

SINGAPORE AIRLINES LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No.: 197200078R

ANNOUNCEMENT

**EXTRAORDINARY GENERAL MEETING IN RELATION TO
THE RIGHTS ISSUE AND THE ADDITIONAL ISSUE
ADDITIONAL INFORMATION IN RESPONSE TO QUESTIONS FROM SHAREHOLDERS**

Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them herein and in the Circular (as defined below).

1. INTRODUCTION

The Directors refer to the Company's announcement and circular to shareholders (the "**Circular**"), each dated 15 April 2020, in relation to:

- (a) the proposed renounceable rights issue ("**Rights Issue**") of (i) up to 1,777,692,486 new ordinary shares in the capital of the Company (the "**Rights Shares**"), at an issue price of S\$3.00 for each Rights Share; and (ii) up to S\$3,496,128,555 in aggregate principal amount of mandatory convertible bonds (the "**Rights MCBs**") in the denomination of S\$1.00 for each Rights MCB, at an issue price of 100 per cent. of the principal amount of the Rights MCBs; and
- (b) the proposed issue of up to approximately S\$6.2 billion in aggregate principal amount of additional mandatory convertible bonds ("**Additional Issue**").

2. RESPONSE TO QUESTIONS FROM SHAREHOLDERS

The Company has received certain substantial questions from Shareholders in relation to the Rights Issue, the Additional Issue and the EGM, and has prepared and is releasing with this announcement, responses to the said questions.

By Order of the Board

Brenton Wu
Company Secretary

29 April 2020
Singapore

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Proposed Rights Issue and Additional Issue

EGM (Key Questions and Answers)

29 April 2020

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A. Transaction Rationale

1. Why is there a need to raise such a large amount so quickly? How will the funds raised be used?

The COVID-19 pandemic has led to a collapse in the demand for air travel globally, largely due to the tightening of border controls around the world. Every airline in the world has been affected by this and SIA has not been spared either, with the impact exacerbated by the lack of a domestic market for the SIA Group to fall back upon. To address this collapse in demand, we have cut 96% of our scheduled capacity up to end June 2020.

The reduction in capacity has resulted in a significant decline in SIA's passenger revenues. Against this backdrop, the Company has been actively taking steps to contain its costs and conserve cash. This includes measures such as deferring non-essential capital expenditure and working with suppliers and partners to push for cost reductions and payment rescheduling.

Given the high degree of uncertainty due to the COVID-19 outbreak, it is prudent for SIA to proactively build liquidity and strengthen its balance sheet without delay. Therefore, SIA has decided to undertake the proposed Rights Issue and to raise the additional liquidity that can be further tapped upon through the Additional MCBs.

This will also give us the financial flexibility to capture medium-to-long term growth beyond the COVID-19 situation, while also continuing the important task of fleet renewal to improve future operating efficiencies and competitive advantages. We are also seeking to preserve our highly talented and committed employee base, which we see as a key point of differentiation between us and our competitors. Employees with years of training and experience need to be retained in order to ensure we are well-placed to emerge from this crisis as a leading global airline.

We have evaluated our liquidity and operational requirements against our sources of funding to determine the amount of S\$8.8 billion that is to be raised from the Rights Issue. We believe that the proceeds from the Rights Issue will allow us to meet our liquidity requirements, including operating cash flow needs, capital expenditure and fixed obligations, for a good part of FY2020/2021.

We intend to utilise the net proceeds from the S\$8.8 billion Rights Issue for the following purposes, or to repay any bridge financing facilities used for these purposes:

Purpose	Amount	Percentage of Proceeds	Use of Proceeds
Operating cashflow	S\$3.7 billion	42%	To fund fixed costs and other operating expenses incurred during this period of reduced operations and the subsequent recovery period
Capital expenditure	S\$3.3 billion	38%	To be used for aircraft purchases and aircraft related payments
Other fixed commitments	S\$1.8 billion	20%	To be used for debt service and other contractual payments
Total	S\$8.8 billion	100%	

Up to S\$6.2 billion of Additional MCBs may be issued within a 15-month period after the EGM, which will provide us with additional liquidity if this crisis extends for a prolonged period. This additional liquidity will also provide us with the resources to capitalise on any opportunities that may arise following the abatement of the COVID-19 pandemic, and position us for growth as soon as the ongoing crisis resolves from a position of strength.

Raising capital through the issuance of Rights Shares, Rights MCBs and, if applicable, Additional MCBs allows us to treat the capital raised as equity. This will strengthen our balance sheet for the future, rather than burden our balance sheet with high levels of debt that may restrict our ability to raise further financing in the future.

2. How is the Company managing its liquidity and cash requirements during this period of uncertainty? How long can the Rights Issue proceeds last? Will there be further fund raisings if the impact from COVID-19 is prolonged? When does the Company expect to issue the Additional MCBs?

Against the backdrop of collapse in travel demand, we have undertaken the following steps to contain our costs and conserve cash:

- a) Cut 96% of our scheduled capacity up to end June 2020;
- b) SIA Senior Management has proactively taken pay cuts since 1 March 2020 with pay cuts stepping up to 20-30% with effect from 1 April 2020. Directors have also decided to take a 30% cut in their fees to show solidarity with management and staff;
- c) Unions have agreed to cost-cutting measures which include varying days of compulsory no-pay leave every month for pilots, executives and associates, as well as furlough for staff on re-employment contracts. These measures are taken in addition to a hiring freeze and voluntary no-pay leave schemes; and
- d) We have deferred non-essential expenditure projects and imposed tight controls on discretionary expenditure. We are also in negotiations with aircraft manufacturers to try and adjust our delivery stream for aircraft orders placed in the past, in view of the prevailing market conditions. We need to balance that with the consideration that our fleet renewal programme is an important part of the SIA Group's strategy for long term sustainability and industry leadership.

We have also taken the following steps to improve our liquidity:

- a) Tapped on lines of credit maintained for contingency situations; and
- b) Explored other traditional funding channels such as secured financing and sale-and-leaseback transactions, although opportunities remain limited in current market conditions.

However, the unprecedented scale of the crisis and uncertainty over the recovery period necessitates the proposed Rights Issue.

We believe that the proceeds of S\$8.8 billion from the Rights Issue is appropriately sized to meet our liquidity and operational requirements, including operating cash flow needs, capital expenditure requirements and fixed obligations, for a good part of FY2020/2021.

Also, up to S\$6.2 billion of Additional MCBs that may be issued within a 15-month period after the EGM will provide us with additional liquidity if this crisis extends for a prolonged period. It will also provide SIA the resources to capitalise on opportunities that may arise following the abatement of the COVID-19 pandemic.

3. Why is there such a large percentage of funds raised committed to capital expenditure given the stated rationale of strengthening SIA's cashflow and balance sheet? Is SIA able to delay delivery of new aircraft?

The funds that we receive from the Rights Issue will allow us to address our cashflow requirements for operations in the near term, committed capital expenditure for aircraft purchases and other fixed commitments which include debt and contractual repayments. The committed capital expenditure

for aircraft purchases relate to orders placed in the past. The purchases will enable SIA to proceed with its adoption of new-generation aircraft, both as a replacement for the existing fleet and for growth. These new generation aircraft will provide an enhanced travel experience to our customers, thereby enabling SIA to maintain its leading industry position as one of the most awarded airlines globally. They will also provide better operating efficiency and lower emissions. The rationale for these purchases remains valid even under the present situation.

At the same time, we have also deferred non-essential expenditure projects and imposed tight controls on discretionary expenditure. Notwithstanding our contractual obligations, we are also in negotiations with the aircraft manufacturers to adjust our delivery stream in view of the prevailing market conditions. We need to balance that with the consideration that our fleet renewal programme is an important part of the SIA Group's strategy for long term sustainability and industry leadership.

B. Transaction Details

- 4. Please explain why SIA chose to undertake the Rights Issue? Why does the Rights Issue comprise Rights Shares and Rights MCBs? Did the Company consider taking on additional loans or issuing debt to raise funding?**

The COVID-19 outbreak has triggered a global financial and economic crisis, with the travel and aviation sectors facing unprecedented challenges. The speed and scale of any changes to the current situation are highly unpredictable. Given this high degree of uncertainty, it is prudent for SIA to proactively build liquidity and strengthen its balance sheet without delay.

Given the worsening operating environment in the aviation industry, it has become very difficult for airlines to tap the debt markets. We will continue to explore other traditional funding channels such as secured financing, sale-and-leaseback transactions and debt capital markets. However, the opportunities remain limited in the current climate and it would not be possible to raise a similar quantum from these channels.

Raising the proposed amount of funds entirely through debt financing would have significantly increased the Company's leverage. Doing so would also have severely limited SIA's ability to raise additional debt funding in future. Moreover, such funding transactions would materially increase the airline's cash outflow obligations, both during this period when liquidity is severely challenged and beyond.

The issuance of Rights Shares, Rights MCBs and Additional MCBs (if applicable) allows us to treat the entire capital raised as equity, which will strengthen our balance sheet for the future. With conversion only possible upon maturity, the Rights MCBs and Additional MCBs (if applicable) also provide SIA the option to redeem the Rights MCBs and Additional MCBs (if applicable) using internal cashflows, or re-finance them through other financing sources when markets recover in due course. The Rights MCBs and Additional MCBs (if issued) are also zero-coupon in nature, which relieves SIA of immediate cashflow pressures and are not redeemable at the option of the holders.

- 5. How was the rights issue price of S\$3.00 per share determined? Is the discount in line with market?**

The Rights Shares issue price of S\$3.00 per Rights Share represents a discount of approximately 53.8% to the last transacted price of S\$6.50 on 25 March 2020, being the last trading day on which trades were done on the Shares prior to our announcement of the Rights Issue. It also represents a discount of approximately 31.8% to the theoretical ex-rights price (TERP) of S\$4.40 per Share, which is the theoretical market price of each Share based on the last transacted price of S\$6.50 on 25 March 2020 and assuming the completion of the Rights Issue.

The issue price and discounts were determined after considering precedent rights offerings of SGX-listed issuers and are generally in line with market precedents.

- 6. We are not familiar with how the Rights MCBs work. Please explain the rationale for issuing Rights MCBs. What are the merits of taking up the Rights MCBs when it has zero coupon?**

Key Terms of Rights MCBs	
Issue Size	Up to approximately S\$3.5 billion
Issue Price	S\$1.00 for each S\$1.00 in principal amount of the Rights MCBs
Maturity Date	10 th anniversary of the issue date of the Rights MCBs

Key Terms of Rights MCBs									
Coupon	Zero coupon								
Rights Ratio	295 Rights MCBs for every 100 existing Shares								
Mandatory Conversion	Mandatory conversion at maturity at Final Accreted Principal Amount. No further cash outlay is required from the Rights MCB holders for the conversion of their Rights MCBs into Shares.								
Final Accreted Principal Amount	S\$1.80611 in respect of each S\$1.00 in principal amount of Rights MCBs on the Maturity Date (which is calculated based on a 6% annual yield to conversion, compounded on a semi-annual basis)								
Conversion Price	Initially S\$4.84 (subject to adjustments ⁽¹⁾), representing a 10% premium to TERP								
Redemption Option	At the option of the Company, in whole or in part, on every 6 th month anniversary of the issue date (each a "Semi-Annual Date"). Any redemption prior to maturity will be in the form of cash payment.								
Redemption Price	<table border="1"> <thead> <tr> <th>If Rights MCBs are redeemed:</th> <th>Yield to Call (p.a.)</th> </tr> </thead> <tbody> <tr> <td>Within first four years of issue date (i.e. 8th Semi-Annual Date or earlier)</td> <td>4.0%</td> </tr> <tr> <td>Within fifth to seventh year of issue date (i.e. between 9th to 14th Semi-Annual Date, both inclusive)</td> <td>5.0%</td> </tr> <tr> <td>From eighth year of issue date onwards (i.e. between 15th to 19th Semi-Annual Date, both inclusive)</td> <td>6.0%</td> </tr> </tbody> </table> <p>Yields to call are compounded on a semi-annual basis</p>	If Rights MCBs are redeemed:	Yield to Call (p.a.)	Within first four years of issue date (i.e. 8 th Semi-Annual Date or earlier)	4.0%	Within fifth to seventh year of issue date (i.e. between 9 th to 14 th Semi-Annual Date, both inclusive)	5.0%	From eighth year of issue date onwards (i.e. between 15 th to 19 th Semi-Annual Date, both inclusive)	6.0%
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From eighth year of issue date onwards (i.e. between 15 th to 19 th Semi-Annual Date, both inclusive)	6.0%								

Note:

- 1) Includes consolidation or subdivision of Shares, capitalisation of profits or reserves, capital distributions, dividends, share repurchases and others

Rationale for Rights MCBs

- Accounted as equity but is structured to mitigate immediate dilution to existing shareholders who do not take up their pro-rata entitlements
- Zero-coupon feature relieves SIA of cashflow pressures under the current challenging market conditions
- Step-up 4-6% per annum accreted yields, compounded on a semi-annual basis, compensate investors for continuing to hold the Rights MCBs for a longer period
- With conversion only possible upon maturity, the Rights MCBs provide SIA the option to redeem using internal cashflows, or re-finance them through other financing sources when markets recover in due course

Redemption of Rights MCBs

For illustrative purposes, the following table sets out worked examples in relation to the redemption prices at various Semi-Annual Dates:

Redemption Price on:	Calculation
2 nd Semi Annual Date	$100 * (1 + 0.04 / 2) ^ 2 = \mathbf{104.040}$
9 th Semi Annual Date	$100 * (1 + 0.05 / 2) ^ 9 = \mathbf{124.886}$
15 th Semi Annual Date	$100 * (1 + 0.06 / 2) ^ 15 = \mathbf{155.797}$

Assuming that Rights MCBs are redeemed on a Semi-Annual Date before the Maturity Date, the relevant Accreted Principal Amount in respect of each S\$1.00 in principal amount of Rights MCBs will be an amount equivalent to S\$1.00 multiplied by the relevant redemption price in effect at the applicable Semi-Annual Date. For illustrative purposes, assuming a principal amount of S\$1,000:

Assuming the Rights MCBs are redeemed on:	Redemption Price
2 nd Semi Annual Date	$S\$1,000 * 104.040\% = \mathbf{S\$1,040.40}$
9 th Semi Annual Date	$S\$1,000 * 124.866\% = \mathbf{S\$1,248.66}$
15 th Semi Annual Date	$S\$1,000 * 155.797\% = \mathbf{S\$1,557.97}$

As a safeguard, repayment may also be triggered by the occurrence of an event of default. In such situations, the Rights MCBs will not be converted into Shares and the redemption amounts will be paid to holders of the Rights MCBs in cash only.

Conversion of Rights MCBs

On the Maturity Date, the Final Accreted Principal Amount of the Rights MCBs (i.e. S\$1.80611 in respect of each S\$1.00 principal amount of the Rights MCBs) shall be mandatorily converted into shares at the Conversion Price of S\$4.84 (subject to adjustments, such as full dividend protection and standard anti-dilution adjustments, in accordance with the Terms and Conditions of the Rights MCBs).

The Final Accreted Principal Amount of S\$1.80611 in respect of each S\$1.00 principal amount of the Rights MCBs is calculated based on a yield to conversion of 6.0% per annum, compounded on a semi-annual basis, over the 10-year life of the Rights MCBs.

For illustrative purposes, assuming a principal amount of S\$1,000:

- Final Accreted Principal Amount = $S\$1,000 * (1 + 0.06 / 2) ^ 20 = S\$1,806.11$
- Number of Shares to be issued upon conversion of Rights MCBs = $S\$1,806.11 / S\$4.84 = 373$ Shares (rounded down as fractional entitlements are disregarded)

No additional cash is required from MCB holders upon the mandatory conversion of Rights MCBs into shares.

7. What is the intention / consideration(s) of the Company to redeem the Rights MCBs prior to maturity?

The Rights MCBs are structured with a step-up yield to compensate investors for continuing to hold the Rights MCBs for a longer period. There is therefore a meaningful pick-up in returns if the Rights MCBs remain outstanding beyond Year 4 and subsequently Year 7. The step-ups in yield provide an incentive for SIA to redeem the Rights MCBs at the earliest possible date, particularly in the event that the Company may refinance at a more competitive cost.

In the event the outstanding Rights MCBs are not redeemed before maturity, they will be mandatorily converted into ordinary shares on the maturity date (which falls on the 10th anniversary of the date of issue of the Rights MCBs).

8. Can we sell the Rights MCBs before their maturity? Are the Rights MCBs tradeable in the stock market or do holders of Rights MCBs have to wait until they are either redeemed by SIA within the 10 years or converted into ordinary shares at the end of the 10 years?

Upon the listing and quotation of the Rights MCBs on the Main Board of the SGX-ST, the Rights MCBs will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system, where investors can purchase or dispose of their Rights MCBs. However, it is important to note that the listing of the Rights MCBs is subject to, among other things, there being a sufficient spread of Rights MCB holders to provide for an orderly market in the Rights MCBs.

In addition, whether or not the Rights MCBs are listed and traded on the Main Board of the SGX-ST, the Rights MCBs may be traded over-the-counter on the Debt Securities Clearing and Settlement System.

9. How are the Rights MCBs ranked in seniority with reference to the other SIA bonds that were issued previously?

The payment obligations of SIA under the Rights MCBs shall rank at least equally with all of its other present and future direct, unconditional, unsubordinated and unsecured obligations. Further details, including the Terms and Conditions of the Rights MCBs, will be set out in the Offer Information Statement (OIS).

10. How will minority shareholders benefit from this exercise?

The Rights Issue offers pro-rata participation in fund raising and an equal opportunity for all eligible shareholders to apply for excess Rights Shares and Rights MCBs, with priority of excess allocations for rounding of odd lots and shareholders given priority for excess allocations before directors and substantial shareholders. Please refer to the response to Question 5 for more information on the Rights Shares issue price and the discounts to last transacted price prior to announcement of the Rights Issue as well as TERP.

The renounceable nature of the Rights Issue provides shareholders (with a CDP account) with the option to sell rights entitlements during nil-paid rights trading period, or renounce in favour of another person.

The Rights MCBs offer step-up accreted yields of 4-6% per annum to shareholders in view of (i) these being zero-coupon and (ii) SIA having the option to call the Rights MCBs at every Semi-Annual Date.

If any MCB is not redeemed by 10th anniversary of issue date, the Final Accreted Principal Amount of the MCB (i.e. S\$1.80611 in respect of each S\$1.00 principal amount of MCB) will be mandatorily converted into Shares at an initial conversion price of S\$4.84 (subject to adjustments).

The undertaking from Temasek's subsidiary to procure subscription for any unsubscribed Rights Shares and Rights MCB provides certainty of funding to SIA and alleviates market concerns on liquidity of SIA. This will ensure that SIA has access to the funding that it requires and enable the Company to maintain its competitive advantage and the financial flexibility to capture medium-to-long term growth beyond the COVID-19 situation.

Please refer to the responses to Question 6 for further details of the Rights MCBs and Question 15 on the financial impact of the Rights Issue.

C. Impact of COVID-19 on Global Aviation Industry and SIA

11. When does the Company expect the industry to recover? What are the Company's plans post-COVID?

There has been an unprecedented collapse in the demand for air travel globally due to the COVID-19 pandemic. This especially affects airlines such as SIA, which are dependent on international air travel and open borders with no domestic market to serve.

In the near term, the pandemic is expected to continue weighing upon the global aviation industry. As of 14 April 2020, the International Air Transport Association (IATA) estimates a global passenger revenue loss of US\$314 billion in 2020 due to COVID-19, representing 55% of 2019 global passenger revenue. Airlines globally are also facing major liquidity concerns. As at the beginning of 2020, according to IATA's report, typical airlines had cash reserves of approximately two months of revenues, which are at risk of running out before the industry recovers.

Notwithstanding the above, we do expect that air travel restrictions will be relaxed gradually but cautiously as countries continue to manage the risk of "imported" COVID-19 cases. The effectiveness of collective efforts by governments around the world to flatten the curve of the virus spread will also shape timings for the opening of borders.

Domestic recovery is expected to be quicker vis-à-vis international recovery, according to a recent IATA presentation. IATA expects domestic markets to open in 3Q 2020.

It is not clear how or when air travel restrictions will eventually be lifted and which segments or markets will first see growth. However the SIA Group's portfolio strategy, with a presence in both the full-service premium and low-fare segments, gives us the right products to meet the demand when it returns. Our extensive global network will also help us to flexibly deploy capacity to meet the demand from different markets as air travel returns.

During this time, we understand that it is important to communicate regularly with our customers. We have revised our global waiver policy to offer bonus flight credits for our customers who choose to keep the value of their bookings for future travel, or provide refunds to those who prefer that option, and we have extended the validity of our members' KrisFlyer or PPS status. This will provide our customers with the reassurance that they have full flexibility when they begin to travel with us once again.

We have also set up an internal task force to look into all aspects of the airline's operations during this time, and to ensure that we are ready to ramp up our services when air travel eventually begins to recover. We are also studying what we need to do to modify our in-flight products and services to provide additional reassurance to our customers, and to ensure the safety of both our customers and our crew, if necessary.

Furthermore, up to S\$6.2 billion of Additional MCBs may be issued within a 15-month period after the EGM. This will provide us with additional liquidity if this crisis extends for a prolonged period. This additional liquidity will also provide us with the resources to capitalise on any opportunities that may arise following the abatement of the COVID-19 pandemic, and position us for growth as soon as the ongoing crisis resolves from a position of strength.

These measures will help to ensure that SIA is prepared to be first off the blocks when the recovery eventually comes. We have a base of loyal customers, who we will look forward to serving again as soon as we are permitted to do so, and we are extremely grateful for the ongoing support of our shareholders.

D. SIA's Business and Financials

12. What is the financial impact of COVID-19 on the SIA Group?

The COVID-19 pandemic has led to a collapse in the demand for air travel globally, largely due to the tightening of border controls around the world. Every airline in the world has been affected by this and SIA has not been spared either, with the impact exacerbated by the lack of a domestic market for the SIA Group to fall back upon.

Overall, COVID-19 is expected to materially impact the SIA Group's 4QFY2019/2020 financial performance:

- a) SIA had announced a 96% cut in capacity scheduled up to end June 2020. Out of the SIA Group's fleet of approximately 200 aircraft, only about 10 were in operation to serve a limited passenger network.
- b) The collapse in passenger traffic has had a severe impact on the SIA Group's revenues. While the capacity cuts and other cost management measures that SIA has implemented have helped to reduce expenditure, many costs are unavoidable regardless of the number of flights mounted. That means these measures will not fully offset the contraction in passenger revenue.

In addition, COVID-19 is expected to have a material impact on our fuel hedges and hedging policy. Please refer to the response to Question 13 for more details.

We will be announcing our unaudited financial results for 4Q and full year FY2019/2020 on 14 May 2020.

13. How will the fuel hedges impact bottom line? Can you quantify the expected losses on these hedges, given today's collapsed oil prices? Will there be any changes to fuel hedging policy?

The scale of the capacity cuts means that the SIA Group is now in an over-hedged position with respect to fuel consumption. Surplus hedges will need to be marked to market as at 31 March 2020, a date on which the Brent oil price was close to its 10-year low, and are expected to result in substantial losses. We will be announcing our unaudited financial results for 4Q and full year FY2019/2020 on 14 May 2020 where additional details relating to our fuel hedges will be disclosed.

We expect to maintain our fuel hedging policy to mitigate the impact of volatility in fuel prices. However, given the uncertainty in the market, we have taken a pause in our current hedging strategy and plan to monitor developments closely before entering into any additional hedges.

14. SIA also purchased many new planes in anticipation of continued high fuel prices. Will SIA be required to mark down the values of these aircraft given the potential collapse of airlines and cancellation of plane orders?

The purchase of aircraft was intended to enable SIA to proceed with its adoption of new-generation aircraft, both as a replacement for the existing fleet and for growth. These new generation aircraft will provide an enhanced travel experience to our customers, thereby enabling SIA to maintain its leading industry position as one of the most awarded airlines globally. They will also provide better operating efficiency and lower emissions. The rationale for these purchases remains valid even under the present situation.

These new-generation aircraft form the fleet which are core to our operations and SIA Management expects them to generate sufficient cashflows that, when discounted, would exceed their carrying amounts as at 31 March 2020. This assessment is currently being reviewed by the external auditors as part of the ongoing audit for FY2019/2020.

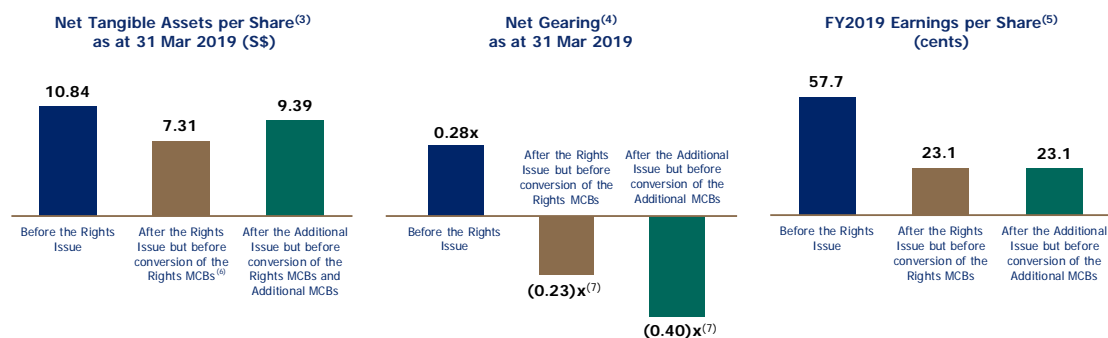
Per accounting guidelines, impairment is recognised when events and circumstances indicate that the aircraft may be impaired and the carrying amounts of the aircraft exceed the recoverable amounts. Recoverable amount is defined as the higher of an aircraft's fair value less costs to sell and its value-in-use.

15. What is the financial impact of the Rights Issue on SIA and its shareholders?

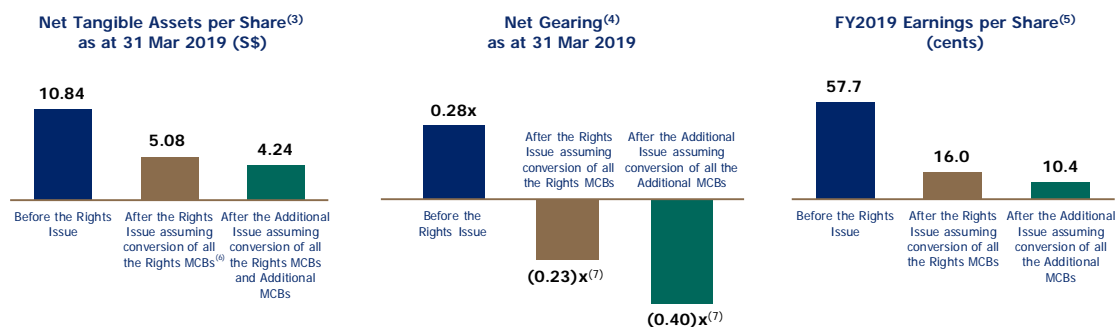
Financials

Shareholders may refer to the following charts for the pro forma financial impact based on net tangible assets (NTA) as at 31 Mar 2019 and FY2019 earnings per share (EPS) in relation to the Rights Issue and Additional Issue, which are presented for illustrative purposes. They do not purport to be indicative or a projection of the results and financial position of the SIA Group immediately after the completion of the transaction. Shareholders may also refer to the Circular to Shareholders dated 15 April 2020.

a) Before conversion of the Rights MCBs and Additional MCBs⁽¹⁾:



b) Assuming conversion of all the Rights MCBs and Additional MCBs⁽¹⁾⁽²⁾:



Notes:

- Assumes that the Rights Shares, Rights MCBs, Rights MCB Conversion Shares, Additional MCBs or Additional MCB Conversion Shares had been issued, in respect of profit and loss statement on 1 April 2018, and in respect of balance sheet on 31 March 2019
- Assumes (i) conversion of the Rights MCBs and Additional MCBs are at the conversion price of S\$4.84 (without adjustments) before deducting issue expenses, and (ii) issue sizes of the Rights MCBs and Additional MCBs are S\$3.5 billion and S\$6.2 billion, respectively
- Net Tangible Assets per Share = (Equity attributable to owners – Intangible assets) / No. of Shares outstanding before Rights Issue (excluding treasury shares and the Special Share held by the Minister for Finance (Incorporated))
- Net Gearing per Share = (Total debt – Cash) / Equity attributable to owners
- Earnings per Share = Profit attributable to shareholders of the Company / Weighted average number of Shares outstanding
- Assuming the net proceeds from the Rights Issue, after deducting estimated expenses incurred in connection with the Rights Issue of S\$10.0 million
- Negative gearing refers to net cash position where cash and bank balances are more than total borrowings

Dividends

The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, except that they will not rank for any dividends, rights, allotments or other

distributions the record date for which falls before the date of allotment and issue of the Rights Shares.

The Rights MCB Conversion Shares and Additional MCB Conversion Shares to be delivered following mandatory conversion on the Maturity Date will be delivered fully paid, ranking *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of registration of the Shares.

SIA does not have a fixed dividend policy. We will remain prudent in our liquidity and capital management and apply due consideration in declaring and paying dividends during this COVID-19 period.

Dilution – Rights Shares

The Rights Shares will be issued at a price of \$3.00 each on the basis of 3 Rights Shares for every 2 Existing Shares held, which represents a discount of approximately 53.8% to the last transacted price of S\$6.50 prior to the announcement of the Rights Issue on 25 March 2020 and a discount of approximately 31.8% to the theoretical ex-rights price of S\$4.40 based on the last transacted price of S\$6.50 per share on 25 March 2020.

The Rights Shares issue price and discounts have been determined after considering precedent transactions, the transaction size and discussions with DBS, as sole financial advisor and joint lead manager of the Rights Issue.

Dilution – Rights MCBs and Additional MCBs

There is no immediate dilution arising from the Rights MCBs and Additional MCBs (if any), as they will only be converted into Shares upon maturity 10 years later, if not redeemed prior. Should the Rights MCBs be redeemed prior to maturity, there will be no dilution impact arising from the Rights MCBs.

Share Price

While SIA has no control over external pressures on our share price and is unable to speculate on the future performance of our share price, we endeavour to improve our operational performance through our portfolio and multi-hub strategies along with our continuous pursuit of digital initiatives and product and service innovations.

Our Transformation programme has borne results in financial and operational resilience, with 5 record highs achieved in 3QFY19/20 in available seat-kilometres (ASK), revenue passenger-kilometres (RPK), revenue, passenger load factor and passenger uplift.

Please refer to the response to Question 11 for additional information on the Company's plans post COVID-19.

16. Will SIA be required to put in capital for Virgin Australia and Vistara and if yes, will these be from the Rights Issue proceeds? Will you also be looking at other acquisitions?

In view of Virgin Australia's recent announcement on voluntary administration, it would be too early for us to provide any further comments on the next steps regarding our investment in Virgin Australia. However, Australia remains an important market to us and we will evaluate our options in due course.

SIA has no requirement or obligation to put in capital for Virgin Australia. The equity investment in Virgin Australia is fully provided for in our books and we have no loans to Virgin Australia.

We believe that Vistara is well-positioned for recovery post COVID-19 and we remain committed to supporting Vistara in its fleet plans.

We will continue to monitor industry developments closely and will evaluate any opportunity accordingly.

E. Rights Issue Application Process

17. How do I subscribe for the Right Shares and Rights MCBs?

Further details on the application procedures will be set out in the OIS to be released in due course.

18. Can I subscribe for the Rights Shares and not the Rights MCBs, or vice versa?

The offer of the Rights Shares and the Rights MCBs under the Rights Issue are capable of acceptances independently, such that an investor can opt for participation in one, both or none, in part or in full.

19. Are multiple applications allowed for each shareholder for the rights application?

Multiple applications may be made but will be aggregated as a single application for allotment purposes.

20. When is the record date to determine which shareholders can participate in the Rights Issue? When is the cut-off date for shareholders to be eligible for the Rights Issue?

Subject to approval for the Rights Issue at the EGM, the record date for the Rights Issue will be 5.00 p.m. on 8 May 2020. Persons who are Entitled Shareholders as at the record date will be entitled to receive provisional allotments of Rights Shares and Rights MCBs.

The last day of "cum-rights" trading of shares is 5 May 2020. Due to the time required for settlement, investors have to acquire shares of SIA by 5 May 2020 in order to be entitled to the Rights Issue.

21. I wish to exercise my rights to the subscription, but I am abroad.

Only Entitled Shareholders will be allowed to participate in the Rights Issue. Foreign Shareholders will not be entitled to participate in the Rights Issue.

"Entitled Shareholders" refer to Entitled Depositors and Entitled Scripholders.

"Entitled Depositors" are Shareholders with SIA shares standing to the credit of their Securities Accounts as at the Record Date and (i) whose registered addresses with CDP are in Singapore as at the Record Date, or (ii) who have, at least three Market Days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Shareholders located, resident or with a registered address outside Singapore.

"Entitled Scripholders" are Shareholders whose share certificates have not been deposited with CDP as well as transferees who have tendered to the Share Registrar registrable transfers of their Shares and the certificates relating thereto for registration up to the Record Date and (i) whose registered addresses with the Company are in Singapore as at the Record Date, or (ii) who have, at least three Market Days prior to the Record Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Shareholders located, resident or with a registered address outside Singapore.

"Foreign Shareholders" are Shareholders with registered addresses outside Singapore as at the Record Date and who have not, at least three Market Days prior thereto, provided the Share Registrar or CDP, as the case may be, with addresses in Singapore for the service of notices and documents.

The Company may, in its sole discretion, permit participation in the Rights Issue by certain Foreign Shareholders in certain jurisdictions, subject in all cases to compliance with applicable laws in the relevant jurisdictions.

22. How will Excess Rights be distributed to shareholders? Will minority shareholders be allocated Excess Rights in priority to Directors and Substantial Shareholders?

In the allotment of Excess Rights Shares and/or Excess Rights MCBs, preference will be given to the rounding of odd lots. Directors and Substantial Shareholders (including Temasek) will rank last in priority for the rounding of odd lots.

Any Excess Rights Shares or Excess Rights MCBs not allocated after the above will then be used to satisfy excess applications by shareholders. If there are insufficient Excess Rights Shares or Excess Rights MCBs to satisfy all valid excess applications by shareholders, the basis of allocation will be determined by the Company. Similarly, Directors and Substantial Shareholders (including Temasek) will rank last in priority.

23. Can the SRS top-up ceiling be removed for this transaction on exceptional grounds?

SIA has no discretion over the SRS scheme (or the related contribution cap) which is implemented by the Ministry of Finance.

As per the FAQ from the Ministry of Finance, SRS is meant to help individuals to save part of their income for their retirement, on top of their CPF contributions. The SRS contribution cap was decided by the Ministry after a public consultation in the early part of year 2000. Please refer to this link for more details: https://www.ifaq.gov.sg/mof/apps/fcd_faqmain.aspx#FAQ_1491

Investors can invest in SIA via many mediums, directly or indirectly, which includes, but are not limited to SRS accounts. Investments not directly held via CDP accounts would be subject to the constraints such mediums may have, which include but are not limited to regulations and limitations pertaining to brokerages, CPFIS or SRS.

24. How do I know the amount of Rights Shares and Rights MCBs taken up by Temasek after the close of the Rights Issue?

We will announce the results of the Rights Issue after the close of the Rights Issue, including the number of Rights Shares and Rights MCBs which were subscribed for pursuant to the terms of the undertaking provided by Temasek's subsidiary.

25. Can I sell my Shares entitlements and/or MCB entitlements to others?

If you have a CDP account, you can sell your entitlements to the Rights Shares and/or the Rights MCBs on the SGX-ST during the nil-paid rights trading period. Whether or not you have a CDP account, you can also choose to renounce your entitlements in favour of another person. Further information, including start and end date of the nil-paid rights trading period, will be set out in the OIS.

26. What is the timetable for the proposed Rights Issue?

Further details on the timeline will be set out in the OIS to be released in due course.