

**CIRCULAR DATED 23 JUNE 2008**

**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.



## **CIRCULAR TO SHAREHOLDERS**

### **IN RELATION TO**

- (1) the proposed renewal of the Share Buy Back Mandate; and**
- (2) the proposed renewal of the Mandate for Interested Person Transactions**

#### **IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	27 July 2008 at 10.15 a.m.
Date and time of Extraordinary General Meeting	:	29 July 2008 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Thirty-Sixth 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	:	Stamford Ballroom, 4th Floor Raffles City Convention Centre 2 Stamford Road Singapore 178882

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## DEFINITIONS

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

“Articles”	:	The Articles of Association of the Company.
“Award”	:	A contingent award of Shares granted under the SIA PSP and/or the SIA RSP.
“CDP”	:	The Central Depository (Pte) Limited.
“2007 Circular”	:	The Circular to Shareholders dated 27 June 2007.
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore.
“Directors”	:	The Directors of the Company for the time being.
“EGM”	:	The extraordinary general meeting of the Company, notice of which is given on pages 24 to 26 of this Circular.
“2007 EGM”	:	The extraordinary general meeting of the Company held on 31 July 2007.
“EPS”	:	Earnings per Share.
“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”	:	27 May 2008, 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.
“NTA”	:	Net tangible assets.
“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 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.

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## DEFINITIONS

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“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.
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers.
“Temasek”	:	Temasek Holdings (Private) Limited.
“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.

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## LETTER TO SHAREHOLDERS

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### 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

23 June 2008

To: The Shareholders of  
Singapore Airlines Limited

Dear Sir/Madam

#### 1. INTRODUCTION

1.1 **EGM.** The Directors are convening the EGM to be held on 29 July 2008 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); and
- (b) the proposed renewal of the IPT Mandate (as defined in paragraph 3.1 below).

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

1.3 **SGX-ST.** The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions expressed in this Circular.

#### 2 THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

2.1 **Background.** At the 2007 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 2007 Circular and Ordinary Resolution 1 as set out in the Notice of the 2007 EGM.

The Share Buy Back Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 1 at the 2007 EGM and will expire on the date of the forthcoming Thirty-Sixth Annual General Meeting (the "**2008 AGM**"), which is scheduled to be held on 29 July 2008 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 2008 AGM.

As at the Latest Practicable Date, the Company had purchased or acquired an aggregate of 2,909,000 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 2007 EGM. As at the Latest Practicable Date, 2,861,039 Shares purchased or acquired by the Company were held as treasury shares.

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## LETTER TO SHAREHOLDERS

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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 2007 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; or
- (b) the date on which the authority conferred by the Share Buy Back Mandate is revoked or varied,

whichever is the earlier.

### 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
- (b) an off-market Share Buy Back (“**Off-Market Equal Access Share Buy Back**”) effected pursuant to an equal access scheme.

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.

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## LETTER TO SHAREHOLDERS

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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:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances; and
- (c) 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

“**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.

- 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.

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## LETTER TO SHAREHOLDERS

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### 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.

### 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.



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## LETTER TO SHAREHOLDERS

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### **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 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 1,186,547,791 issued Shares as at the Latest Practicable Date (out of which 2,861,039 Shares were held in treasury as at that date), and assuming no further Shares are issued or repurchased 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 2,861,039 Shares held in treasury) will result in the purchase or acquisition of 118,368,675 Shares.

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

Assuming that the Company purchases or acquires the 118,368,675 Shares at the Maximum Price of \$16.62 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 \$1,967 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 2007;
- (b) the issued share capital as at 1 April 2007 was the same as the issued share capital as at the Latest Practicable Date, that is, 1,186,547,791 issued Shares (out of which 2,861,039 Shares were held in treasury);
- (c) the Company had on 1 April 2007 purchased 118,368,675 Shares (representing 10% of its issued Shares (excluding the Shares held in treasury) as at the Latest Practicable Date) at the Maximum Price of \$16.62 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 118,368,675 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 2008 would have been as follows:

## LETTER TO SHAREHOLDERS

**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 2008	Proforma after Share Buy Back	Per audited accounts as at 31 March 2008	Proforma after Share Buy Back
(a) Share Capital (\$m)	1,682.0	698.4	1,682.0	698.4
(b) General reserve (\$m)	12,931.7	11,948.1	11,589.7	10,606.1
(c) Net asset value (\$m)	15,125.2	13,157.9	13,535.7	11,568.4
(d) Net asset value per Share (\$)	12.77	11.07	11.43	9.73
(e) Profit attributable to equity holders of the Company (\$m)	2,049.4	2,049.4	NA	NA
(f) Weighted average no. of issued and paid-up Shares <sup>(1)</sup> (m)	1,216.0	1,186.5	NA	NA
(g) Basic EPS (cents)	168.5	172.7	NA	NA
(h) Total borrowings <sup>(2)</sup> (\$m)	1,656.7	1,656.7	900.0	900.0
(i) Liquid investments, cash and cash equivalents <sup>(3)</sup> (\$m)	5,583.3	3,616.0	4,577.6	2,610.3
(j) Net borrowings <sup>(4)</sup> (\$m)	(3,926.6)	(1,959.3)	(3,677.6)	(1,710.3)
(k) Equity holders' funds <sup>(5)</sup> (\$m)	15,125.2	13,157.9	13,535.7	11,568.4
(l) Gearing <sup>(6)</sup> (times)	0.11	0.13	0.07	0.08
(m) ROE <sup>(7)</sup> (%)	13.6	14.5	12.7	13.7
(n) Current ratio (times)	1.40	1.07	1.03	0.73

**Notes:**

<sup>(1)</sup> 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.

<sup>(2)</sup> "Total borrowings" means short term and long term notes payable, loans, and finance lease commitments.

<sup>(3)</sup> "Liquid investments, cash and cash equivalents" means short term investments, cash and bank balances.

<sup>(4)</sup> "Net borrowings" means total borrowings less liquid investments, cash and cash equivalents.

<sup>(5)</sup> "Equity holders' funds" means the aggregate of issued share capital and reserves.

<sup>(6)</sup> "Gearing" is defined as the ratio of total borrowings to Equity holders' funds.

<sup>(7)</sup> "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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## LETTER TO SHAREHOLDERS

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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 2008, 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, the shareholding percentage of Shareholders whose Shares are not repurchased or acquired by the Company may increase correspondingly after each Share Buy Back. The Company wishes to draw the attention of the Shareholders to the following consequences of a purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate, if the proposed renewal of the Share Buy Back Mandate is approved by the Shareholders at the 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 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.

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## LETTER TO SHAREHOLDERS

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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 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 4.2 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.

## LETTER TO SHAREHOLDERS

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 54.67% of the issued Shares (excluding Shares held in treasury). Approximately 45.31% 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, 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 Details of Share Buy Backs in the last 12 months.** Details of On-Market Share Buy Backs by the Company in the 12 months immediately preceding the Latest Practicable Date are as follows:

Month of purchase or acquisition	Aggregate number of Shares purchased or acquired	Highest price paid per Share (S\$)	Lowest price paid per Share (S\$)	Total consideration paid (S\$)
March 2008	2,277,000	15.10	13.92	32,834,625
April 2008	399,000	16.12	15.20	6,283,182
May 2008	233,000	16.00	15.82	3,705,544
	2,909,000			42,823,351

**Notes:**

- <sup>(1)</sup> The above figures for On-Market Share Buy Backs were tabulated according to their respective settlement dates.
- <sup>(2)</sup> In addition to the above, an aggregate of 200,000 Shares were purchased or acquired by the Company by way of On-Market Share Buy Backs on 23 May 2008 and 26 May 2008 for an aggregate consideration of S\$3,151,281.28, for which settlement occurred after the Latest Practicable Date. The highest and lowest prices paid for these additional Shares were S\$15.88 and S\$15.60 respectively.

## LETTER TO SHAREHOLDERS

### 3. THE PROPOSED RENEWAL OF THE MANDATE FOR INTERESTED PERSON TRANSACTIONS

3.1 **Background.** At the 2007 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 Appendix 1 to the 2007 Circular and Ordinary Resolution 2 as set out in the Notice of the 2007 EGM. The IPT Mandate was expressed to take effect until the conclusion of the next Annual General Meeting of the Company being the 2008 AGM which is scheduled to be held on 29 July 2008, 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-Seventh 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 **The Appendix.** Details of the IPT Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with the Interested Persons and other general information relating to Chapter 9 of the Listing Manual, are set out in the Appendix to this Circular.

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 2007 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. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS

4.1 **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	% <sup>(1)</sup>	Deemed Interest <sup>(3)</sup>	% <sup>(1)</sup>	
Stephen Lee Ching Yen	9,400	nm <sup>(2)</sup>	–	–	–
Chew Choon Seng	200,000	0.02	–	–	1,348,050 <sup>(4)</sup>
Chia Pei-Yuan	–	–	–	–	–
Euleen Goh Yiu Kiang	3,800	nm <sup>(2)</sup>	–	–	–
David Michael Gonski	–	–	–	–	–
James Koh Cher Siang	3,800	nm <sup>(2)</sup>	–	–	–
Christina Ong	–	–	–	–	–
Sir Brian Pitman	–	–	–	–	–
Lucien Wong Yuen Kuai	–	–	58,000	nm <sup>(2)</sup>	–

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## LETTER TO SHAREHOLDERS

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**Notes:**

- (1) Based on 1,183,686,752 Shares issued as at the Latest Practicable Date (this is based on 1,186,547,791 Shares in issue as at the Latest Practicable Date, excluding the 2,861,039 Shares held in treasury as at the Latest Practicable Date).
- (2) “nm” means not meaningful.
- (3) Deemed interest means interest determined pursuant to Section 7 of the Companies Act.
- (4) Of the 1,348,050 Shares:
- (a) 1,194,000 Shares are comprised in Share Options granted to Chew Choon Seng;
  - (b) 77,025 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) 77,025 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.

- 4.2 **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	% <sup>(1)</sup>	Deemed Interest <sup>(2)</sup>	% <sup>(1)</sup>
Temasek Holdings (Private) Limited	645,354,600	54.52	1,726,949	0.15

**Notes:**

- (1) Based on 1,183,686,752 Shares issued as at the Latest Practicable Date (this is based on 1,186,547,791 Shares in issue as at the Latest Practicable Date, excluding the 2,861,039 Shares held in treasury as at the Latest Practicable Date).
- (2) Deemed interest means interest determined pursuant to Section 7 of the Companies Act.

- 4.3 **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.

## 5. DIRECTORS’ RECOMMENDATIONS

- 5.1 **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.
- 5.2 **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 the Appendix to this Circular) and those Interested Persons (as described in paragraph 4.1 of the Appendix 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.

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## LETTER TO SHAREHOLDERS

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For the reasons set out in paragraphs 2 and 7 of the Appendix 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.

### 6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 24 to 26 of this Circular, is being convened to be held at the Stamford Ballroom, 4th Floor, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882 on Tuesday, 29 July 2008 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Thirty-Sixth 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.

### 7. ACTION TO BE TAKEN BY SHAREHOLDERS

7.1 **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 27 July 2008. 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.

7.2 **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.

### 8. 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 2008;
- (b) the Memorandum and Articles of Association of the Company; and
- (c) the 2007 Circular.

### 9. 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 APPENDIX

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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 per cent. of the listed company’s latest audited consolidated NTA; or
  - (b) 5 per cent. 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 2008, the consolidated NTA of the SIA Group was \$15,018.6 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 2009 are published, 5 per cent. of the latest audited consolidated NTA of the SIA Group would be \$750.9 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) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30 per cent. 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 per cent. or more;

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- (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) 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,

(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 29 July 2008 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 29 July 2008 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.

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- 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;
- (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.

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

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

#### (a) Review Procedures

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

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

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

The review procedures are:

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

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

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

- (1) an open tender for bids to be called if there are 6 or more known vendors for the item unless this requirement is waived by the tenders committee in exceptional circumstances, in which case a closed tender will be called. If there are less than 6 known vendors, a closed tender for bids will be called inviting all the known vendors to bid. Bids which are received, regardless of whether they are from Interested Persons or not will be subject to the same evaluation criteria based on price, product quality, delivery schedules, specification compliance, track record, experience and expertise. Preferential rates, rebates or discounts accorded for bulk purchases are also taken into account; and

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- (2) where it is not possible or practicable for a tender to be called (for example, where the product is a proprietary item or where the product is required urgently such as an aircraft-on-ground situation), an authorised senior management staff of the relevant company in the SIA EAR Group who does not have an interest in the transaction will determine whether the price and terms offered by the Interested Person are fair and reasonable.

**(b) Threshold Limits**

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

- (i) Interested Person Transactions equal to or exceeding S\$100,000 but less than S\$1 million in value will be reviewed and approved by a Senior Vice-President designated for such purpose by the Chief Executive Officer (“**CEO**”);
- (ii) Interested Person Transactions equal to or exceeding S\$1 million but less than S\$3 million in value will be reviewed and approved by 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 sub-paragraphs (v) to (viii) above.

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

### 7. **Benefit to Shareholders**

- 7.1 The renewal of the IPT Mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders’ approval as and when potential Interested Person Transactions with a specific class of Interested Persons arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the SIA EAR Group.
- 7.2 The IPT Mandate is intended to facilitate transactions in the normal course of business of the SIA EAR Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out at arm’s length and on the SIA EAR Group’s normal commercial terms and are not prejudicial to Shareholders.
- 7.3 SIA will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the 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.

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### **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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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### 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 Stamford Ballroom, 4th Floor, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882 on Tuesday, 29 July 2008 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Thirty-Sixth 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, both 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 earlier of:

- (i) the date on which the next Annual General Meeting of the Company is held; and
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held;

(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;



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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 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 the Appendix to the Circular to Shareholders dated 23 June 2008 (the “**Circular**”) with any party who is of the class of interested persons described in the Appendix 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
- (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.

By Order of the Board

Ethel Tan (Mrs)  
Company Secretary  
23 June 2008  
Singapore

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Notes:**

1. 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.
2. 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.
3. 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 2008, 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

**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 and, if necessary, to demand a poll, at the EGM to be held at the Stamford Ballroom, 4th Floor, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882 on Tuesday, 29 July 2008 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Thirty-Sixth 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 and, if necessary, to demand a poll, at the EGM and at any adjournment thereof.

No.	Resolutions	**For	**Against
1	<b>Ordinary Resolution</b> To approve the proposed renewal of the Share Buy Back Mandate.		
2	<b>Ordinary Resolution</b> To approve the proposed renewal of the Mandate for Interested Person Transactions.		

\* Delete accordingly

\*\* Indicate your vote "For" or "Against" with a "✓" within the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

Total Number of Shares Held:

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\_\_\_\_\_  
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

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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.

3rd fold here and seal. Do not staple.