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SINGAPORE AIRLINES LIMITED

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

ANNOUNCEMENT

TERMS AND FINANCIAL EFFECTS OF PROPOSED ISSUE OF CONVERTIBLE BONDS DUE 2025

1. INTRODUCTION

Singapore Airlines Limited (the "**Company**") refers to its announcement dated 12 November 2020 in relation to a proposed issue of convertible bonds ("**Convertible Bonds**"), which are convertible into new ordinary shares in the capital of the Company ("**Shares**"). The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch ("**HSBC**" or the "**Sole Bookrunner and Lead Manager**") has been appointed as the sole bookrunner and lead manager of the proposed issue of the Convertible Bonds (the "**Issue**").

The Company has priced the Convertible Bonds and all the Convertible Bonds have been fully placed to institutional investors and other investors.

2. PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms and conditions of the Convertible Bonds are summarised as follows:

Issue Size	:	S\$850,000,000 in principal amount of Convertible Bonds
Issue Price	:	100 per cent. of the principal amount of the Convertible Bonds
Settlement and Payment	:	Subject to fulfilment of the conditions of the subscription agreement dated 13 November 2020 entered into between the Company and the Sole Bookrunner and Lead Manager, settlement and payment for the Convertible Bonds is expected to take place in Singapore on or about 3 December 2020 or such other date as may be agreed between the Company and the Sole Bookrunner and Lead Manager

Interest	:	The Convertible Bonds will bear interest at the rate of 1.625 per cent. per annum, payable semi-annually in arrear
Yield to Maturity	:	1.625 per cent. per annum, calculated on a semi-annual basis
Initial Conversion Price	:	S\$5.743 for each new Share
Conversion Premium	:	45.77 per cent. over the last closing price of the Shares quoted on the Singapore Exchange Securities Trading Limited (the “ SGX-ST ”) on 12 November 2020
Conversion Period	:	Convertible at the option of the holder, at any time on or after 41 days after the date of issue of the Convertible Bonds up to the close of business on the 10 th day prior to the Maturity Date (both days inclusive) (excluding Closed Periods, which shall have the meaning ascribed to it in the terms and conditions of the Convertible Bonds)
Status of the Convertible Bonds	:	The Convertible Bonds will constitute direct, general unconditional, unsubordinated and (subject to the terms and conditions of the Convertible Bonds) unsecured obligations of the Company which will at all times rank <i>pari passu</i> amongst themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application
Status of the new Shares	:	The new Shares arising from the conversion of the Convertible Bonds will, when issued and delivered in accordance with the trust deed constituting the Convertible Bonds, be freely transferable, free and clear of all liens, encumbrances, security interests or claims of third parties.
Final Redemption	:	Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds will be redeemed at 100 per cent. of their principal amount on the Maturity Date.
Maturity Date	:	3 December 2025 (the “ Maturity Date ”)
Delisting / Suspension Put Right	:	In the event of a delisting of the Shares from the SGX-ST or a suspension in trading in the Shares on the SGX-ST for a period equal to or exceeding 30

consecutive trading days, each holder of the Convertible Bonds has the right to require the Company to redeem all or some of his Convertible Bonds at an amount equal to the principal amount of the Convertible Bonds being redeemed, plus any accrued but unpaid interest up to (but excluding) the date fixed for redemption.

- Redemption at the Option of the Company : The Company may at any time prior to the Maturity Date, redeem in whole, but not in part, the Convertible Bonds outstanding at their principal amount, plus any accrued but unpaid interest up to (but excluding) the date fixed for redemption, by giving not less than 30 nor more than 60 days' notice, provided that prior to the date of such notice, at least 90 per cent. in principal amount of the Convertible Bonds originally issued had already been converted, redeemed or purchased and cancelled
- Listing : Application will be made to list the Convertible Bonds and the new Shares arising from the conversion of the Convertible Bonds on the Official List of the SGX-ST.
- Governing Law : Singapore law

3. NEW SHARES

The number of new Shares to be allotted and issued by the Company, pursuant to the full conversion of the Convertible Bonds, is 148,006,268 (based on the conversion price of S\$5.743 and assuming no adjustments to the conversion price). The 148,006,268 new Shares represent approximately 5.0 per cent. of the existing issued Shares (excluding treasury shares).

4. USE OF PROCEEDS

The estimated proceeds (before fees and expenses related to the Issue) from the issue of the Convertible Bonds are approximately S\$850,000,000. The Company expects to use the proceeds to fund operating cashflow, debt service and capital expenditure.

The Company intends to allocate the proceeds in the following manner:

- (a) approximately 60 per cent. to 80 per cent. for operating cashflow and debt service; and
- (b) approximately 20 per cent. to 40 per cent. for capital expenditure.

5. FINANCIAL EFFECTS

For the purposes of illustration, the pro forma financial effects of the issue of the Convertible Bonds, based on the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") as at 31 March 2020, and the unaudited consolidated financial statements of the Group as at 30 September 2020, on the share capital, net tangible assets ("**NTA**"), earnings and net gearing of the Group are as follows:

(a) Share Capital

	The Company	
	30 September 2020	31 March 2020
Number of Shares (excluding treasury shares held by the Company and the Special Share held by the Minister for Finance (Incorporated))		
Before the issue of Convertible Bonds	2,964,972,975	1,185,128,324
After the issue of Convertible Bonds but before any conversion	2,964,972,975	1,185,128,324
Assuming full conversion of the Convertible Bonds	3,112,979,243	1,333,134,592

The number of outstanding share awards under the Singapore Airlines Limited Restricted Share Plan ("**RSP 2014**") and Performance Share Plan ("**PSP 2014**") are as follows:

	The Company	
	30 September 2020	31 March 2020
Restricted Share Plan	2,345,908	2,026,384
Performance Share Plan	1,620,400	932,422
Deferred Share Award	169,022	213,160
Transformation Share Award	168,857	654,905
Strategic Share Award	478,000	-

The Company has \$3,496.1 million of mandatory convertible bonds ("**MCBs**") in issue. At the end of the 10-year tenure of the MCBs, 1,304,626,600 Shares will be issued upon mandatory conversion of the MCBs.

(b) NTA

	The Group	
	30 September 2020	31 March 2020
NTA as reported (S\$' million)	14,931.6	8,827.1
Capital reserve arising from issue of the Convertible Bonds, less issue expenses (S\$' million)	74.3	74.3
Adjusted NTA after the issue of the Convertible Bonds but before any conversion (S\$' million)	<u>15,005.9</u>	<u>8,901.4</u>
NTA per Share (S\$)		
Before the issue of the Convertible Bonds	<u>5.04</u>	<u>7.45</u>
After the issue of the Convertible Bonds but before any conversion	<u>5.06</u>	<u>7.51</u>

Assuming full conversion of the Convertible Bonds, the effects on the NTA and NTA per Share would be as follows:

	The Group	
	30 September 2020	31 March 2020
Adjusted NTA (S\$' million)	<u>15,773.1</u>	<u>9,668.6</u>
Adjusted NTA per Share (S\$)	<u>5.07</u>	<u>7.25</u>

(c) Earnings

The interest expense in respect of the Convertible Bonds prior to any conversion will be at the effective rate of 1.625 per cent. each year plus the amortisation of the fair value of the conversion rights and transaction costs recorded on the date of issue. However, it is not possible to quantify the effects of the issue of the Convertible Bonds on the earnings of the Group until the proceeds from the issue of the Convertible Bonds have been deployed.

(d) Net Gearing

	The Group	
	30 September 2020	31 March 2020
Net borrowings ⁽¹⁾ , as reported (S\$ million)	4,090.6	9,099.2
Decrease in net borrowings resulting from recording the fair value of the conversion rights upon the issue of the Convertible Bonds, net of issue expenses (S\$ million)	(74.3)	(74.3)
Adjusted net borrowings after the issue of the Convertible Bonds but before any conversion (S\$ million)	4,016.3	9,024.9
Shareholders' equity, as reported (S\$ million)	15,251.5	9,314.1
Capital reserve arising from the issue of the Convertible Bonds, less issue expenses (S\$ million)	74.3	74.3
Adjusted Total Equity after the issue of the Convertible Bonds (S\$ million)	15,325.8	9,388.4
Net gearing (number of times)		
As reported	0.27	0.98
After the issue of the Convertible Bonds	0.26	0.96

⁽¹⁾ Net borrowings: Total debt and lease liabilities, less cash.

Assuming the full conversion of the Convertible Bonds, the effects on the net gearing of the Group would be as follows:

	The Group	
	30 September 2020	31 March 2020
Adjusted net borrowings assuming full conversion of the Convertible Bonds (S\$ million)	3,249.1	8,257.7
Adjusted Total Equity assuming full conversion of the Convertible Bonds (S\$ million)	16,093.0	10,155.6
Net gearing (number of times)	0.20	0.81

By Order of the Board

Brenton Wu
Company Secretary
13 November 2020