

CIRCULAR DATED 25 JUNE 2009

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your shares in the capital of Singapore Airlines Limited (the "**Company**"), you should hand this Circular, the Notice of Extraordinary General Meeting and the Proxy Form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made or opinions expressed in this Circular.

This Circular may not be sent to any person or any jurisdiction in which it would not be permissible to deliver the SATS Shares (as defined herein) or make an offer of the SATS Shares, and the SATS Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction. The SATS Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The SATS Shares may only be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly to or by persons in the United States in transactions exempt from the registration requirements of the Securities Act, so long as they are qualified institutional buyers (as defined in Rule 144A under the Securities Act) ("**QIBs**") and have provided to the Company (and the Company has accepted) a signed investor representation letter in the form attached as Appendix 4 to this Circular. The SATS Shares are being delivered outside the United States to non-U.S. persons in offshore transactions.



CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) **The Proposed Renewal of the Share Buy Back Mandate**
- (2) **The Proposed Renewal of the IPT Mandate**
- (3) **The Proposed Alterations to the SIA ESOP**
- (4) **The Proposed Dividend *in Specie* of SATS Shares**

Financial Adviser to the Company
in relation to the Proposed Dividend in Specie of SATS Shares



IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	29 July 2009 at 10.15 a.m.
Date and time of Extraordinary General Meeting	:	31 July 2009 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Thirty-Seventh Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	Marina Mandarin Ballroom Level 1, Marina Mandarin Singapore 6 Raffles Boulevard, Marina Square Singapore 039594

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

“Approvals”	:	Has the meaning ascribed to it in paragraph 5.5.2 of this Circular.
“Articles”	:	The Articles of Association of the Company.
“Award”	:	A contingent award of Shares granted under the SIA PSP and/or the SIA RSP.
“Books Closure Date”	:	5.00 p.m. on 17 August 2009, being the time and date on which the Transfer Books and Register of Members of the Company will be closed to determine the entitlements of the Entitled Shareholders.
“CDP”	:	The Central Depository (Pte) Limited.
“2008 Circular”	:	The Circular to Shareholders dated 23 June 2008.
“Committee”	:	A committee of Directors duly authorised and appointed by the Directors to administer the SIA ESOP.
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore.
“CPF”	:	The Central Provident Fund Board.
“CPF Holders”	:	Holders of Shares who acquired these Shares using moneys in their respective CPF accounts and which Shares are held on their behalf by CPF agent banks.
“Directors”	:	The Directors of the Company for the time being.
“Distribution”	:	The proposed dividend <i>in specie</i> of up to 870,000,000 SATS Shares to Entitled Shareholders in proportion to their respective shareholdings in SIA, more particularly described under paragraph 5 of this Circular.
“EGM”	:	The extraordinary general meeting of the Company, notice of which is given on pages 64 to 67 of this Circular.
“2008 EGM”	:	The extraordinary general meeting of the Company held on 29 July 2008.
“Entitled Shareholders”	:	Shareholders as at 5.00 p.m. on the Books Closure Date.
“EPS”	:	Earnings per Share.

DEFINITIONS

“FY”	:	Financial year ended or ending on 31 March of the relevant year.
“Group”	:	The Company, its subsidiaries, joint ventures and associates.
“Latest Practicable Date”	:	26 May 2009, being the latest practicable date prior to the printing of this Circular.
“Listing Manual”	:	The Listing Manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date.
“Market Day”	:	A day on which the SGX-ST is open for trading in securities.
“Non-aviation Business”	:	Has the meaning ascribed to it in paragraph 5.3.2 of this Circular.
“NTA”	:	Net tangible assets.
“Overseas Shareholders”	:	The persons defined as “Overseas Shareholders” in paragraph 5.7.7 of this Circular.
“Participant”	:	The holder of a Share Option.
“SATS”	:	Singapore Airport Terminal Services Limited.
“SATS Group”	:	SATS and its subsidiaries.
“SATS Shares”	:	Ordinary shares in the capital of SATS.
“Securities Accounts”	:	Securities accounts maintained by Depositors with CDP (but excluding securities sub-accounts maintained with a Depository Agent).
“SFI”	:	Singapore Food Industries Limited.
“SFI Acquisition”	:	Has the meaning ascribed to it in paragraph 5.3.2 of this Circular.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Share Options”	:	Options to acquire Shares pursuant to the SIA ESOP.
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares

DEFINITIONS

and excluding, for the avoidance of doubt, persons whose interests in Shares are held through securities sub-accounts maintained with a Depository Agent.

“Shares”	:	Ordinary shares in the capital of the Company.
“SIA” or the “Company”	:	Singapore Airlines Limited.
“SIA ESOP”	:	The SIA Employee Share Option Plan, as modified or altered from time to time.
“SIA PSP”	:	The SIA Performance Share Plan, as modified or altered from time to time.
“SIA RSP”	:	The SIA Restricted Share Plan, as modified or altered from time to time.
“SIC”	:	Securities Industry Council of Singapore.
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers.
“Temasek”	:	Temasek Holdings (Private) Limited.
“Unit Share Market”	:	The unit share market of the SGX-ST which allows trading of shares in single shares.
“S\$”, “\$” and “cents”	:	Singapore dollars and cents, respectively.
“%” or “per cent.”	:	Per centum or percentage.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

INDICATIVE TIMETABLE

The following are the indicative dates and times for the Distribution:

Last date and time for lodgement of Proxy Forms for EGM	:	29 July 2009 at 10.15 a.m.
Date and time of EGM	:	31 July 2009 at 10.15 a.m.
Books Closure Date	:	17 August 2009 at 5.00 p.m.
Expected date for the crediting of SATS Shares into the Securities Accounts of Entitled Shareholders	:	1 September 2009
Expected date for the despatch of SATS share certificates to Entitled Shareholders	:	1 September 2009
Expected commencement of trading of odd lots of SATS Shares	:	2 September 2009
Expected last day of trading of odd lots of SATS Shares	:	1 October 2009

Note:

The above timetable is only indicative and the actual dates of the above events will be announced in due course on the SGX-ST by way of an SGXNET announcement.

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

GENERAL

The distribution of this Circular and the Distribution may be prohibited or restricted by law in certain jurisdictions. Overseas Shareholders are required to inform themselves of and to observe any such prohibition or restriction. It is the responsibility of Overseas Shareholders in such jurisdictions to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities which are required to be observed and/or payment of any issue, transfer or other taxes due in such jurisdiction.

This Circular may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or invitation.

MALAYSIA

This Circular does not constitute an issue, offer or sale of, invitation to subscribe for or purchase the SATS Shares or any other securities of any kind in Malaysia. Therefore, no application has been made to the Securities Commission of Malaysia for approval of this Circular and this Circular has not been and will not be lodged, registered or approved pursuant to or under the Capital Markets and Services Act 2007 or other applicable legislations in Malaysia. The distribution of this Circular in Malaysia may be restricted or prohibited by law. Each recipient is required to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Company nor DBS Bank Ltd, as financial adviser to the Company in relation to the Distribution, accepts any responsibility or liability to any person in relation to the distribution of this Circular in Malaysia.

IMPORTANT NOTICE REGARDING U.S. SHAREHOLDERS

The SATS Shares have not been, and will not be, registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Neither receipt of this Circular nor any of its accompanying documents constitutes an offer of the SATS Shares to any Shareholder in the United States.

Other than as described below with respect to certain QIBs that have been pre-qualified by the Company to participate in the Distribution and that have provided to the Company (and the Company has accepted) a signed Investor Representation Letter in the form attached as Appendix 4 to this Circular:

- (a) SATS Shares will not be delivered to Overseas Shareholders in the United States or with registered addresses in the United States and must not be delivered to any such Overseas Shareholders. Instead, Overseas Shareholders in the United States will receive the net proceeds from the sale of the SATS Shares which they otherwise would have been entitled to, in the manner set out in paragraph 5.7.7 below; and

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

- (b) Shareholders acting on a non-discretionary basis for the account or benefit of a person located in the United States are required to sell in transactions outside the United States the SATS Shares they receive and thereafter distribute the cash proceeds of such sales to such persons.

The SATS Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any securities commission of any state or other jurisdiction in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the SATS Shares or the accuracy or adequacy of this Circular. Any representation to the contrary is a criminal offence in the United States.

The SATS Shares may only be delivered to persons in the United States who are QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

If you are in the United States, you may not receive any SATS Shares in the Distribution unless you are a QIB and have been pre-qualified to participate by the Company. In addition, in order to receive any SATS Shares in the Distribution, you must have completed, duly executed and delivered to the Company (with a copy thereof to your Depository Agent (as defined herein), financial intermediary or nominee) prior to 5.00 p.m. (Singapore time) on 22 July 2009 an Investor Representation Letter (which the Company must have accepted), in the form attached as Appendix 4 to this Circular.

In addition, each person in the United States, by accepting the delivery of this Circular and its accompanying documents or any SATS Shares, will be deemed to have represented, warranted and agreed as follows:

1. It (or any account for which it is acting) is a beneficial holder of the Shares and has provided to the Company a duly executed Investor Representation Letter in the form attached as Appendix 4 to this Circular.
2. It is a QIB with the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein, and, if it is receiving the SATS Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB, it has sole investment discretion with respect to each such account, and it has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein on behalf of each owner of such account.
3. It is receiving SATS Shares for its own account, or for the account of one or more QIB(s) as to which it has full investment discretion, in each case for investment purposes, and not with a view to any resale, distribution or other disposition (within the meaning of U.S. securities laws) of the SATS Shares.
4. It understands that its receipt of the SATS Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Circular and its accompanying documents.

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

5. It is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the SATS Shares involves risks, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.
6. It understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit the distribution of the SATS Shares in any jurisdiction (other than in Singapore); and it will not offer, resell, pledge or otherwise transfer any of the SATS Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.
7. Without limiting the generality of the foregoing, it is aware and understands (and each account for which it is acting has been advised and understands) that (i) the SATS Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States; (ii) any delivery of the SATS Shares to it is being made pursuant to an exemption from the registration requirements of the Securities Act; and (iii) the SATS Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act; and it agrees, on its own behalf and on behalf of any accounts for which it is acting, that for so long as the SATS Shares are “restricted securities”, it will not offer, resell, pledge or otherwise transfer any SATS Shares which it may acquire, or any beneficial interest therein, except in an offshore transaction complying with Rule 904 of Regulation S.
8. It acknowledges and agrees that it is not receiving the SATS Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the Securities Act). It understands and agrees that although delivery of the SATS Shares may be made in the United States to QIBs, such delivery, if any, is not being made under Rule 144A under the Securities Act.
9. It agrees not to deposit any SATS Shares into any unrestricted depository facility maintained by any depository bank unless and until such time as the SATS Shares are no longer “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act.
10. Prior to making any decision to receive the SATS Shares, it (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have been furnished with and will have carefully read and reviewed a copy of this Circular and its accompanying documents; (iii) will have possessed all information relating to SATS and the SATS Shares which it believes is necessary or appropriate for the purpose of making its decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of the Company concerning the financial condition and results of operations of SATS and the acquisition of the SATS Shares, and any such questions have been answered to its satisfaction; (iv) will have reviewed all information that it believes is necessary or appropriate in connection therewith; and (v) will have conducted its own due diligence on SATS and the Distribution, and will have made its own decisions based upon its own judgment, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

view expressed by or on behalf of the Company, DBS Bank Ltd or their respective affiliates (including any research reports) (other than, with respect to SATS and any information contained in this Circular).

11. Without limiting the generality of the foregoing, it acknowledges that (i) the SATS Shares are listed on the SGX-ST and SATS is therefore required to publish certain business, financial and other information in accordance with the rules and practices of the SGX-ST (the “**Exchange Information**”), which includes, but is not limited to, a description of the nature of SATS’ business and SATS’ most recent balance sheet and profit and loss account, and similar statements for preceding years, and that it has reviewed such Exchange Information as it has deemed necessary or that it is able to obtain or access the Exchange Information without undue difficulty; and (ii) neither the Company nor any of its affiliates has made any representations to it, express or implied, with respect to SATS, the SATS Shares or the accuracy, completeness or adequacy of the Exchange Information.
12. It understands that the Exchange Information and this Circular have been prepared in accordance with content, format and style which is either prescribed by the SGX-ST or under Singapore laws or is customary for transactions of in the nature of the Distribution in Singapore, which differs from the content, format and style customary for similar offerings in the United States. In particular, (i) SATS’ financial information contained in the Exchange Information and this Circular have been prepared in accordance with Singapore Financial Reporting Standards; and (ii) with respect to the financial information contained in this Circular, such financial information has not been prepared for an offering registered with the U.S. Securities and Exchange Commission. It further understands that neither the Company nor SATS has made a determination as to whether it may be classified as a “passive foreign investment company” (a “**PFIC**”) for the current or any future taxable year and will not provide information required for it to make a “qualified election fund” election, and that there may be certain adverse consequences under United States tax laws if SATS were to be a PFIC in the current or any future taxable year in which it may hold SATS Shares. It understands that a separate determination must be made each year as to SATS PFIC status and is seeking its own advice on this matter.
13. It acknowledges that (i) any information that it has received or will receive relating to or in connection with the Distribution, and the SATS Shares, including this Circular and the Exchange Information (collectively, the “**Information**”), has been prepared by the Company; and (ii) no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Company, DBS Bank Ltd or any of their affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by it or its affiliates.
14. It will not hold DBS Bank Ltd or its affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by the Company to it. It acknowledges that no written or oral information relating to the Distribution or the SATS Shares has been or will be provided by DBS Bank Ltd or its affiliates to it.
15. It is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters as to be capable of evaluating the merits and risks of holding the SATS Shares. It, or any account for which it is acting, has the financial ability to bear the economic risk of its holding of the SATS Shares, has adequate means of

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

providing for its current and contingent needs, has no need for liquidity with respect to its receipt (or the receipt by such account for which it is acting) of the SATS Shares, and is able to sustain a complete loss in connection therewith and it will not look to the Company, SATS, or to DBS Bank Ltd, for all or part of any such loss or losses it may suffer. It has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of any SATS Shares it may decide to receive.

16. It understands and acknowledges that DBS Bank Ltd is assisting the Company in respect of the Distribution and that DBS Bank Ltd is acting solely for the Company and no one else in connection with the Distribution and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of holding SATS Shares nor providing advice to it in relation to SATS, the Distribution or the SATS Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against DBS Bank Ltd arising from its engagement with the Company.
17. It understands that the foregoing representations and acknowledgments have been provided in connection with United States, Singapore and other securities laws. It acknowledges that the Company and DBS Bank Ltd, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the Distribution of the SATS Shares, any of the acknowledgements, representations, warranties and agreements made in connection with its receipt of SATS Shares is no longer accurate, it shall promptly notify the Company in writing.

Any person in the United States who obtains a copy of this Circular or its accompanying documents and who has not been pre-qualified by the Company to participate or who is not a QIB is required to disregard it.

U.S. Transfer Restrictions

The delivery, if any, of the SATS Shares to, and the receipt of the SATS Shares in the United States by certain persons in the United States who are reasonably believed to be QIBs, is being made pursuant to an exemption from the registration requirements of the Securities Act. The SATS Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, the SATS Shares may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, or otherwise transferred or delivered except in an offshore transaction in accordance with Rule 904 of Regulation S, and in accordance with any applicable securities laws of the United States and of any state of the United States.

Procedures for the Receipt of SATS Shares by QIBs

If you are a QIB:

1. you may receive this Circular and its accompanying documents from the Company by completing and delivering to the Company prior to 5 p.m. (Singapore time) on 22 July 2009, a duly executed Investor Representation Letter in the form attached hereto as Appendix 4;

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

2. you may receive SATS Shares by instructing your Depository Agent, financial intermediary or nominee that you have been pre-qualified by the Company to participate in the Distribution, and that the Depository Agent, financial intermediary or nominee should contact the Company Secretary, Mrs Ethel Tan, by e-mail at Ethel_Tan@singaporeair.com.sg if such Depository Agent, financial intermediary or nominee wishes to confirm you have been pre-qualified to participate; and
3. in order to participate in the Distribution, you must forward to your Depository Agent, financial intermediary or nominee prior to or at the time of such instruction to such Depository Agent, financial intermediary or nominee, as the case may be, a copy of the properly completed and executed Investor Representation Letter you have previously delivered to the Company.

The Company shall have the discretion to refuse any request to participate in the Distribution that is incomplete, unexecuted or not accompanied by any required documentation or that otherwise does not comply with the terms and conditions of the Distribution, including the receipt by the Company of an executed Investor Representation Letter in the form attached hereto as Appendix 4.

FOR INVESTORS OUTSIDE THE UNITED STATES

Each recipient of the SATS Shares delivered in reliance on certain exemptions from the registration requirements of the Securities Act will be deemed to have represented and agreed as follows:

1. the recipient and any persons to whom it will transfer or credit such SATS Shares are outside the United States;
2. the recipient is aware that the SATS Shares have not been and will not be registered under the Securities Act and are being delivered outside the United States in reliance on certain exemptions under the Securities Act; and
3. the recipient acknowledges that the Company, DBS Bank Ltd, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.

LETTER TO SHAREHOLDERS

SINGAPORE AIRLINES LIMITED

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

Board of Directors:

Stephen Lee Ching Yen (Chairman)
Chew Choon Seng (Chief Executive Officer)
Chia Pei-Yuan
Euleen Goh Yiu Kiang
David Michael Gonski
James Koh Cher Siang
Christina Ong
Sir Brian Pitman
Lucien Wong Yuen Kuai

Registered Office:

Airline House
25 Airline Road
Singapore 819829

To: The Shareholders of
Singapore Airlines Limited

25 June 2009

Dear Sir/Madam

1. INTRODUCTION

1.1 **EGM.** The Directors are convening the EGM to be held on 31 July 2009 to seek Shareholders' approval for the following proposals:

- (a) the proposed renewal of the Share Buy Back Mandate (as defined in paragraph 2.1 below);
- (b) the proposed renewal of the IPT Mandate (as defined in paragraph 3.1 below);
- (c) the proposed alterations to the SIA ESOP; and
- (d) the proposed Distribution.

1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the proposals to be tabled at the EGM.

2. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

2.1 **Background.** At the 2008 EGM, Shareholders had approved, *inter alia*, the renewal of a mandate (the "**Share Buy Back Mandate**") to enable the Company to purchase or otherwise acquire its issued Shares.

The rationale for, the authority and limitations on, and the financial effects of, the Share Buy Back Mandate were set out in the 2008 Circular and Ordinary Resolution 1 as set out in the Notice of the 2008 EGM.

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The Share Buy Back Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 1 at the 2008 EGM and will expire on the date of the forthcoming Thirty-Seventh Annual General Meeting (the “**2009 AGM**”), which is scheduled to be held on 31 July 2009 immediately preceding the EGM to be held on the same date. Accordingly, the Directors propose that the Share Buy Back Mandate be renewed at the EGM immediately following the 2009 AGM.

As at the Latest Practicable Date, the Company had purchased or acquired an aggregate of 3,969,000 Shares by way of On-Market Share Buy Backs (as defined in paragraph 2.2.3 below) pursuant to the Share Buy Back Mandate approved by Shareholders at the 2008 EGM. As at the Latest Practicable Date, 3,898,483 Shares purchased or acquired by the Company were held as treasury shares.

- 2.2 **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 EGM, are substantially the same as previously approved by Shareholders at the 2008 EGM and are as follows:

2.2.1 *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 10% of the issued Shares as at the date of the EGM at which the renewal of the Share Buy Back Mandate is approved. Any Shares which are held as treasury shares will be disregarded for the purposes of computing the 10% limit.

2.2.2 *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 EGM 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.

2.2.3 *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

LETTER TO SHAREHOLDERS

- (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.

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 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) and (5) of the Listing Manual.

2.2.4 **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 Market 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 after the relevant five-day period; and

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“**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.

- 2.3 **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 10% limit described in paragraph 2.2.1 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 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.

- 2.4 **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.
- 2.5 **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:

2.5.1 ***Maximum Holdings***

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 ***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 into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

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2.5.3 *Disposal and Cancellation*

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (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 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.

2.6 **Funding of Share Buy Backs.** The Company may use internal or external sources of funds of the Group 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.

2.7 **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 accounts of the Group and the Company will depend, *inter alia*, on the factors set out below.

2.7.1 *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. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the

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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.

2.7.2 *Number of Shares Acquired or Purchased*

Based on 1,186,547,790 issued Shares as at the Latest Practicable Date (out of which 3,898,483 Shares were held in treasury as at that date), and assuming no further Shares are issued or repurchased, or held by the Company as treasury shares, on or prior to the EGM, the purchase by the Company of up to the maximum limit of 10% of its issued Shares (excluding the 3,898,483 Shares held in treasury) will result in the purchase or acquisition of 118,264,931 Shares.

2.7.3 *Maximum Price Paid for Shares Acquired or Purchased*

Assuming that the Company purchases or acquires the 118,264,931 Shares at the Maximum Price of \$12.73 for each Share (being the price equivalent to 105% of the average last dealt prices of the Shares for the five consecutive Market 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 \$1,505.51 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 on 1 April 2008;
- (b) the issued share capital as at 1 April 2008 was the same as the issued share capital as at the Latest Practicable Date, that is, 1,186,547,790 issued Shares (out of which 3,898,483 Shares were held in treasury);
- (c) the Company had on 1 April 2008 purchased 118,264,931 Shares (representing 10% of its issued Shares (excluding the Shares held in treasury) as at the Latest Practicable Date) at the Maximum Price of \$12.73 for each Share (being 105% of the average last dealt prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date); and
- (d) the purchase or acquisition of 118,264,931 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 accounts of the Group and the Company for FY 2009 would have been as follows:

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Share Buy Back of up to a maximum of 10% made equally out of profits (5%) and capital (5%) and either cancelled or held in treasury

	<u>Group</u>		<u>Company</u>	
	Per audited accounts as at 31 March 2009	Proforma after Share Buy Back	Per audited accounts as at 31 March 2009	Proforma after Share Buy Back
(a) Share Capital (\$m)	1,684.8	932.0	1,684.8	932.0
(b) General reserve (\$m)	12,815.3	12,062.5	11,623.3	10,870.5
(c) Net asset value (\$m)	13,930.6	12,425.1	12,899.0	11,393.5
(d) Net asset value per Share (\$)	11.78	11.67	10.91	10.70
(e) Profit attributable to equity holders of the Company (\$m)	1,061.5	1,061.5	1,218.7	1,218.7
(f) Weighted average no. of issued and paid-up Shares ⁽¹⁾ (m)	1,184.7	1,066.4	1,184.7	1,066.4
(g) Basic EPS (cents)	89.6	99.5	102.9	114.3
(h) Total borrowings ⁽²⁾ (\$m)	1,692.5	1,692.5	900.0	900.0
(i) Liquid investments, cash and cash equivalents ⁽³⁾ (\$m)	4,494.3	2,988.8	4,038.1	2,532.6
(j) Net borrowings ⁽⁴⁾ (\$m)	(2,801.8)	(1,296.3)	(3,138.1)	(1,632.6)
(k) Equity holders' funds ⁽⁵⁾ (\$m)	13,930.6	12,425.1	12,899.0	11,393.5
(l) Gearing ⁽⁶⁾ (times)	0.12	0.14	0.07	0.08
(m) ROE ⁽⁷⁾ (%)	7.3	7.7	9.2	9.8
(n) Current ratio (times)	1.16	0.90	0.96	0.72

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 finance lease commitments.
- (3) "Liquid investments, cash and cash equivalents" means short term investments, cash and bank balances.
- (4) "Net borrowings" means total borrowings less liquid investments, cash and cash equivalents.
- (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.

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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 FY 2009, 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 10% of its issued Shares (excluding Shares held in treasury), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of its issued Shares (excluding Shares held in treasury). 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.

- 2.8 **Shareholding Limits.** The Articles currently prescribe a limit of 5% (the “**Prescribed Limit**”) of the issued Shares in which any single Shareholder or related groups of Shareholders (other than 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 will be diminished by the number of Shares purchased or acquired by the Company and cancelled, the shareholding percentage of Shareholders whose Shares are not repurchased or acquired by the Company may increase correspondingly after each such 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 EGM:

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.**

- 2.9 **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.

2.9.1 ***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

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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.

2.9.2 **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.

2.9.3 **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

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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 substantial Shareholder notifications received by the Company under Division 4, Part IV of the Companies Act as at the Latest Practicable Date as set out in paragraph 6.2 below, Temasek will not 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 10% 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 takeover 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.

- 2.10 **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 the public shareholders. As at the Latest Practicable Date, Temasek, a substantial Shareholder of the Company, had a direct and deemed interest in approximately 54.64% of the issued Shares (excluding Shares held in treasury). Approximately 45.34% 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 10% 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.
- 2.11 **Reporting Requirements.** 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,

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the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

- 2.12 **No Purchases During Price 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 sensitive development has occurred or has been the subject of a decision until the price 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 full-year results, and the period of two weeks immediately preceding the announcement of the Company’s results for each of the first three quarters of the financial year.
- 2.13 **Previous Share Buy Backs.** As at the Latest Practicable Date, the Company had purchased or acquired an aggregate of 3,898,483 Shares by way of On-Market Share Buy Backs pursuant to the Share Buy Back Mandate approved by Shareholders at the 2008 EGM. The highest and lowest price paid was S\$15.10 and S\$9.39 per Share respectively. The total consideration paid for all of the purchases was S\$45.21 million.

3. THE PROPOSED RENEWAL OF THE IPT MANDATE

- 3.1 **Background.** At the 2008 EGM, 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 used in Chapter 9 of 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 2008 Circular and Ordinary Resolution 2 as set out in the Notice of the 2008 EGM. The IPT Mandate was expressed to take effect until the conclusion of the next Annual General Meeting of the Company being the 2009 AGM which is scheduled to be held on 31 July 2009, immediately preceding the EGM.

- 3.2 **Renewal of the IPT Mandate.** The Directors propose that the IPT Mandate be renewed at the EGM to take effect until the Thirty-Eighth Annual General Meeting of the Company. The particulars of the interested person transactions in respect of which the IPT Mandate is sought to be renewed remain substantially unchanged.
- 3.3 **Appendix 1.** 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 Appendix 1 to this Circular.

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3.4 **Audit Committee Statement.** The Audit Committee of the Company, comprising Euleen Goh Yiu Kiang, Chia Pei-Yuan, David Michael Gonski and Lucien Wong Yuen Kuai, confirms that:

- (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 2008 EGM; 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.

4. THE PROPOSED ALTERATIONS TO THE SIA ESOP

4.1 **SIA ESOP.** The SIA ESOP, which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, was adopted at the Extraordinary General Meeting of the Company held on 8 March 2000 and modified at the Extraordinary General Meetings of the Company held on 14 July 2001 and 26 July 2003, respectively.

4.2 **Proposed Alterations to Mechanisms by which Participants can exercise their Share Options.** Under the provisions of the existing SIA ESOP, a Participant who exercises his Share Option does so by, *inter alia*, making payment to the Company of the aggregate exercise cost in respect of the Shares for which the Share Option is exercised. The aggregate exercise cost is the total amount payable for Shares which may be acquired on the exercise of a Share Option. Upon the exercise of the Share Option accompanied by the remittance for the aggregate exercise cost of the Shares in respect of which the Share Option is exercised, the Company will deliver to the Participant the relevant number of Shares in respect of which the Share Option is exercised and for which the aggregate exercise cost was paid.

The Committee is proposing alterations to the SIA ESOP to enable a Participant to exercise his Share Option and upon exercise, to select any one (and only one) of the following alternatives:

- (a) the existing mechanism whereby the Participant elects to make payment of the aggregate exercise cost in respect of the Shares for which the Share Option is exercised and to receive in full the number of Shares in respect of which the Share Option is exercised (the “**Exercise and Keep Election**”); or
- (b) an election pursuant to which the Participant elects to receive Shares (and any residual cash) remaining after the requisite number of Shares have been sold to cover the aggregate exercise cost for all of the Shares in respect of which the Share Option is exercised (the “**Exercise to Cover Election**”); or
- (c) an election pursuant to which the Participant elects to receive in cash the profit derived from the sale of all of the Shares in respect of which the Share Option is exercised (the “**Exercise and Sell Election**”).

(Each of the Exercise and Keep Election, the Exercise to Cover Election and the Exercise and Sell Election is singly an “**Election**”).

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There is no change proposed to the procedures under the SIA ESOP for a Participant who selects the Exercise and Keep Election. The Exercise to Cover Election or the Exercise and Sell Election is available only for selection if the price at which each Share is sold or is to be sold is higher than the exercise price of that Share and the applicable brokerage, transaction and processing charges.

4.2.1 *The Exercise to Cover Election*

The principal features of the Exercise to Cover Election are as set out below.

A Participant selecting the Exercise to Cover Election when exercising his Share Option should submit an exercise notice specifying, *inter alia*, the selection of the Exercise to Cover Election and the number of Shares in respect of which his Share Option is exercised. However, a Share Option shall be treated as not having been exercised, and the exercise notice as not having been given, in the event that no Shares are sold pursuant to the Rules of the SIA ESOP (as proposed to be amended).

The Participant is not required to enclose any remittance for the aggregate exercise cost for the Shares in respect of which his Share Option is exercised.

By selecting the Exercise to Cover Election:

- (a) the Participant is deemed to have waived his right to receive the full number of the Shares in respect of which his Share Option is exercised;
- (b) the Participant is deemed to have irrevocably authorised the Company to instruct such broker as may be designated by the Company in its absolute discretion (the “**Designated Broker**”) to use its best endeavours to sell, on behalf of the Participant:
 - (i) such number of Shares as may be required to cover the aggregate exercise cost for all of the Shares in respect of which the Share Option is exercised and the applicable brokerage, transaction and processing charges (rounded up to the nearest whole Share); and
 - (ii) such additional number of Shares (if any) as may be determined by the Company, or by the Designated Broker on behalf of the Company, in its discretion (not exceeding, when aggregated with the number of Shares sold pursuant to sub-paragraph (i) above, the total number of Shares in respect of which the Share Option is exercised),

at a price which is equal to or more than the reserve price specified by the Participant in his exercise notice or, if no such reserve price is specified, at the market price, such sale to be made within such period as may be specified or permitted by the Committee from time to time;

- (c) the Participant is deemed to have agreed to receive:
 - (i) the number of Shares derived by subtracting the number of Shares which have been sold pursuant to sub-paragraph (b) above from the total number of Shares in respect of which his Share Option is exercised; and

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- (ii) any residual cash remaining from the sale of the Shares pursuant to sub-paragraph (b) above, less the applicable brokerage, transaction and processing charges,

in lieu of all of the Shares in respect of which the Share Option is exercised; and

- (d) the Participant is deemed to have authorised the Designated Broker to pay to the Company the aggregate exercise cost for the Shares which are sold pursuant to sub-paragraph (b) above from the proceeds of such sale.

The determination by the Company, or by the Designated Broker on behalf of the Company, of the number of Shares required to be sold pursuant to sub-paragraph (b) above, shall be binding and conclusive.

4.2.2 **The Exercise and Sell Election**

The principal features of the Exercise and Sell Election are as set out below.

A Participant selecting the Exercise and Sell Election when exercising his Share Option shall submit an exercise notice specifying, *inter alia*, the selection of the Exercise and Sell Election and the number of Shares in respect of which his Share Option is exercised. However, a Share Option shall be treated as not having been exercised, and the exercise notice as not having been given, in the event that no Shares are sold pursuant to the Rules of the SIA ESOP (as proposed to be amended).

The Participant is not required to enclose any remittance for the aggregate exercise cost for the Shares in respect of which his Share Option is exercised.

By selecting the Exercise and Sell Election:

- (a) the Participant is deemed to have waived his right to receive any of the Shares in respect of which his Share Option is exercised;
- (b) the Participant is deemed to have irrevocably authorised the Company to instruct the Designated Broker to use its best endeavours to sell, on behalf of the Participant, all of the Shares in respect of which his Share Option is exercised, at a price which is equal to or more than the reserve price specified by the Participant in his exercise notice or, if no such reserve price is specified, at the market price, such sale to be made within such period as may be specified or permitted by the Committee from time to time;
- (c) (in lieu of Shares) the Participant is deemed to have agreed to receive in cash such part of the proceeds arising from the sale of the Shares pursuant to sub-paragraph (b) above as determined by the Company, or by the Designated Broker on behalf of the Company, in accordance with the following formula (fraction of a cent to be disregarded), less any amounts which the Company is entitled, authorised or bound to deduct or withhold pursuant to applicable laws to account of income tax or other levies payable:

$$[SP - E - EP] \times N$$

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where:

- SP = the price at which each Share is sold by the Designated Broker pursuant to sub-paragraph (b) above.
- E = the brokerage, transaction and processing charges allocated to the sale and settlement of each Share which is sold pursuant to sub-paragraph (b) above.
- EP = the exercise price of each Share which is sold pursuant to sub-paragraph (b) above.
- N = the number of Shares which are sold pursuant to sub-paragraph (b) above.
- (d) the Participant is deemed to have authorised the Designated Broker to pay to the Company the aggregate exercise cost for the Shares which are sold pursuant to sub-paragraph (b) above, and any amounts deducted or withheld pursuant to sub-paragraph (c) above, from the proceeds of such sale; and
- (e) the Participant is deemed to have authorised the Designated Broker to pay to him the amount calculated in accordance with sub-paragraph (c) above, from the proceeds of such sale.

4.2.3 *Other Provisions*

The availability of the Exercise to Cover Election and/or the Exercise and Sell Election is subject at all times to applicable laws, regulations and directives. The Company reserves the right, at its sole discretion, at any time to modify or alter any of the provisions relating to the Exercise to Cover Election and/or the Exercise and Sell Election. The Company further reserves the right at any time, at its absolute discretion, to reject a selection by a Participant of the Exercise to Cover Election or the Exercise and Sell Election, without giving any reason therefor and the exercise of a Share Option in respect of which any such Election is rejected by the Company shall be ineffective.

The Company also has the absolute right to reject an Exercise to Cover Election or Exercise and Sell Election selected by a Participant in relation to the exercise of a Share Option if:

- (a) on the date of such exercise of such Share Option, the Company determines that it does not have sufficient Shares which are held by it in treasury to satisfy the sale and/or delivery of Shares pursuant to such Election by the Participant and the delivery of Shares to any other Participants who, in exercising their Options, have also selected the Exercise to Cover Election or the Exercise and Sell Election; or
- (b) such Share Option is exercised during the “Black-Out Periods” as defined in the Rules of the SIA ESOP (as proposed to be amended) or during any other period as the Committee may, in its absolute discretion, determine.

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4.2.4 **Rationale for the Proposed Alterations to Mechanisms by which Participants can exercise their Share Options**

As currently provided in the SIA ESOP, Participants may continue to exercise their Share Options, make full payment for the Shares in respect of which the Share Options are exercised and receive in full the number of Shares in respect of which the Share Options are exercised.

The proposed alterations to the SIA ESOP will benefit Participants who hold Share Options under the SIA ESOP, as two alternative mechanisms are proposed to be introduced, namely, the Exercise to Cover Election and the Exercise and Sell Election. Such employees may select either the Exercise to Cover Election or the Exercise and Sell Election and by doing so, would not have to make any cash outlay when exercising their Share Options and may elect to receive, in Shares and residual cash (in the case of the Exercise to Cover Election) or in cash (in the case of the Exercise and Sell Election) the profit which could have been or is derived from the sale of the Shares in respect of which the Share Options are exercised.

- 4.3 **Other Alterations.** Other alterations are proposed to be made to Rule 10.1 of the SIA ESOP. Currently, adjustments to the exercise price for the Shares comprised in a Share Option or the class and/or maximum number of Shares over which Share Options may be granted under the SIA ESOP may only be made in the event of a variation in the ordinary share capital of the Company. The current rules of the SIA ESOP do not clearly provide for adjustments to be made in the event of a declaration of a special dividend, whether interim or final and whether in cash or *in specie*.

For the avoidance of doubt, the proposed alterations to Rule 10.1 of the SIA ESOP will clearly permit the Committee to make adjustments in the event of a declaration of a special dividend (whether interim or final and whether in cash or *in specie*).

While the Committee may have such discretion, any adjustment would have to be confirmed by the auditors of the Company to be fair and reasonable, and cannot be made in a way that would confer a benefit not received by Shareholders, as required by Rule 850(2) of the Listing Manual.

- 4.4 **Appendix 2.** The proposed alterations to the SIA ESOP are set out in Appendix 2 to this Circular. The SGX-ST has no objections to the proposed alterations to the SIA ESOP. The proposed alterations to the SIA ESOP are subject to Shareholders' approval.
- 4.5 **Other Alterations which do not require Shareholders' approval.** The SIA ESOP has also been altered to provide that, by participating in the SIA ESOP, Participants are deemed to have authorised the Company to disclose information and/or data concerning him (including Share Options held by him) as may be required by law or by any regulatory authority or, if the Committee deems fit, to any third party service provider for or in connection with the implementation and administration of the SIA ESOP, and also to permit communications under the SIA ESOP to be effected electronically. Minor consequential and other amendments have also been made to certain rules of the SIA ESOP to rationalise and streamline the provisions. These alterations do not require Shareholders' approval.

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5. THE PROPOSED DISTRIBUTION

- 5.1 **Introduction.** On 14 May 2009, the Company announced that it was proposing a dividend *in specie* of substantially all the SATS Shares held by the Company to be distributed to Entitled Shareholders.

The Distribution, which will be subject to the approval of Shareholders and such other approvals as set out in paragraph 5.5.2 below, will be effected by way of a dividend *in specie* to Shareholders *pro-rata* to their respective shareholdings in SIA, on the basis of up to 0.73 SATS Shares for every 1 Share in the Company held by Entitled Shareholders, fractional entitlements to be disregarded.

No payment will be required from Shareholders for the Distribution. The SATS Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the Distribution is effected.

A copy of the announcement on the Distribution is available on the website of the SGX-ST at www.sgx.com.

- 5.2 **SATS.** SATS is a public limited company incorporated in Singapore on 15 December 1972 and has been listed on the main board of the SGX-ST since 12 May 2000. SATS has a market capitalisation of approximately \$1.6 billion as at the Latest Practicable Date. Additional information on SATS is set out in Appendix 3 to this Circular.

- 5.3 **Rationale for the Distribution.** The Directors believe the Distribution will benefit the Company and Shareholders in the following ways:

5.3.1 ***Unlocking shareholder value - investment flexibility for Shareholders***

- (a) Entitled Shareholders will receive up to 0.73 SATS Shares for every 1 Share held, fractional entitlements to be disregarded, at no cost to Shareholders.
- (b) Following the Distribution, Shareholders will become direct shareholders of SATS without the need for any cash outlay, and will be able to separately manage their portfolio holdings of SIA and SATS in accordance with their individual investment objectives.
- (c) Giving Shareholders a direct shareholding in SATS enables Shareholders to directly influence the future direction of SATS and benefit directly from any future corporate actions and exercises involving SATS (for example, dividends, bonus issues, rights issues, mergers and/or acquisitions).

5.3.2 ***The Company can concentrate on airline and aircraft MRO businesses, while SATS can lessen its dependence on the aviation business***

- (a) The Company is primarily engaged in the provision of passenger and cargo air transportation, and aircraft maintenance, repair and overhaul (“**MRO**”) activities.
- (b) In the offer document dated 6 February 2009 in relation to the acquisition of SFI which was completed in April 2009 (the “**SFI Acquisition**”), SATS stated that the acquisition will allow it to “build on its existing core strengths whilst mitigating its exposure to the aviation sector”.

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- (c) On a pro forma basis¹, the SFI Acquisition will increase the revenue contribution of food-related businesses including food material supplies, distribution, catering, manufacturing and processing (“**Non-aviation Business**”) from 0% of SATS’ revenue (prior to the SFI Acquisition) to 43% of the enlarged SATS Group’s revenue while also expanding overseas revenue contribution from 0.3% of SATS’ revenue (prior to the SFI Acquisition) to 28% of the enlarged SATS Group’s revenue.
- (d) Recognising the stated desire of SATS to grow its food services business, the Distribution will (i) allow the management of SATS to independently pursue its strategy of creating a stronger food services business and (ii) enable the Company to concentrate on the passenger and cargo air transportation, and aircraft MRO businesses.

5.3.3 *Enhancement in trading liquidity of SATS*

As of the Latest Practicable Date, the Company has a shareholding interest of approximately 81% in SATS, with the balance of approximately 19% held by public shareholders (“**Public Shareholders**”). Following the Distribution, the shareholding of SATS held by Public Shareholders will increase. An increase in the public float would improve trading liquidity of SATS Shares.

5.3.4 *No adverse impact on the financial position of the Company*

The Distribution will not result in any material adverse impact on the financial position of the Company. Purely for illustrative purposes, based on the audited results of the Company for the financial year ended 31 March 2009, the Company will continue to maintain a strong balance sheet with net cash of \$3.3 billion (at the Company level) and \$3.6 billion (at the Group level) on the assumption that the Distribution had been completed on 31 March 2009. Total debt of the Group will decrease as the balance sheet of SATS will no longer be consolidated into the balance sheet of the Group pursuant to the Distribution.

5.3.5 *Smooth continuation in the operations of the Company and SATS after the Distribution*

- (a) New agreements signed on 8 May 2009 provide assurance to the Company that SATS will continue to supply ground handling and in-flight catering services for at least the next three years from 1 October 2009 at quality and service levels that the customers of the Company are familiar with.
- (b) At the same time, these agreements also provide SATS with assurance of revenue from the Company for the next three years from 1 October 2009, with an automatic extension for a further two years on the same terms unless either party terminates the agreements by giving the other party prior written notice of 6 months.

¹ Based on the audited consolidated financial statements of SATS for FY 2008 and the audited consolidated financial statements of SFI for the financial year ended 31 December 2007, and as further set out in the circular of SATS dated 5 January 2009 in relation to the SFI Acquisition.

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5.4 Details of the Distribution. The Distribution will involve the following:

5.4.1 Entitlements

The Distribution will be effected by way of a dividend *in specie* to Entitled Shareholders on the basis of a minimum of 0.69 and a maximum of 0.73 SATS Shares for every 1 Share held by the Entitled Shareholders, fractional entitlements to be disregarded, except that SATS Shares which would otherwise be distributed to Overseas Shareholders pursuant to the Distribution shall be dealt with in the manner described in paragraph 5.7.7 below. The final number of SATS Shares to be received by each Shareholder will depend on the total number of issued Shares as at the Books Closure Date for the Distribution.

For illustrative purposes, Entitled Shareholders shall receive SATS Shares as follows:

If an Entitled Shareholder holds:	Minimum Number of SATS Shares⁽¹⁾	Maximum Number of SATS Shares⁽²⁾
10 Shares	6	7
50 Shares	34	36
100 Shares	69	73
200 Shares	138	146
1,000 Shares	690	730
10,000 Shares	6,900	7,300

Notes:

- ⁽¹⁾ If all of the outstanding options or awards to subscribe for or acquire new Shares granted pursuant to the SIA ESOP, the SIA PSP and the SIA RSP are exercised or released prior to the Books Closure Date for the Distribution.
- ⁽²⁾ If the number of issued Shares remains unchanged at 1,182,649,307 Shares (excluding treasury shares) as at the Books Closure Date for the Distribution.

Following the completion of the Distribution, any resultant fractional SATS Shares will be aggregated and held by the Company for future disposal.

5.4.2 No Payment Required

Entitled Shareholders should note that they will not be required to pay for any SATS Shares distributed pursuant to the Distribution. As indicated in paragraph 5.7.9(b) below, the Company will pay any stamp duties in connection with the Distribution.

5.4.3 Dividend Distribution

The Distribution will be a dividend *in specie* made by the Company to Entitled Shareholders. Please refer to paragraph 5.7.9 below for information regarding the tax treatment of the Distribution in the hands of Shareholders.

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5.5 **Conditions for the Distribution.** The Distribution is subject to the following:

- 5.5.1 the passing of an ordinary resolution by Shareholders to approve the Distribution at the EGM; and
- 5.5.2 the satisfaction of any regulatory approvals which may be required in connection with the Distribution (the “**Approvals**”).

5.6 **Financial Effects of the Distribution.** For purposes of illustration, the financial effects of the Distribution on the NTA, EPS and gearing of the Company are set out below, based on the audited consolidated financial statements of the Company for FY 2009, and on the premise that:

- (a) the NTA and gearing as at 31 March 2009 have been prepared on a pro forma basis as if the Distribution had been completed on 31 March 2009;
- (b) the EPS has been prepared on a pro forma basis as if the Distribution had been completed on 1 April 2008; and
- (c) the Distribution will be effected at the net book value of the SATS Group of \$1.4 billion as recorded in the books of the Company as at 31 March 2009.

5.6.1 **Impact on NTA**

	Before the Distribution	After the Distribution
NTA as at 31 March 2009 (\$ million)	13,377.6	12,633.5
Number of Shares as at 31 March 2009 (million)	1,182.6	1,182.6
NTA per Share as at 31 March 2009 (\$)	11.31	10.68

5.6.2 **Impact on EPS**

	Before the Distribution	After the Distribution
Consolidated profit attributable to Shareholders for the 12 months ended 31 March 2009 (\$ million)	1,061.5	943.2
Weighted average number of issued Shares for the 12 months ended 31 March 2009 (million)	1,184.7	1,184.7
Basic EPS for the 12 months ended 31 March 2009 (cents)	89.6	79.6

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5.6.3 *Impact on Gearing*

	Before the Distribution	After the Distribution
Total borrowings as at 31 March 2009 (\$ million)	1,701.8	1,450.4
Equity holders' funds as at 31 March 2009 (\$ million)	13,930.6	12,803.7
Gearing as at 31 March 2009 (times)	0.12	0.11

5.7 **Administrative Procedures relating to the Distribution**

5.7.1 *Books Closure Date*

As announced on 14 May 2009, subject to the Distribution being approved by Shareholders at the EGM and satisfaction of the Approvals, the Transfer Books and the Register of Members of the Company will be closed on 17 August 2009 at 5.00 p.m., in order to determine the entitlements of Entitled Shareholders to the Distribution.

5.7.2 *Entitlement*

Pursuant to the Distribution, for every 1 Share held by an Entitled Shareholder, each Entitled Shareholder will receive a minimum of 0.69 and a maximum of 0.73 SATS Shares, fractional entitlements to be disregarded, except that the SATS Shares which would otherwise be distributed to Overseas Shareholders pursuant to the Distribution shall be dealt with in the manner described in paragraph 5.7.7 below. The final number of SATS Shares to be received by each Entitled Shareholder will depend on the total number of issued Shares as at the Books Closure Date for the Distribution.

5.7.3 *Date of Crediting and Date of Despatch*

Subject to all requisite approvals being obtained (please refer to paragraph 5.5 above), it is expected that the Securities Accounts of Entitled Shareholders who are Depositors will be credited with SATS Shares on or around 1 September 2009. In the case of Entitled Shareholders who are not Depositors and who have not elected to have their SATS Shares credited to their Securities Accounts, it is expected that share certificates of SATS Shares will be despatched to them on or around 1 September 2009.

5.7.4 *Scriptless Shares*

In the case of Entitled Shareholders (being Depositors), entitlements to the SATS Shares will be determined on the basis of the number of Shares standing to the credit of their respective Securities Accounts on the Books Closure Date. Following the Books Closure Date, CDP will credit their Securities Accounts with the relevant number of SATS Shares and will send to each such Depositor a notification letter confirming the number of SATS Shares that has been credited to his Securities Account.

5.7.5 *Scrip Shares*

In the case of Entitled Shareholders (not being Depositors), entitlements to the SATS Shares will be determined on the basis of their holdings of Shares appearing in the Register of Members on the Books Closure Date. Entitled Shareholders (not being

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Depositors) who have not already done so, are requested to take the necessary action to ensure that the Shares owned by them are registered in their names or in the names of their nominees by the Books Closure Date.

Entitled Shareholders holding physical share certificates who wish to have SATS Shares credited to their Securities Accounts pursuant to the Distribution or wish to trade their SATS Shares on the SGX-ST on or immediately after the Distribution should deposit with CDP their share certificates together with the duly executed instruments of transfer in favour of CDP not later than 5.00 p.m. on 3 August 2009, which is 8 Market Days prior to the Books Closure Date so as to enable CDP to credit their Securities Accounts with their Shares and thereafter, for CDP to credit their Securities Accounts with the SATS Shares.

Entitled Shareholders holding physical share certificates who do not deposit their share certificates with CDP by the stipulated deadline will be deemed to have elected to receive SATS Shares in the form of physical share certificates. Entitled Shareholders should note that if they receive physical SATS share certificates, they will not be able to trade in such SATS Shares on the SGX-ST as such physical share certificates will not be valid for delivery pursuant to transactions on the SGX-ST although they will constitute good evidence of title.

5.7.6 ***CPF Holders***

In the case of CPF Holders, entitlements to the SATS Shares will be determined on the basis of the number of Shares held by the CPF agent banks on behalf of each CPF Holder as at the Books Closure Date. Following the Books Closure Date, CDP will credit the SATS Shares attributable to CPF Holders pursuant to the Distribution to the Securities Accounts of their CPF agent banks, and the CPF agent banks will update their records accordingly.

5.7.7 ***Overseas Shareholders***

Where the Directors are of the view that the distribution of SATS Shares to any Entitled Shareholder whose registered address as recorded in the Register of Members or in the Depository Register maintained by CDP on the Books Closure Date is outside Singapore (“**Overseas Shareholder**”) may infringe any relevant foreign law or necessitate compliance with conditions or requirements which they regard as onerous by reasons of costs, delay or otherwise, such SATS Shares shall not be distributed to such Overseas Shareholder, but shall be distributed to such person(s) as the Directors may appoint, who shall sell the same and thereafter distribute the aggregate amount of the net proceeds, after deducting all dealing and other expenses in connection therewith, proportionately among such Overseas Shareholders according to their respective entitlements to SATS Shares as at the Books Closure Date in full satisfaction of their rights to the SATS Shares.

5.7.8 ***Odd-Lots***

SATS Shares are currently traded in board lots of 1,000 SATS Shares. Following the Distribution, the Securities Accounts of Entitled Shareholders who are Depositors may be credited with odd lots of SATS Shares (i.e., lots other than board lots of 1,000

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SATS Shares). Entitled Shareholders should note that they are able to trade odd lots of SATS Shares in board lots of one SATS Share each on the Unit Share Market of the SGX-ST.

The Company has applied for and obtained the approval of the SGX-ST for the establishment of a temporary counter for the trading of SATS Shares in board lots of one SATS Share for a period of one month from the date that the SATS Shares are credited to the Securities Accounts of the Entitled Shareholders (the “**Concession Period**”).

The Company has arranged for DBS Vickers Securities (S) Pte Ltd, Phillip Securities Pte Ltd and UOB Kay Hian Pte Ltd to offer concessionary brokerage rates for the trading in SATS Shares during the Concession Period.

The brokerage fee payable by those who trade on the temporary odd-lot counter during the Concession Period through the three securities houses above are as follows:

	DBS Vickers Securities (S) Pte Ltd	Phillip Securities Pte Ltd	UOB Kay Hian Pte Ltd
Minimum brokerage fee, provided the number of SATS Shares traded in any one contract does not exceed 999 SATS Shares	S\$20.00 per contract (via a broker or the Internet).	S\$20.00 per contract if transacted via a broker. S\$10.00 per contract if transacted via the Internet.	S\$20.00 per contract (via a broker or the Internet).

For trades in board lots of 1,000 SATS Shares or higher, the usual brokerage fee applies.

After the Concession Period, Shareholders can continue to trade odd lots of SATS Shares on the Unit Share Market of the SGX-ST.

5.7.9 **Taxation**

- (a) **Dividend.** As the Company is a tax resident of Singapore, any dividends paid or distributed (whether in cash or *in specie*) by the Company is a tax exempt (one-tier) dividend which is exempt from income tax in Singapore in the hands of the Entitled Shareholders. Accordingly, as the Distribution is a dividend *in specie*, it will be exempted from Singapore income tax when received by the Entitled Shareholders.
- (b) **Stamp Duty.** No stamp duty is ordinarily payable if the transfer of the SATS Shares from the Company to the Entitled Shareholder is effected through the CDP. The Company will bear any stamp duty chargeable for the transfer of SATS Shares by the Company to the Entitled Shareholders pursuant to the

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Distribution if these are not transferred through the CDP. The total amount of stamp duty payable by the Company depends on the market value of the SATS Shares transferred in the form of physical share certificates.

- (c) **Entitled Shareholders' Own Tax Position.** Entitled Shareholders should note that the foregoing statements are not to be regarded as an advice or the tax position of any shareholder in Singapore or in other jurisdictions, or on any tax implication arising from the Distribution. If any Entitled Shareholder is in doubt as to his personal tax position in Singapore or in other jurisdictions, or any tax implication arising from the Distribution, he should consult his own professional advisers.

5.7.10 *Adjustments in Share Options and Awards*

Subject to the alterations to the SIA ESOP being approved by Shareholders, the Committee will consider making adjustments to the outstanding Share Options and Awards upon the Distribution being effected. Details of such adjustments, if any, will be communicated separately to the holders of Share Options and Awards.

- 5.8 **SIC.** The SIC has confirmed that upon the completion of the Distribution, Temasek, which based on substantial shareholder notifications received by the Company under Division 4, Part IV of the Companies Act as at the Latest Practicable Date as set out in paragraph 6.2 below holds more than 50% of the voting rights in the Company, will not be required to undertake a general offer for all the issued SATS Shares pursuant to Note 7 to Rule 14.1 of the Take-over Code.

- 5.9 **Take-over Implications.** The Take-over Code regulates the acquisition of ordinary shares of, *inter alia*, corporations with a primary listing on the SGX-ST, including SATS.

Except with the consent of the SIC, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of SATS; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in SATS and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1% of the voting rights,

such person must extend a mandatory take-over offer immediately, on the basis set out in the provisions of the Take-over Code, for the remaining SATS Shares in accordance with the provisions of the Take-over Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend a take-over offer.

Entitled 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 receiving SATS Shares pursuant to the Distribution should consult the SIC and/or their professional advisers.

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- 5.10 **Financial Adviser.** The Company has appointed DBS Bank Ltd as its financial adviser in respect of the Distribution. DBS Bank Ltd has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to its name in the form and context in which they appear in this Circular.

DBS Bank Ltd, as financial adviser to the Company in respect of the Distribution, acknowledges that, based on the information provided by the Company and having made reasonable enquiries and to the best of its knowledge and belief, this Circular constitutes full and true disclosure of all material facts on the Distribution and that no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading. Where information has been extracted from published or publicly available sources or otherwise based on information provided by the Company, the sole responsibility of DBS Bank Ltd has been to ensure that such information is accurately extracted from these sources or, as the case may be, reflected or reproduced in this Circular.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 6.1 **Directors' Interests in Shares.** The interests of the Directors in the Shares 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 Options / Awards
	Direct Interest	% ⁽¹⁾	Deemed Interest ⁽³⁾	% ⁽¹⁾	
Stephen Lee Ching Yen	9,400	nm ⁽²⁾	–	–	–
Chew Choon Seng	218,500	0.02	–	–	1,428,840 ⁽⁴⁾
Chia Pei-Yuan	–	–	–	–	–
Euleen Goh Yiu Kiang	3,800	nm ⁽²⁾	–	–	–
David Michael Gonski	–	–	–	–	–
James Koh Cher Siang	3,800	nm ⁽²⁾	–	–	–
Christina Ong	–	–	–	–	–
Sir Brian Pitman	–	–	–	–	–
Lucien Wong Yuen Kuai	–	–	58,000	nm ⁽²⁾	–

Notes:

⁽¹⁾ Based on 1,182,649,307 Shares issued as at the Latest Practicable Date (this is based on 1,186,547,790 Shares in issue as at the Latest Practicable Date, excluding the 3,898,483 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ "nm" means not meaningful.

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⁽³⁾ Deemed interest means interest determined pursuant to Section 7 of the Companies Act.

⁽⁴⁾ Of the 1,428,840 Shares:

- (a) 1,194,000 Shares are comprised in Share Options granted to Chew Choon Seng;
- (b) 100,215 Shares are comprised in conditional Awards granted to Chew Choon Seng pursuant to the SIA RSP subject to performance targets and other terms and conditions being met; and
- (c) 134,625 Shares are comprised in conditional Awards granted to Chew Choon Seng pursuant to the SIA PSP subject to performance targets and other terms and conditions being met.

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:

Substantial Shareholder	Number of Shares			
	Direct Interest	%(⁽¹⁾)	Deemed Interest ⁽²⁾	%(⁽¹⁾)
Temasek Holdings (Private) Limited	645,354,600	54.57	902,257	0.08

Notes:

⁽¹⁾ Based on 1,182,649,307 Shares issued as at the Latest Practicable Date (this is based on 1,186,547,790 Shares in issue as at the Latest Practicable Date, excluding the 3,898,483 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ Deemed interest means interest determined pursuant to Section 7 of the Companies Act.

6.3 **Abstention from Voting.** Stephen Lee Ching Yen and Chia Pei-Yuan, who hold advisory positions in Temasek, will abstain from voting their Shares, if any, at the EGM in respect of Resolution 2, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate. Each such Director will also not accept nominations to act as proxy, corporate representative or attorney to vote in respect of Resolution 2 unless the Shareholder appointing him indicates clearly how votes are to be cast in respect of Resolution 2.

Temasek and its associates, being Interested Persons, will also abstain from voting their Shares, if any, in respect of Resolution 2.

7. DIRECTORS' RECOMMENDATIONS

7.1 **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 Resolution 1, being the Ordinary Resolution relating to the proposed renewal of the Share Buy Back Mandate to be proposed at the EGM.

7.2 **Proposed Renewal of IPT Mandate.** The Directors who are considered independent for the purposes of the proposed renewal of the IPT Mandate are Chew Choon Seng, Euleen Goh Yiu Kiang, David Michael Gonski, James Koh Cher Siang, Christina Ong, Sir Brian Pitman and Lucien Wong Yuen Kuai (the "**Independent Directors**"). The Independent 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 Appendix 1 to this Circular) and those Interested

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Persons (as described in paragraph 4.1 of Appendix 1 to this Circular) 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 Appendix 1 to this Circular, the Independent Directors recommend that Shareholders vote in favour of Resolution 2, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate to be proposed at the EGM.

- 7.3 **Proposed Alterations to the SIA ESOP.** The Directors (other than Mr Chew Choon Seng who is the Chief Executive Officer) are of the opinion that the proposed alterations to the SIA ESOP are in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 3, being the Ordinary Resolution relating to the proposed alterations to the SIA ESOP to be proposed at the EGM.

Mr Chew Choon Seng will abstain from voting his Shares, if any, at the EGM in respect of Resolution 3 and will also not accept nominations to act as proxy, corporate representative or attorney to vote in respect of Resolution 3 unless the Shareholder appointing him clearly indicates how votes are to be cast in respect of Resolution 3.

Any Shareholder who is eligible to participate in the SIA ESOP will also abstain from voting at the EGM in respect of Resolution 3 and will also not accept nominations to act as proxy, corporate representative or attorney to vote in respect of Resolution 3 unless the Shareholder appointing him indicates clearly how votes are to be cast in respect of Resolution 3.

- 7.4 **Proposed Distribution.** The Directors are of the opinion that the proposed Distribution is in the best interests of the Company and the Shareholders. Accordingly, for the reasons set out in paragraph 5.3 to this Circular, they recommend that Shareholders vote in favour of Resolution 4, being the Ordinary Resolution relating to the proposed Distribution to be proposed at the EGM.

8. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 64 to 67 of this Circular, is being convened to be held at the Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Friday, 31 July 2009 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Thirty-Seventh Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing the Ordinary Resolutions set out in the Notice of the EGM.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

- 9.1 **Appointment of Proxies.** If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Share Registrar, M & C Services Private Limited, at 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 not later than 10.15 a.m. on 29 July 2009. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes.

LETTER TO SHAREHOLDERS

9.2 **When Depositor regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

10. 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 Circular up to the date of the EGM:

- (a) the audited consolidated accounts of the Company for FY 2009;
- (b) the Memorandum and Articles of Association of the Company;
- (c) the 2008 Circular;
- (d) the SIA ESOP; and
- (e) the letter of consent from DBS Bank Ltd referred to in paragraph 5.10 above.

11. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate and that there are no material facts the omission of which would make any statement in this Circular misleading.

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

Stephen Lee Ching Yen
Chairman

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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 accounts of Singapore Airlines Limited (“**SIA**” or the “**Company**”) and its subsidiaries (the “**SIA Group**”) for the financial year ended 31 March 2009, the consolidated NTA of the SIA Group was S\$13,930.6 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 accounts of the SIA Group for the financial year ending 31 March 2010 are published, 5% of the latest audited consolidated NTA of the SIA Group would be S\$696.5 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

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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; 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,

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(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 Extraordinary General Meeting to be held on 31 July 2009 until the next Annual General Meeting (“**AGM**”) of the Company and shall apply in respect of the Interested Person Transactions to be entered into from and including 31 July 2009 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.

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;

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- (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, airway bills 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

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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.

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(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 a Senior Executive Vice-President or 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 Senior Executive Vice-President or 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.

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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 subparagraphs (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.

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- 7.3 SIA will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the quarterly 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.

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 Euleen Goh Yiu Kiang, Chia Pei-Yuan, David Michael Gonski and Lucien Wong Yuen Kuai) 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.

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THE PROPOSED ALTERATIONS TO THE SIA ESOP

The alterations which are proposed to be made to the SIA ESOP are set out below. For ease of reference and where appropriate, the full text of the rules of the SIA ESOP proposed to be altered has also been reproduced and the principal alterations underlined.

1. Existing Definition of "Exercise Price" in Rule 2.1

"Exercise Price" : The price at which a Participant shall acquire each Ordinary Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 5

Proposed Alterations to Existing Definition of "Exercise Price" in Rule 2.1

By deleting the definition of "Exercise Price" in Rule 2.1 in its entirety and substituting therefor the following:

"Exercise Price" : The price at which ~~a Participant shall acquire~~ each Ordinary Share may be acquired upon the exercise of an Option which shall be the price as determined in accordance with Rule 5

2. Existing Rule 7

7. EXERCISE OF OPTIONS

- 7.1 Subject to Rule 8.1, an Option may be exercised, in whole or in part, by the Participant giving notice in writing to the Company, which shall be in such form as the Committee may from time to time determine. Such notice must be accompanied by a remittance for the Aggregate Exercise Cost in respect of the Ordinary Shares for which that Option is exercised and any other documentation the Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, and the Aggregate Exercise Cost.
- 7.2 All payments made pursuant to Rule 7.1 shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.
- 7.3 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Plan and the Memorandum and Articles of Association of the Company, the Company shall, within ten (10) Market Days after the exercise of an Option, allot the relevant Ordinary Shares or, as the case may be, procure the transfer of existing Ordinary Shares (which may include, where desired, any Ordinary Shares held by the Company in treasury) and, where required, despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.

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- 7.4 Where new Ordinary Shares are allotted upon the exercise of an Option, the Company shall, as soon as practicable after such allotment, apply to the Stock Exchange (and any other stock exchange on which the Ordinary Shares are quoted or listed) for permission to deal in and for quotation of such Ordinary Shares.
- 7.5 Ordinary Shares which are allotted or transferred on the exercise of an Option by a Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent, the CPF investment account maintained with a CPF agent bank or such other securities account or securities sub-account, in each case as may be designated by the Participant.
- 7.6 Ordinary Shares acquired on exercise of an Option shall be subject to all the provisions of the Memorandum and Articles of Association of the Company, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Ordinary Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank *pari passu* with other existing Ordinary Shares then in issue. "Record Date" means the date fixed by the Company on which at the close of business, shareholders must be registered in order to participate in any dividends, rights allotments or other distributions.
- 7.7 Subject to the Act and the rules of the Listing Manual of the Stock Exchange, the Company shall have the flexibility to deliver Ordinary Shares to Participants upon the exercise of their Options by way of:-
- (a) an allotment of new Ordinary Shares; and/or
 - (b) the transfer of existing Ordinary Shares, including any Ordinary Shares held by the Company in treasury.

Proposed Alterations to Existing Rule 7

By deleting Rule 7 in its entirety and substituting therefor the following:

7. EXERCISE OF OPTIONS

- 7.1 Subject to Rule 8.1, an Option may be exercised, in whole or in part, by the Participant giving notice in writing to the Company, which shall be in such form as the Committee may from time to time determine (the "Exercise Notice"), in accordance with the provisions of this Rule 7.
- 7.2 (a) Subject to this Rule 7, in exercising an Option, the Participant must select any one (and only one) of the following alternatives:-
- (i) a share delivery election (the "Exercise and Keep Election") pursuant to which the Participant shall elect to receive in full the number of Ordinary Shares in respect of which the Option is exercised in accordance with Rule 7.5; or

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- (ii) a partial share delivery election (the “Exercise to Cover Election”) pursuant to which the Participant shall elect to receive the Ordinary Shares (and any residual cash) remaining after the requisite number of Ordinary Shares have been sold to (inter alia) cover the Aggregate Exercise Cost for all of the Ordinary Shares in respect of which the Option is exercised in accordance with Rule 7.6; or
- (iii) an exercise and sell election (the “Exercise and Sell Election”) pursuant to which the Participant shall elect to receive in cash the profit derived from the sale of all of the Ordinary Shares in respect of which the Option is exercised in accordance with Rule 7.7.

(Each of the Exercise and Keep Election, the Exercise to Cover Election and the Exercise and Sell Election is singly an “Election”).

- (b) Notwithstanding the other provisions of this Rule 7, the availability of the Exercise to Cover Election and/or the Exercise and Sell Election is subject at all times to applicable laws, regulations and directives. The Company reserves the right, at its sole discretion, at any time to modify or alter any of the provisions relating to the Exercise to Cover Election and/or the Exercise and Sell Election. The Company further reserves the right at any time, at its absolute discretion, to reject a selection by a Participant of the Exercise to Cover Election or the Exercise and Sell Election, without giving any reason therefor and the exercise of an Option in respect of which any such Election is rejected by the Company shall be ineffective.

7.3 The Exercise to Cover Election or the Exercise and Sell Election is only available for selection if the price at which each Ordinary Share is sold or is to be sold is higher than the Exercise Price of that Ordinary Share and the applicable brokerage, transaction and processing charges.

7.4 Without prejudice to the provisions of Rule 7.2(b), the Company shall have the absolute right to reject an Exercise to Cover Election or Exercise and Sell Election selected by a Participant in relation to the exercise of an Option if:-

- (a) on the date of such exercise of such Option, the Company determines that it does not have sufficient Ordinary Shares which are held by it in treasury to satisfy the sale and/or delivery of Ordinary Shares pursuant to such Election by the Participant and the delivery of Ordinary Shares to any other Participants who, in exercising their Options, have also selected the Exercise to Cover Election or the Exercise and Sell Election; or
- (b) such Option is exercised during the “Black-Out Periods” referred to below or during any other period as the Committee may, in its absolute discretion, determine.

The exercise of an Option in respect of which any such Election is rejected by the Company shall be ineffective.

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“Black-Out Periods” means the following periods:-

- (a) the period of two weeks immediately preceding the date of announcement of the Company’s financial results for each of the first three quarters of its financial year; and
- (b) the period of one month immediately preceding the date of announcement of the Company’s financial results for its full financial year.

7.5 A Participant selecting the Exercise and Keep Election shall submit the Exercise Notice specifying, *inter alia*, the selection of the Exercise and Keep Election and the number of Ordinary Shares in respect of which the Option is exercised. Such Exercise Notice must be accompanied by a remittance for the Aggregate Exercise Cost in respect of the Ordinary Shares for which that Option is exercised and any other documentation the Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the Exercise Notice and the Aggregate Exercise Cost. All payments made shall be made by cheque, cashiers’ order, banker’s draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company. The delivery of Ordinary Shares to the Participant pursuant to the selection of this Election shall be in accordance with the provisions of Rule 7.8.

7.6 A Participant selecting the Exercise to Cover Election shall submit the Exercise Notice specifying, *inter alia*, the selection of the Exercise to Cover Election, the number of Ordinary Shares in respect of which the Option is exercised and such other information the Committee may require, together with any other documentation the Committee may require. No remittance for the Aggregate Exercise Cost for the Ordinary Shares in respect of which the Option is exercised shall be required. An Option shall be deemed to be exercised upon the sale of the Ordinary Shares pursuant to Rule 7.6(b). For the avoidance of doubt, an Option shall be treated as not having been exercised, and the Exercise Notice as not having been given, in the event that no Ordinary Shares are sold pursuant to Rule 7.6(b).

By selecting the Exercise to Cover Election:-

- (a) the Participant is deemed to have waived his right to receive the full number of the Ordinary Shares in respect of which the Option is exercised;
- (b) the Participant is deemed to have irrevocably authorised the Company to instruct such broker as may be designated by the Company in its absolute discretion (the “Designated Broker”) to use its best endeavours to sell, on behalf of the Participant:-
 - (i) such number of Ordinary Shares as may be required to cover the Aggregate Exercise Cost for all of the Ordinary Shares in respect of which the Option is exercised and the applicable brokerage, transaction and processing charges (rounded up to the nearest whole Ordinary Share); and
 - (ii) such additional number of Ordinary Shares (if any) as may be determined by the Company, or by the Designated Broker on behalf of the Company, in its discretion (not exceeding, when aggregated with the number of Ordinary Shares sold pursuant to Rule 7.6(b)(i), the total number of Ordinary Shares in respect of which the Option is exercised).

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at a price which is equal to or more than the reserve price specified by the Participant in his Exercise Notice or, if no such reserve price is specified, at the market price, such sale to be made within such period as may be specified or permitted by the Committee from time to time;

- (c) the Participant is deemed to have agreed to receive:-
- (i) the number of Ordinary Shares derived by subtracting the number of Ordinary Shares which have been sold pursuant to Rule 7.6(b) from the total number of Ordinary Shares in respect of which the Option is exercised; and
 - (ii) any residual cash remaining from the sale of the Ordinary Shares pursuant to Rule 7.6(b), less the applicable brokerage, transaction and processing charges,
in lieu of all of the Ordinary Shares in respect of which the Option is exercised;
- (d) the Participant is deemed to have authorised the Designated Broker to pay to the Company the Aggregate Exercise Cost for the Ordinary Shares which are sold pursuant to Rule 7.6(b) from the proceeds of such sale; and
- (e) the delivery of Ordinary Shares to the Participant pursuant to the selection of this Election shall be in accordance with the provisions of Rule 7.8.

The determination by the Company, or by the Designated Broker on behalf of the Company, of the number of Ordinary Shares required to be sold pursuant to Rule 7.6(b), shall be binding and conclusive. Payment of any residual cash amount pursuant to Rule 7.6(c) (ii) shall be by cheque, cashiers' order, banker's draft or postal order made out in favour of the Participant or such other mode of payment as the Company may, in its sole discretion, determine, and shall be made as soon as practicable after completion of the sale of Ordinary Shares pursuant to Rule 7.6(b) and in any event not later than ten (10) Market Days after the date of such sale.

7.7 A Participant selecting the Exercise and Sell Election shall submit the Exercise Notice specifying, *inter alia*, the selection of the Exercise and Sell Election, the number of Ordinary Shares in respect of which the Option is exercised and such other information the Committee may require, together with any other documentation the Committee may require. No remittance for the Aggregate Exercise Cost for the Ordinary Shares in respect of which the Option is exercised shall be required. An Option shall be deemed to be exercised upon the sale of the Ordinary Shares pursuant to Rule 7.7(b). For the avoidance of doubt, an Option shall be treated as not having been exercised, and the Exercise Notice as not having been given, in the event that no Ordinary Shares are sold pursuant to Rule 7.7(b).

By selecting the Exercise and Sell Election:-

- (a) the Participant is deemed to have waived his right to receive any of the Ordinary Shares in respect of which the Option is exercised;
- (b) the Participant is deemed to have irrevocably authorised the Company to instruct the Designated Broker to use its best endeavours to sell, on behalf of the Participant, all of the Ordinary Shares in respect of which the Option is exercised, at a price which

APPENDIX 2

is equal to or more than the reserve price specified by the Participant in his Exercise Notice or, if no such reserve price is specified, at the market price, such sale to be made within such period as may be specified or permitted by the Committee from time to time;

- (c) (in lieu of Ordinary Shares) the Participant is deemed to have agreed to receive in cash such part of the proceeds arising from the sale of the Ordinary Shares pursuant to Rule 7.7(b) as determined by the Company, or by the Designated Broker on behalf of the Company, in accordance with the following formula (fraction of a cent to be disregarded), less any amounts which the Company is entitled, authorised or bound to deduct or withhold pursuant to applicable laws to account of income tax or other levies payable:-

$$[SP - E - EP] \times N$$

where:-

SP ≡ the price at which each Ordinary Share is sold by the Designated Broker pursuant to Rule 7.7(b).

E ≡ the brokerage, transaction and processing charges allocated to the sale and settlement of each Ordinary Share which is sold pursuant to Rule 7.7(b).

EP ≡ the Exercise Price of each Ordinary Share which is sold pursuant to Rule 7.7(b).

N ≡ the number of Ordinary Shares which are sold pursuant to Rule 7.7(b).

- (d) the Participant is deemed to have authorised the Designated Broker to pay to the Company the Aggregate Exercise Cost for the Ordinary Shares which are sold pursuant to Rule 7.7(b), and any amounts deducted or withheld pursuant to Rule 7.7(c), from the proceeds of such sale; and
- (e) the Participant is deemed to have authorised the Designated Broker to pay to him the amount calculated in accordance with Rule 7.7(c) from the proceeds of such sale.

The determination by the Company, or by the Designated Broker on behalf of the Company, of the cash amount to be paid to the Participant under this Rule 7.7 shall be binding and conclusive. Such cash amount shall be paid to the Participant by cheque, cashiers' order, banker's draft or postal order made out in favour of the Participant or such other mode of payment as the Company may, in its sole discretion, determine as soon as practicable after completion of the sale of Ordinary Shares pursuant to Rule 7.7(b) and in any event not later than ten (10) Market Days after the date of such sale.

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7.8 The following provisions shall apply where Ordinary Shares are to be delivered to a Participant upon the exercise of an Option where the Participant shall have selected either the Exercise and Keep Election or the Exercise to Cover Election:-

(a) Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Plan, the Articles and the Memorandum of Association of the Company, the Company shall, within ten (10) Market Days after the exercise of an Option, allot the relevant Ordinary Shares or, as the case may be, procure the transfer of existing Ordinary Shares (which may include, where desired, any Ordinary Shares held by the Company in treasury) to the Participant or, if directed by the Participant, to CDP to the credit of the securities account of the Participant maintained with CDP, the securities sub-account of the Participant maintained with a Depository Agent, the CPF investment account of the Participant maintained with a CPF agent bank or such other securities account or securities sub-account, in each case as may be designated by the Participant, and, where required, despatch to the Participant, or as the case may be, CDP the relevant certificates for the Ordinary Shares by ordinary post or such other mode as the Committee may deem fit.

Where new Ordinary Shares are allotted upon the exercise of an Option, the Company shall, as soon as practicable after such allotment, apply to the Stock Exchange (or any other stock exchange on which the Ordinary Shares are quoted and listed) for permission to deal in and for quotation of such Ordinary Shares.

(b) Ordinary Shares acquired pursuant to the exercise of an Option shall:-

(i) be subject to all the provisions of the Articles and Memorandum of Association of the Company; and

(ii) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Ordinary Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank *pari passu* with other existing Ordinary Shares then in issue.

“Record Date” means the date fixed by the Company on which at the close of business, shareholders must be registered in order to participate in any dividends, rights allotments or other distributions.

(c) Subject to the Act and the SGX-ST Listing Rules, the Company shall have the flexibility, at its sole discretion, to deliver, or procure the delivery of, Ordinary Shares to Participants upon the exercise of their Options by way of:-

(i) an allotment of new Ordinary Shares; and/or

(ii) the transfer of existing Ordinary Shares, including any Ordinary Shares held by the Company in treasury.

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3. **Existing Rule 10.1**

10.1 If a variation in the ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, or distribution) shall take place, then the Committee may determine whether:-

- (a) the Exercise Price for the Ordinary Shares or number of Ordinary Shares comprised in an Option to the extent unexercised; and/or
- (b) the class and/or maximum number of Ordinary Shares over which Options may be granted under the Plan in any one financial year,

shall be adjusted and, if so, the manner in which such adjustment should be made.

Proposed Alterations to Existing Rule 10.1

By deleting Rule 10.1 in its entirety and substituting therefor the following:

10.1 If a variation in the ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, or distribution) 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 the Committee may determine whether:-

- (a) the Exercise Price for the Ordinary Shares or number of Ordinary Shares comprised in an Option to the extent unexercised; and/or
- (b) the class and/or maximum number of Ordinary Shares over which Options may be granted under the Plan in any one financial year,

shall be adjusted and, if so, the manner in which such adjustment should be made.

4. **Existing Rule 12.2**

12.2 The terms of reference of the Committee are to, *inter alia*:-

- (a) implement and administer the Plan;
- (b) modify and/or amend the Plan from time to time provided that such modifications and amendments are effected in accordance with the provisions of the Plan;
- (c) determine the eligibility of individuals for participation in the Plan;
- (d) offer and grant options in accordance with the provisions of the Plan; and
- (e) allot and issue new Ordinary Shares or, as the case may be, procure the transfer of existing Ordinary Shares (which may include, where desired, any Ordinary Shares held by the Company in treasury) as may be required to be delivered pursuant to the exercise of Options granted under the Plan in accordance with the Plan.

APPENDIX 2

Proposed Alterations to Existing Rule 12.2

By deleting Rule 12.2 in its entirety and substituting therefor the following:

12.2 The terms of reference of the Committee are to, *inter alia*:-

- (a) implement and administer the Plan;
- (b) modify and/or amend the Plan from time to time provided that such modifications and amendments are effected in accordance with the provisions of the Plan;
- (c) determine the eligibility of individuals for participation in the Plan;
- (d) offer and grant options in accordance with the provisions of the Plan; and
- (e) allot and issue new Ordinary Shares ~~or, as the case may be,~~ procure the transfer of existing Ordinary Shares (which may include, where desired, any Ordinary Shares held by the Company in treasury) as may be required to be delivered or, as the case may be, make payment in cash, pursuant to the exercise of Options granted under the Plan in accordance with the Plan.

5. Existing Rule 20

20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in delivering the Ordinary Shares or applying for or procuring the listing of the Ordinary Shares on the Stock Exchange in accordance with Rule 7.4 (and any other stock exchange on which the Ordinary Shares are quoted or listed).

Proposed Alterations to Existing Rule 20

By deleting Rule 20 in its entirety and substituting therefor the following:

20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in delivering the Ordinary Shares or applying for or procuring the listing of the Ordinary Shares on the Stock Exchange in accordance with Rule 7.4 7.8(a) (and any other stock exchange on which the Ordinary Shares are quoted or listed).

APPENDIX 3

GENERAL INFORMATION ON SATS

1. Principal Activities

- 1.1 SATS is a public limited company incorporated in Singapore on 15 December 1972 and has been listed on the main board of the SGX-ST since 12 May 2000. SATS has a market capitalisation of approximately \$1.6 billion as at the Latest Practicable Date.
- 1.2 The principal activities of the SATS Group are to provide ground handling, in-flight catering and security services to its airline customers.
- 1.3 With the SFI Acquisition, SATS has moved closer to its mid and long term strategy to develop a balanced portfolio comprising a strong Singapore-based food services business and global airport services business.
- 1.4 SFI is one of the largest integrated food services companies in Singapore, with a wide portfolio of Non-aviation Business. SFI also has significant operations in the United Kingdom⁽¹⁾.

2. Share Capital

There are 1,079,236,594 issued SATS Shares as at the Latest Practicable Date.

3. Financial Summary

- 3.1 On a pro forma basis⁽²⁾, the combined revenue of the enlarged SATS Group (following the SFI Acquisition) is \$1.67 billion.
- 3.2 The revenue and net profit attributable to shareholders of SATS are \$1.06 billion and \$146.7 million respectively for FY 2009⁽³⁾.

4. Further Information and Incorporation by Reference

Further information on SATS, including its Annual Reports, announcements, and financial statements for FY 2007, FY 2008 and FY 2009⁽⁴⁾, can be found at www.sgx.com and www.sats.com.sg. In addition, the Annual Reports of SATS for FY 2007, FY 2008 and FY 2009 are hereby incorporated by reference to this Circular.

Notes:

- ⁽¹⁾ Based on the offer document of SATS dated 6 February 2009 in relation to the SFI Acquisition.
- ⁽²⁾ Based on the audited consolidated financial statements of SATS for FY 2008 and the audited consolidated financial statements of SFI for the financial year ended 31 December 2007, as set out in the circular of SATS dated 5 January 2009 in relation to the SFI Acquisition.
- ⁽³⁾ Based on the audited results of SATS for FY 2009.
- ⁽⁴⁾ The website of SATS contains financial statements of SATS from FY 2004.

APPENDIX 4

FORM OF INVESTOR REPRESENTATION LETTER

Important Note:

Please return a duly signed investor representation letter to Singapore Airlines Limited by mail, fax or e-mail to Singapore Airlines Limited so as to reach Singapore Airlines Limited on or before 5.00 p.m. (Singapore time) on 22 July 2009. Please forward a copy of the signed investor representation letter to your depository agent, financial intermediary or nominee. You should note that if you do not return a duly signed investor representation letter in a timely manner, you may not be eligible to participate in the Distribution and will not be allowed to receive the Circular and/or its accompanying documents.

_____ 2009

Singapore Airlines Limited
Airline House
25 Airline Road
Singapore 819829

Fax: (65) 6546 7469
Attention: Mrs Ethel Tan
Designation: Company Secretary

Ladies and Gentlemen:

This letter is delivered in connection with the proposed dividend *in specie* (the “**Distribution**”) by Singapore Airlines Limited (the “**Company**”) of up to 870,000,000 ordinary shares of Singapore Airport Terminal Services Limited (“**SATS**”) (the “**SATS Shares**”). The undersigned hereby represents, warrants and agrees as follows:

1. It (or any account for which it is acting) is a beneficial holder of the Shares.
2. It is a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)) (“**QIB**”) with the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein, and, if it is receiving the SATS Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB, it has sole investment discretion with respect to each such account, and it has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein on behalf of each owner of such account.
3. It is receiving SATS Shares for its own account, or for the account of one or more QIB(s) as to which it has full investment discretion, in each case for investment purposes, and not with a view to any resale, distribution or other disposition (within the meaning of U.S. securities laws) of the SATS Shares.

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4. It understands that its receipt of the SATS Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in the Circular to Shareholders of the Company dated 25 June 2009 relating to the Distribution (the “**Circular**”) and its accompanying documents.
5. It is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the SATS Shares involves risks, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.
6. It understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit the distribution of the SATS Shares in any jurisdiction (other than in Singapore); and it will not offer, resell, pledge or otherwise transfer any of the SATS Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.
7. Without limiting the generality of the foregoing, it is aware and understands (and each account for which it is acting has been advised and understands) that (i) the SATS Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States; (ii) any delivery of the SATS Shares to it is being made pursuant to an exemption from the registration requirements of the Securities Act; and (iii) the SATS Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act; and it agrees, on its own behalf and on behalf of any accounts for which it is acting, that for so long as the SATS Shares are “restricted securities”, it will not offer, resell, pledge or otherwise transfer any SATS Shares which it may acquire, or any beneficial interest therein, except in an offshore transaction complying with Rule 904 of Regulation S under the Securities Act.
8. It acknowledges and agrees that it is not receiving the SATS Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the Securities Act). It understands and agrees that although delivery of the SATS Shares may be made in the United States to QIBs, such delivery, if any, is not being made under Rule 144A under the Securities Act.
9. It agrees not to deposit any SATS Shares into any unrestricted depository facility maintained by any depository bank unless and until such time as the SATS Shares are no longer “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act.
10. Prior to making any decision to receive the SATS Shares, it (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have been furnished with and will have carefully read and reviewed a copy of the Circular and its accompanying documents; (iii) will have possessed all information relating to SATS and the SATS Shares which it believes is necessary or appropriate for the purpose of making its decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of the Company concerning the financial condition and results

APPENDIX 4

of operations of SATS and the acquisition of the SATS Shares, and any such questions have been answered to its satisfaction; (iv) will have reviewed all information that it believes is necessary or appropriate in connection therewith; and (v) will have conducted its own due diligence on SATS and the Distribution, and will have made its own decisions based upon its own judgment, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of the Company, DBS Bank Ltd (the “**Financial Adviser**”) or their respective affiliates (including any research reports) (other than, with respect to SATS and any information contained in the Circular).

11. Without limiting the generality of the foregoing, it acknowledges that (i) the SATS Shares are listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and SATS is therefore required to publish certain business, financial and other information in accordance with the rules and practices of the SGX-ST (the “**Exchange Information**”), which includes, but is not limited to, a description of the nature of SATS’ business and SATS’ most recent balance sheet and profit and loss account, and similar statements for preceding years, and that it has reviewed such Exchange Information as it has deemed necessary or that it is able to obtain or access the Exchange Information without undue difficulty; and (ii) neither the Company nor any of its affiliates has made any representations to it, express or implied, with respect to SATS, the SATS Shares or the accuracy, completeness or adequacy of the Exchange Information.
12. It understands that the Exchange Information and the Circular have been prepared in accordance with content, format and style which is either prescribed by the SGX-ST or under Singapore laws or is customary for transactions of in the nature of the Distribution in Singapore, which differs from the content, format and style customary for similar offerings in the United States. In particular, (i) SATS’ financial information contained in the Exchange Information and the Circular have been prepared in accordance with Singapore Financial Reporting Standards; and (ii) with respect to the financial information contained in the Circular, such financial information has not been prepared for an offering registered with the U.S. Securities and Exchange Commission. It further understands that neither the Company nor SATS has made a determination as to whether it may be classified as a “passive foreign investment company” (a “**PFIC**”) for the current or any future taxable year and will not provide information required for it to make a “qualified election fund” election, and that there may be certain adverse consequences under United States tax laws if SATS were to be a PFIC in the current or any future taxable year in which it may hold SATS Shares. It understands that a separate determination must be made each year as to SATS’ PFIC status and is seeking its own advice on this matter.
13. It acknowledges that (i) any information that it has received or will receive relating to or in connection with the Distribution, and the SATS Shares, including the Circular and the Exchange Information (collectively, the “**Information**”), has been prepared by the Company; and (ii) no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Company, the Financial Adviser or any of their affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by it or its affiliates.

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14. It will not hold the Financial Adviser or its affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by the Company to it. It acknowledges that no written or oral information relating to the Distribution or the SATS Shares has been or will be provided by the Financial Adviser or its affiliates to it.
15. It is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters as to be capable of evaluating the merits and risks of holding the SATS Shares. It, or any account for which it is acting, has the financial ability to bear the economic risk of its holding of the SATS Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to its receipt (or the receipt by such account for which it is acting) of the SATS Shares, and is able to sustain a complete loss in connection therewith and it will not look to the Company, SATS or to the Financial Adviser, for all or part of any such loss or losses it may suffer. It has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of any SATS Shares it may decide to receive.
16. It understands and acknowledges that the Financial Adviser is assisting the Company in respect of the Distribution and that the Financial Adviser is acting solely for the Company and no one else in connection with the Distribution and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of holding SATS Shares nor providing advice to it in relation to SATS, the Distribution or the SATS Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Financial Adviser arising from its engagement with the Company.
17. It understands that the foregoing representations and acknowledgments have been provided in connection with United States, Singapore and other securities laws. It acknowledges that the Company and the Financial Adviser, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the Distribution of the SATS Shares, any of the acknowledgements, representations, warranties and agreements made in connection with its receipt of SATS Shares is no longer accurate, it shall promptly notify the Company in writing.

It understands that the Company, the Financial Adviser and their respective affiliates are entitled to rely upon this letter and are irrevocably authorised to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

It irrevocably authorises any depositary agent, which includes any nominee, custodian or other financial intermediary through which it holds Shares, to provide the Company and the Financial Adviser with a copy of this letter and such information regarding its identity and holding of Shares (including pertinent account information and details of its identity and contact information) as may be necessary or appropriate to facilitate the Distribution.

This letter shall be governed by, and construed in accordance with, the laws of the State of New York without regard to the conflict provisions thereof. The parties irrevocably agree to waive trial by jury in any action, proceeding, claim or counterclaim brought by or on behalf of either party related to or arising out of this letter agreement or the performance of services hereunder.

APPENDIX 4

It, and each account on whose behalf it is acting, irrevocably submit to the exclusive jurisdiction of any New York State or United States federal court sitting in the Borough of Manhattan, The City of New York over any suit, action or proceeding arising out of or relating to this letter agreement. It, and each account on whose behalf it is acting, irrevocably waive, to the fullest extent permitted by law, any objection which they may now or hereafter have to the laying of venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. To the extent that it, or any account on whose behalf it is acting, have or hereafter may acquire any immunity (on the grounds of sovereignty or otherwise) from the jurisdiction of any court or from any legal process with respect to itself or its property, such party irrevocably waives, to the fullest extent permitted by law, such immunity in respect of any such suit, action or proceeding.

Very truly yours,

By Institution:

Signature:

Name:

Title:

Institution's Address:

Daytime Telephone Number:

If signing on behalf of another person, please indicate the capacity in which signed:

Name, address and contact details of the depository agent, financial intermediary or custodian through which Shares are held:

NOTICE OF EXTRAORDINARY GENERAL MEETING

SINGAPORE AIRLINES LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Singapore Airlines Limited (the “**Company**”) will be held at the Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Friday, 31 July 2009 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Thirty-Seventh Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, approving, with or without amendment, the following Resolutions, all of which will be proposed as Ordinary Resolutions:

Resolution 1: Ordinary Resolution The Proposed Renewal of the Share Buy Back Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) market purchase(s) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buy Back Mandate**”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
 - (i) the date on which the next Annual General Meeting of the Company is held;
 - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated;
- (c) in this Resolution:

“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 market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein 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 off-market purchase;

“Maximum Limit” means that number of issued Shares representing 10% of the total number of the issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed, whether pursuant to a market purchase or an off-market purchase, 105% of the Average Closing Price of the Shares; and

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

Resolution 2: Ordinary Resolution

The Proposed Renewal of the Mandate for Interested Person Transactions

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the listing manual (**“Chapter 9”**) of the SGX-ST, for the Company, its subsidiaries and associated companies that are “entities at risk” (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix 1 to the Circular to Shareholders dated 25 June 2009 (the **“Circular”**) with any party who is of the class of interested persons described in Appendix 1 to the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (b) the approval given in paragraph (a) above (the **“IPT Mandate”**) shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

Resolution 3: Ordinary Resolution The Proposed Alterations to the SIA ESOP

That the SIA Employee Share Option Plan be altered in the manner as set out in Appendix 2 to the Circular.

Resolution 4: Ordinary Resolution The Proposed Distribution

That pursuant to Article 130 of the Articles of Association of the Company:

- (a) subject to the satisfaction of the Approvals (as defined in paragraph 5.5.2 of the Circular), the Company makes a distribution (the “**Distribution**”) of ordinary shares (“**SATS Shares**”) in Singapore Airport Terminal Services Limited (“**SATS**”) held by the Company by way of a dividend *in specie* in the proportion of a minimum of 0.69 and a maximum of 0.73 SATS Shares for every 1 ordinary share in the Company held by the shareholders of the Company as at 5.00 p.m. on 17 August 2009 (the “**Books Closure Date**”), fractions of SATS Shares to be disregarded, free of encumbrances and together with all rights attaching thereto on and from the date of the Distribution is effected, except that where the Directors are of the view that the distribution of SATS Shares to any shareholder of the Company whose registered address as recorded in the Register of Members or in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”) on the Books Closure Date is outside Singapore (the “**Overseas Shareholder**”) may infringe the relevant foreign law or necessitate compliance with conditions or requirements which the Directors regard as onerous by reasons of costs, delay or otherwise, such SATS Shares shall not be distributed to such Overseas Shareholder, but shall be dealt with in the manner set out in paragraph (c) below;
- (b) any resultant fractional SATS Shares be aggregated and held by the Company for future disposal, in such manner as the Directors deem appropriate;
- (c) the SATS Shares which would otherwise be distributed to the Overseas Shareholders pursuant to the Distribution be distributed to such person(s) as the Directors may appoint, who shall sell the same and thereafter distribute the aggregate amount of the net proceeds, after deducting all dealing and other expenses in connection therewith, proportionately among all such Overseas Shareholders according to their respective entitlements to SATS Shares as at the Books Closure Date in full satisfaction of their rights to the SATS Shares;
- (d) the Directors and/or any of them be and are hereby authorised to determine the amount to be appropriated out of the retained profits of the Company to meet the value of the SATS Shares to be distributed to the shareholders of the Company; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required), as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board

Ethel Tan (Mrs)
Company Secretary
25 June 2009
Singapore

Notes:

1. The Chairman of the Extraordinary General Meeting will be exercising his right under Article 63 of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members at the Extraordinary General Meeting and at any adjournment thereof. Accordingly, each resolution at the Extraordinary General Meeting will be voted on by way of a poll.
2. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, at 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 not less than 48 hours before the time appointed for the Extraordinary General Meeting.
4. The Company may use internal or external sources of funds of the Company and its subsidiaries to finance the purchase or acquisition of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired and the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Buy Back Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 March 2009, based on certain assumptions, are set out in paragraph 2.7 of the Circular.

SINGAPORE AIRLINES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 197200078R

EXTRAORDINARY GENERAL MEETING PROXY FORM

Important:

1. For investors who have used their CPF monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF approved nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Extraordinary General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company's Registrar (Please see Note No. 8 on the reverse side).

*I/We, _____ (Name)

_____ (NRIC/Passport Number)

of _____ (Address)

being a member/members of Singapore Airlines Limited ("SIA" or the "Company") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

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or failing *him/her, the Chairman of the Extraordinary General Meeting of the Company ("EGM"), as *my/our *proxy/proxies to attend and vote for *me/us and on *my/our behalf at the EGM to be held at the Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Friday, 31 July 2009 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Thirty-Seventh Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) and at any adjournment thereof.

*I/We direct *my/our *proxy/ proxies to vote for or against the Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the EGM. If no person is named in the above boxes, the Chairman of the EGM shall be *my/our *proxy/proxies to vote, for or against the Resolutions to be proposed at the EGM as indicated hereunder, for *me/us and on *my/our behalf at the EGM and at any adjournment thereof.

NOTE: The Chairman of the Extraordinary General Meeting will be exercising his right under Article 63 of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members at the Extraordinary General Meeting and at any adjournment thereof. Accordingly, each resolution at the Extraordinary General Meeting will be voted on by way of a poll.

No.	Resolutions	**No. of Votes For	**No. of Votes Against
1	Ordinary Resolution To approve the proposed renewal of the Share Buy Back Mandate.		
2	Ordinary Resolution To approve the proposed renewal of the IPT Mandate.		
3	Ordinary Resolution To approve the proposed alterations to the SIA ESOP.		
4	Ordinary Resolution To approve the proposed Distribution.		

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please insert the relevant number of Shares in the boxes provided.

Dated this _____ day of _____ 2009.

Total Number of Shares Held:

Signature(s) of Member(s) or Common Seal

Important: Please read notes on the reverse side



Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, the appointees shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. This instrument of proxy or proxies must be signed by the appointor or his duly authorised attorney or, if the appointer is a corporation, it must be executed either under its common seal or signed by its attorney.
4. A corporation which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on its behalf.
5. This instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, not less than 48 hours before the time fixed for holding the EGM.

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Please
affix
postage
stamp

M & C Services Private Limited
Share Registrar for
Singapore Airlines Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906
Republic of Singapore

2nd fold here

6. A member should insert the total number of shares held in this instrument of proxy. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.
7. The Company shall be entitled to reject this instrument of proxy or proxies if it is incomplete, or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register at least 48 hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.
8. Agent Banks acting on the request of the CPF investors who wish to attend the EGM as Observers are requested to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and number of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company's Share Registrar, M & C Services Private Limited at 138 Robinson Road #17-00 The Corporate Office, Singapore 068906, at least 48 hours before the time fixed for holding the EGM.

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