants prior to such expiry or termination will continue to remain valid.

**5.8 Adjustments and Modifications.** The following describes the adjustment events under, and provisions relating to modifications of, the New Share Plans.

#### 5.8.1 ***Adjustment Events***

If a variation in the ordinary share capital of the Company (whether by way of a bonus or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or if the Company shall make a declaration of a special dividend (whether interim or final and whether in cash or *in specie*), then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the New Share Plans,

shall be adjusted in such manner as the Committee may, in its absolute discretion, determine to be appropriate.

Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for a private placement of securities or an acquisition, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST or any other stock exchange on which the Shares are quoted or listed during the period when a Share Buy Back Mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Auditor (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

The adjustment must be made in such a way that a Participant will not receive a benefit that a holder of Shares does not receive.

#### 5.8.2 ***Modifications***

Each of the New Share Plans may be modified and/or altered at any time and from time to time by a resolution of the Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were released to them, in the case of the SIA PSP 2024, upon the performance conditions for their Awards being satisfied in full or, in the case of the SIA RSP 2024, upon the expiry of all the vesting periods applicable to their Awards, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested, in the case of the SIA PSP 2024, upon release of all outstanding Awards upon the performance conditions for all outstanding Awards being satisfied in full or, in the case of the SIA RSP 2024, upon the expiry of all the vesting periods applicable to all such outstanding Awards.

No alteration shall be made to rules of the New Share Plans which relate to matters contained in Rules 844 to 849 and Rules 853 to 854 of the Listing Manual to the advantage of the holders of the Awards except with the prior approval of Shareholders in general meeting.

**5.9 Disclosures in Annual Reports.** For as long as each of the New Share Plans continues in operation, the Company will make such disclosures (or include the appropriate negative statements) in its annual report as from time to time required by the Listing Manual, including the following (where applicable):

- (a) the names of the members of the Committee administering the New Share Plans;
- (b) in respect of the following Participants of the New Share Plans:
  - (i) Directors of the Company; and
  - (ii) Participants (other than those in sub-paragraph (i) above) who have received Shares pursuant to the release of Awards granted under the New Share Plans which, in aggregate, represent 5% or more of the total number of Shares available under the New Share Plans collectively,
    - the following information:
    - (aa) the name of the Participant; and
    - (bb) the following particulars relating to Awards released under the New Share Plans:
      - (i) the number of new Shares issued to such Participant during the financial year under review; and
      - (ii) the number of existing Shares transferred to such Participant during the financial year under review; and
  - (c) in relation to the New Share Plans, the following particulars:
    - (i) the aggregate number of Shares comprised in Awards granted under the New Share Plans since the commencement of the New Share Plans to the end of the financial year under review;
    - (ii) the aggregate number of Shares comprised in Awards which have vested under the New Share Plans during the financial year under review and in respect thereof, the proportion of:
      - (1) new Shares issued; and
      - (2) existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchased,
    - upon the release of Awards granted under the New Share Plans; and
    - (iii) the aggregate number of Shares comprised in Awards granted under the New Share Plans which have not been released, as at the end of the financial year under review.

- 5.10 Role and Composition of the Committee.** The Board Compensation and Industrial Relations Committee (“BCIRC”) of the Company, whose function is to assist the Board of Directors in reviewing remuneration and human resource matters in the Company as set out in their terms of reference, will be designated as the Committee responsible for the administration of the New Share Plans. The BCIRC currently comprises Peter Seah Lim Huat, Simon Cheong Sae Peng and Jeanette Wong Kai Yuan, each of them an independent and non-executive Director of the Company.

In compliance with the requirements of the Listing Manual, a Participant of the New Share Plans who is a member of the BCIRC shall not be involved in its deliberations in respect of Awards to be granted to or held by that member of the BCIRC.

- 5.11 Financial Effects.** Singapore Financial Reporting Standards (International) 2, Share-based payment (“SFRS(I) 2”), prescribes the accounting treatment for share-based payment transactions. Participants may receive Shares or their equivalent cash value, or combinations thereof. In the event that the Participants receive Shares, the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the profit and loss account with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each balance sheet date, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the profit and loss account with a corresponding adjustment to equity. After the vesting date, no adjustment to the charge to the profit and loss account is made.

The amount charged to the profit and loss account would be the same whether the Company settles the Awards using new Shares or existing Shares. The amount of the charge to the profit and loss account also depends on whether or not the performance target attached to an Award is a “market condition”, that is, a condition which is related to the market price of the Shares. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Shares granted at the grant date, and no adjustments to amounts charged to profit and loss account is made if the market condition is not met. On the other hand, if the performance target is not a market condition, the probability of the target being met is not taken into account in estimating the fair value of the Shares granted at the grant date. Instead, it is subsequently considered at each accounting date in assessing whether the Awards would vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to the profit and loss account if the Awards do not ultimately vest.

The following sets out the financial effects of the New Share Plans.

#### **5.11.1 Share Capital**

The New Share Plans will result in an increase in the Company’s issued ordinary share capital only if new Shares are issued to Participants. The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted under the New Share Plans. In any case, the New Share Plans provide that the total number of new Shares to be issued, existing Shares to be delivered and Shares to be released in the form of cash in lieu of Shares pursuant to Awards granted under the

New Share Plans shall not exceed 5% of the Company's issued Shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant Award. If, instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants, the New Share Plans will have no impact on the Company's issued ordinary share capital.

#### 5.11.2 ***Net Tangible Assets***

As described below in the paragraph on Earnings Per Share, the New Share Plans are likely to result in a charge to the Company's profit and loss account over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with SFRS(I) 2. If new Shares are issued under the New Share Plans, there would be no effect on the net tangible assets ("NTA"). However, if instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants or the Company pays the equivalent cash value, the NTA would decrease by the cost of the Shares purchased or the cash payment, respectively.

Nonetheless, it should be noted that, other than in the case of Awards granted to Non-Executive Directors under the SIA RSP 2024 as described in paragraph 5.4.2 above, the delivery of Shares to Participants under the New Share Plans will generally be contingent upon the Participants meeting prescribed performance targets and conditions.

#### 5.11.3 ***Earnings Per Share***

The New Share Plans are likely to result in a charge to earnings over the vesting period, computed in accordance with the modified grant date method under SFRS(I) 2.

Nonetheless, it should again be noted that, other than in the case of Awards granted to Non-Executive Directors under the SIA RSP 2024 as described in paragraph 5.4.2 above, the delivery of Shares to Participants under the New Share Plans will generally be contingent upon the Participants meeting prescribed performance targets and conditions.

#### 5.11.4 ***Dilutive Impact***

It is expected that the dilutive impact of the New Share Plans on the NTA per Share and earnings per Share will not be significant.

The Existing Share Plans currently provide for a maximum limit of 5% of the Company's issued Shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant Award. Accordingly, there will be no significant dilution of Shareholders' shareholding percentages as a result of the introduction of the New Share Plans, as the New Share Plans provide for the same maximum limit of 5%.

## 6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

6.1 **Directors' Interests in Shares and Convertible Instruments.** The interests of the Directors in Shares and in the S\$1,549,202,297 Aggregate Principal Amount of Zero Coupon Mandatory Convertible Bonds (“**2021 MCBs**”) as recorded in the Register of Directors’ Shareholdings as at the Latest Practicable Date are set out below:

Director	Number of Shares				Number of Shares comprised in outstanding Share Awards	Principal Amount of 2021 MCBs
	Direct Interest	% <sup>(1)</sup>	Deemed Interest	% <sup>(1)</sup>		
Peter Seah Lim Huat	210,300	0.01	–	–	–	S\$ 37,500
Goh Choon Phong	4,300,975	0.14	–	–	784,465 <sup>(3)</sup>	S\$125,000
Gautam Banerjee	58,450	nm <sup>(2)</sup>	–	–	–	–
Simon Cheong Sae Peng	52,475	nm <sup>(2)</sup>	–	–	–	S\$ 17,230
David John Gledhill	40,100	nm <sup>(2)</sup>	–	–	–	–
Goh Swee Chen	37,050	nm <sup>(2)</sup>	–	–	–	S\$ 9,693
Dominic Ho Chiu Fai	55,500	nm <sup>(2)</sup>	–	–	–	–
Lee Kim Shin	37,100	nm <sup>(2)</sup>	–	–	–	S\$ 10,346
Jeanette Wong Kai Yuan	11,000	nm <sup>(2)</sup>	16,500 <sup>(4)</sup>	nm <sup>(2)</sup>	–	S\$ 8,622 <sup>(4)</sup>
Yeoh Oon Jin	9,600	nm <sup>(2)</sup>	–	–	–	–

**Notes:**

- (1) Based on 2,973,354,128 Shares issued as at the Latest Practicable Date (this is based on 2,977,590,128 Shares in issue as at the Latest Practicable Date, excluding the 4,236,000 Shares held in treasury as at the Latest Practicable Date).
- (2) “nm” means not meaningful.
- (3) Of the 784,465 Shares:
  - (a) 73,856 Shares are comprised in conditional awards granted to Goh Choon Phong pursuant to the SIA RSP 2014, subject to performance targets and other terms and conditions being met;
  - (b) 112,232 Shares are comprised in final awards pending release granted to Goh Choon Phong pursuant to the SIA RSP 2014;
  - (c) 405,302 Shares are comprised in conditional awards granted to Goh Choon Phong pursuant to the SIA PSP 2014, subject to performance targets and other terms and conditions being met; and
  - (d) 193,075 Shares are comprised in strategic share awards pending release granted to Goh Choon Phong pursuant to the SIA RSP 2014.
- (4) Jeanette Wong Kai Yuan is deemed to be interested in 16,500 Shares and S\$8,622 principal amount of 2021 MCBs, all of which are held jointly with her spouse.

**6.2 Substantial Shareholders' Interests in Shares.** The interests of the substantial Shareholders in Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

<b>Substantial Shareholder</b>	<b>Number of Shares</b>					
	<b>Direct Interest</b>	<b>%<sup>(1)</sup></b>	<b>Deemed Interest</b>	<b>%<sup>(1)</sup></b>	<b>Total Interest</b>	<b>%<sup>(1)</sup></b>
Temasek Holdings (Private) Limited	657,306,600	22.10	936,866,022	31.50	1,594,172,622	53.61
Tembusu Capital Pte. Ltd.	–	–	934,433,200	31.42	934,433,200	31.42
Napier Investments Pte. Ltd.	930,959,900	33.31	–	–	930,959,900	31.31

**Notes:**

- (1) Based on 2,973,354,128 Shares issued as at the Latest Practicable Date (this is based on 2,977,590,128 Shares in issue as at the Latest Practicable Date, excluding the 4,236,000 Shares held in treasury as at the Latest Practicable Date). Figures are rounded down to the nearest 0.01%, and any discrepancies in aggregated figures are due to rounding.
- (2) Temasek Holdings (Private) Limited is deemed to be interested in 936,866,022 Shares in which its subsidiaries and associated companies have direct or deemed interests.
- (3) Tembusu Capital Pte. Ltd. is deemed to be interested in 934,433,200 Shares in which its subsidiaries, including Napier Investments Pte. Ltd., have an interest.

## **7. DIRECTORS' RECOMMENDATIONS**

**7.1 Proposed Renewal of IPT Mandate.** The Directors are of the opinion that the entry into of the interested person transactions between the SIA EAR Group (as described in paragraph 2.2 of the Appendix to this Letter) and those Interested Persons (as described in paragraph 4.1 of the Appendix to this Letter) in the ordinary course of their respective businesses will enhance the efficiency of the SIA EAR Group and are in the best interests of the Company.

For the reasons set out in paragraphs 2 and 7 of the Appendix to this Letter, the Directors recommend that Shareholders vote in favour of Ordinary Resolution No. 7, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate to be proposed at the 2024 AGM.

**7.2 Proposed Renewal of Share Buy Back Mandate.** The Directors are of the opinion that the proposed renewal of the Share Buy Back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 8, being the Ordinary Resolution relating to the proposed renewal of the Share Buy Back Mandate to be proposed at the 2024 AGM.

- 7.3 **Proposed Renewal of Authorisation to Issue ASA Shares.** The Directors believe that it is in the interests of both the Company and Shareholders to preserve the rights and privileges granted to the Company by the Air Services Agreements. Shareholders had recognised this in 1999, 2001, 2004, 2009, 2014 and 2019, when they authorised the Directors to issue ASA Shares to the Minister where necessary. The Directors are also of the opinion that it is important and prudent to continue to have in place measures to ensure that “effective control” and “substantial ownership” of the Company remain in the hands of Singapore nationals. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 9, being the Ordinary Resolution relating to the proposed renewal of the authorisation to the Directors to issue ASA Shares to be proposed at the 2024 AGM.
- 7.4 **Proposed Adoption of New Share Plans.** Other than Goh Choon Phong (who is eligible to participate in the SIA PSP 2024 and who has accordingly refrained from making any voting recommendation to Shareholders in respect of Ordinary Resolution No. 10 relating to the proposed adoption of the SIA PSP 2024), the Directors are of the opinion that the proposed adoption of the SIA PSP 2024 is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 10 relating to the proposed adoption of the SIA PSP 2024 to be proposed at the 2024 AGM. Goh Choon Phong will decline to accept appointment as proxy for Shareholders to vote in respect of Ordinary Resolution No. 10, unless the Shareholders concerned shall have given specific instructions in a validly completed and submitted instrument appointing a proxy(ies) as to voting, or abstentions from voting, in respect of Ordinary Resolution No. 10.

All the Directors are eligible to participate in the SIA RSP 2024. Accordingly, they have refrained from making any voting recommendation to Shareholders in respect of Ordinary Resolution No. 11 relating to the proposed adoption of the SIA RSP 2024 at the 2024 AGM. The Directors will also decline to accept appointment as proxy for Shareholders to vote in respect of Ordinary Resolution No. 11, unless the Shareholders concerned shall have given specific instructions in a validly completed and submitted instrument appointing a proxy(ies) as to voting, or abstentions from voting, in respect of Ordinary Resolution No. 11.

## 8. ABSTENTIONS FROM VOTING

- 8.1 **Proposed Renewal of IPT Mandate.** Temasek and its associates, being Interested Persons, will abstain from voting their Shares, if any, in respect of Ordinary Resolution No. 7, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate to be proposed at the 2024 AGM. The Company will disregard any votes cast by Temasek and its associates on Ordinary Resolution No. 7.
- 8.2 **Proposed Adoption of New Share Plans.** Shareholders who are eligible to participate in the SIA PSP 2024 and/or the SIA RSP 2024 must abstain from voting their Shares on Ordinary Resolution No. 10 relating to the proposed adoption of the SIA PSP 2024 at the 2024 AGM and/or Ordinary Resolution No. 11 relating to the proposed adoption of the SIA RSP 2024 at the 2024 AGM, as the case may be, and the Company will disregard any votes cast by such Shareholders in respect of their Shares on Ordinary Resolution Nos. 10 and/or 11, as applicable. Any such Shareholder must also decline to accept appointment as proxy for any other Shareholder to vote in respect of Ordinary Resolution Nos. 10 and/or 11, as the case may be, unless that other Shareholder has given specific instructions in a validly completed and submitted instrument appointing a proxy(ies) as to voting, or abstentions from voting, in respect of Ordinary Resolution Nos. 10 and/or 11, as applicable.

## **9. INSPECTION OF DOCUMENTS**

The following documents are available for inspection at the registered office of the Company at Airline House, 25 Airline Road, Singapore 819829 during normal business hours from the date of this Letter up to the date of the 2024 AGM:

- (a) the FY2023/24 Annual Report;
- (b) the Constitution of the Company;
- (c) the 2023 Letter; and
- (d) the proposed Rules of the New Share Plans.

The FY2023/24 Annual Report, the 2023 Letter and the proposed Rules of the New Share Plans may also be accessed on the Company's website at the URL <https://www.singaporeair.com/shareholder>.

## **10. RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposals, and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

Yours faithfully  
for and on behalf of the  
Board of Directors of  
Singapore Airlines Limited

Peter Seah Lim Huat  
Chairman

## THE APPENDIX

### THE IPT MANDATE

#### 1. Chapter 9 of the Listing Manual

- 1.1 Chapter 9 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company’s interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for that transaction.
- 1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders’ approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company’s latest audited consolidated net tangible assets (“**NTA**”)) are reached or exceeded. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or which exceeds:
  - (a) 5% of the listed company’s latest audited consolidated NTA; or
  - (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.
- 1.3 Based on the latest audited consolidated financial statements of Singapore Airlines Limited (“**SIA**” or the “**Company**”) and its subsidiaries (the “**SIA Group**”) for the financial year ended 31 March 2024, the consolidated NTA of the SIA Group was S\$16,033.4 million. In relation to SIA, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the consolidated audited financial statements of the SIA Group for the financial year ending 31 March 2025 are published, 5% of the latest audited consolidated NTA of the SIA Group would be S\$801.7 million.
- 1.4 Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company’s interested persons.
- 1.5 Under the Listing Manual:
  - (a) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
  - (b) (in the case of a company) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family

or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

- (c) an “**entity at risk**” means:
  - (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
  - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- (d) (in the case of a company) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder. The SGX-ST may also deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into (i) a transaction with an entity at risk, and (ii) an agreement or arrangement with an interested person in connection with that transaction; and
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person.

## 2. Rationale for the IPT Mandate

2.1 It is anticipated that the SIA EAR Group (as defined below) would, in the ordinary course of its business, enter into certain transactions with its Interested Persons (as defined below). It is likely that such transactions will occur with some degree of frequency and could arise at any time. Such transactions are described in paragraph 5 below.

2.2 Owing to the time-sensitive nature of commercial transactions, the obtaining of the mandate (the “**IPT Mandate**”) pursuant to Chapter 9 of the Listing Manual will enable:

- (a) SIA;
- (b) subsidiaries of SIA (excluding other subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) associated companies of SIA (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the SIA Group, or the SIA Group and interested person(s) of SIA has or have control,

(together, the “**SIA EAR Group**”), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions (“**Interested Person Transactions**”) set out in paragraph 5 below with the specified classes of SIA’s interested persons (the “**Interested Persons**”) set out in paragraph 4.1 below, provided such transactions are made at arm’s length and on the SIA EAR Group’s normal commercial terms.

- 2.3 The IPT Mandate will take effect from the date of the passing of the Ordinary Resolution relating thereto to be proposed at the Annual General Meeting (“**AGM**”) to be held on 29 July 2024 until the next AGM of the Company and shall apply in respect of the Interested Person Transactions to be entered into from and including 29 July 2024 to the next AGM of the Company. Thereafter, approval from shareholders of the Company (“**Shareholders**”) for a renewal of the IPT Mandate will be sought at each subsequent AGM of the Company.

### **3. Scope of the IPT Mandate**

- 3.1 The SIA EAR Group engages in a range of activities, principally those relating to the business of the carriage of passengers, baggage and freight. For such purposes, the SIA EAR Group also engages in the business of travel agents, building management as well as the lease, hire, charter, repair, purchase and sale of aeroplanes, engines and aviation equipment.
- 3.2 The IPT Mandate will not cover any transaction by a company in the SIA EAR Group with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions. The IPT Mandate would, however, cover Interested Person Transactions with values below S\$100,000 entered into during the same financial year and which are aggregated by the SGX-ST under Chapter 9 of the Listing Manual and treated as if they were one Interested Person Transaction which has a value of S\$100,000 or more.

### **4. Classes of Interested Persons**

- 4.1 The IPT Mandate will apply to the Interested Person Transactions (as described in paragraph 5 below) which are carried out with Temasek Holdings (Private) Limited (“**Temasek**”) and its associates (the “**Temasek Group**”).
- 4.2 Transactions with Interested Persons which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

### **5. Interested Person Transactions**

The Interested Person Transactions relate to the provision to, or the obtaining from, Interested Persons of products and services in the normal course of the business of the SIA EAR Group or which are necessary for the day-to-day operations of the SIA EAR Group or which are of a revenue or trading nature (but not in respect of the purchase or sale of assets, undertakings or businesses) comprising:

- (a) the sale and purchase of aircraft, aircraft engines, aircraft spares, parts and components, electronic and electrical and engineering equipment;
- (b) the charter and/or lease of aircraft, aircraft engines, equipment, parts and components;
- (c) the repair, modification, maintenance servicing, overhaul and other engineering and technical services relating to aircraft, aircraft engines, equipment, parts and components;
- (d) the obtaining and/or provision of security services, freight services, ground handling services, lounge and inflight catering services, laundry and linen services;
- (e) the obtaining and/or lease of computer equipment and the obtaining, provision, licensing and/or development of computer maintenance services and systems, computer software programmes, ticketing and reservation systems, cargo community systems, material handling systems and other related services;

- (f) the sale and/or purchase of tickets, tours, air waybill and other instruments for the carriage of passengers, baggage and freight;
- (g) the rental of space, both as lessor and lessee, and the provision of building maintenance services, and the lease and development of property for investment purposes;
- (h) the obtaining and/or provision of management, support and other related services;
- (i) the obtaining of insurances and the underwriting of risks;
- (j) the obtaining or purchase of utilities and fuel; and
- (k) any other transaction relating to the provision, or obtaining from Interested Persons, of products and services related to the SIA EAR Group's principal and ancillary activities as stated in paragraph 3.1 above in the normal course of their businesses and on normal commercial terms.

## **6. Review Procedures for Mandated Interested Person Transactions**

- 6.1 The SIA EAR Group has established the following procedures to ensure that mandated Interested Person Transactions are undertaken on an arm's length basis and on the SIA EAR Group's normal commercial terms:

### **(a) Review Procedures**

There are procedures established by the SIA EAR Group to ensure that mandated Interested Person Transactions are undertaken on an arm's length basis and on the SIA EAR Group's normal commercial terms, consistent with the SIA EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place:

#### *(i) Provision of Services or the Sale of Products*

The review procedures are:

- (1) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and
- (2) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the SIA EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the SIA EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the SIA EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties taking into consideration factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction; and

(ii) *Obtaining of Services or the Purchasing of Products*

All purchases made by the SIA EAR Group, including purchases from Interested Persons are governed by internal control procedures which detail matters such as the constitution of internal approving authorities, their monetary jurisdictions, the number of vendors from whom bids are to be obtained and the review procedures. The guiding principle is to objectively obtain the best goods and/or services on the best terms. Most invitations for bids include a specimen contract to preclude negotiations on the terms of supply after the successful vendor is selected. The terms of supply are contained in a written contract. The review procedures require:

- (1) an open tender for bids to be called if there are 6 or more known vendors for the item unless this requirement is waived by the tenders committee in exceptional circumstances, in which case a closed tender will be called. If there are less than 6 known vendors, a closed tender for bids will be called inviting all the known vendors to bid. Bids which are received, regardless of whether they are from Interested Persons or not will be subject to the same evaluation criteria based on price, product quality, delivery schedules, specification compliance, track record, experience and expertise. Preferential rates, rebates or discounts accorded for bulk purchases are also taken into account; and
- (2) where it is not possible or practicable for a tender to be called (for example, where the product is a proprietary item or where the product is required urgently such as an aircraft-on-ground situation), an authorised senior management staff of the relevant company in the SIA EAR Group who does not have an interest in the transaction will determine whether the price and terms offered by the Interested Person are fair and reasonable.

**(b) Threshold Limits**

In addition to the review procedures, the following approval procedures will be implemented to supplement existing internal control procedures for Interested Person Transactions:

- (i) Interested Person Transactions equal to or exceeding S\$100,000 but less than S\$1 million in value will be reviewed and approved by a Senior Vice President designated for such purpose by the Chief Executive Officer (“**CEO**”);
- (ii) Interested Person Transactions equal to or exceeding S\$1 million but less than S\$3 million in value will be reviewed and approved by an Executive Vice President designated for such purpose by the CEO;
- (iii) Interested Person Transactions equal to or exceeding S\$3 million but less than S\$30 million in value will be reviewed and approved by the CEO;
- (iv) Interested Person Transactions equal to or exceeding S\$30 million in value shall be reviewed and approved by the Directors and the audit committee of the Company (the “**Audit Committee**”);
- (v) where the aggregate value of all Interested Person Transactions (including the latest Interested Person Transaction to be approved) with the same Interested Person in the current financial year is equal to or exceeds S\$100,000 but below S\$1 million, the latest and all future Interested Person Transactions equal to or above S\$100,000 but below S\$1 million in value will be reviewed and approved by the Senior Vice President designated for such purpose by the CEO;

- (vi) where the aggregate value of all Interested Person Transactions (including the latest Interested Person Transaction to be approved) with the same Interested Person in the current financial year is equal to or exceeds S\$1 million but below S\$3 million, the latest and all future Interested Person Transactions equal to or above S\$100,000 but below S\$3 million in value will be reviewed and approved by the Executive Vice President designated for such purpose by the CEO;
- (vii) where the aggregate value of all Interested Person Transactions (including the latest Interested Person Transaction to be approved) with the same Interested Person in the current financial year is equal to or exceeds S\$3 million but below S\$30 million, the latest and all future Interested Person Transactions equal to or above S\$100,000 but below S\$30 million in value will be reviewed and approved by the CEO; and
- (viii) where the aggregate value of all Interested Person Transactions (including the latest Interested Person Transaction to be approved) with the same Interested Person in the current financial year is equal to or exceeds S\$30 million, the latest and all future Interested Person Transactions equal to or above S\$100,000 in value will be reviewed and approved by the Directors and the Audit Committee.

If any person specified above has an interest in a transaction falling within a category of transactions to be reviewed and approved by him, he will abstain from any decision making in respect of that transaction, and such transaction will be reviewed and approved by other persons who are authorised to review and approve that category of transactions, if any, who do not have any interest in that transaction.

If not, the transaction must be approved by the person(s) who has (have) authority for reviewing and approving the immediately following category of transactions in terms of value.

All Interested Person Transactions entered into pursuant to the IPT Mandate shall be tabled to the Audit Committee for information on a quarterly basis.

Individual transactions of a value less than S\$100,000 do not require review and approval and will not be taken into account in the aggregation referred to in sub-paragraphs (v) to (viii) above.

- 6.2 A register will be maintained by SIA to record all Interested Person Transactions which are entered into pursuant to the IPT Mandate. The annual internal audit plan will incorporate a review of all Interested Person Transactions entered into pursuant to the IPT Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions adhered to.
- 6.3 The SIA Board of Directors (the “**Board**”) and the Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor Interested Person Transactions have been complied with.
- 6.4 The Board and the Audit Committee shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate. If a member of the Board or the Audit Committee has an interest in the transaction to be reviewed by the Board or the Audit Committee, as the case may be, he will abstain from any decision making by the Board or the Audit Committee in respect of that transaction.

## **7. Benefit to Shareholders**

- 7.1 The renewal of the IPT Mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Interested Person Transactions with a specific class of Interested Persons arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the SIA EAR Group.
- 7.2 The IPT Mandate is intended to facilitate transactions in the normal course of business of the SIA EAR Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out at arm's length and on the SIA EAR Group's normal commercial terms and are not prejudicial to Shareholders.
- 7.3 SIA will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the financial periods which SIA is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.
- 7.4 Disclosure will also be made in the annual report of SIA of the aggregate value of Interested Person Transactions conducted pursuant to the IPT Mandate during the current financial year, and in the annual reports for the subsequent financial years during which an IPT Mandate is in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

## **8. Audit Committee's Statements**

- 8.1 The Audit Committee (currently comprising Yeoh Oon Jin, Gautam Banerjee, Goh Swee Chen, Dominic Ho Chiu Fai and Jeanette Wong Kai Yuan) has reviewed the terms of the IPT Mandate, as proposed to be renewed, and is satisfied that the methods and procedures for determining the transaction prices as set out in the IPT Mandate are sufficient to ensure that Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.
- 8.2 The Audit Committee will, in conjunction with its review of the internal audit reports and relevant Interested Person Transactions, as the case may be, also review the established methods and procedures to ascertain that they have been complied with. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the methods and procedures as stated above are not sufficient to ensure that these Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, SIA will revert to Shareholders for a fresh mandate based on new methods and procedures for transactions with Interested Persons.

