

Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

**4,000,000 European Style Cash Settled Long Certificates
relating to the ordinary shares of Singapore Airlines Limited
with a Daily Leverage of 5x**

**issued by
SG Issuer
(Incorporated in Luxembourg with limited liability)
unconditionally and irrevocably guaranteed by
Société Générale**

Issue Price: S\$1.00 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by SG Issuer (the “**Issuer**”) unconditionally and irrevocably guaranteed by Société Générale (the “**Guarantor**”), and is supplemental to and should be read in conjunction with a base listing document dated 18 June 2021 including such further base listing documents as may be issued from time to time (the “**Base Listing Document**”) for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see “Placing and Sale” contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and

demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products¹ and Specified Investment Products (SIPs)², and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 18 June 2021 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 16 July 2021.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

15 July 2021

¹ As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

² As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed “Placing and Sale” contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the “**Conditions**” shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

Table of Contents

| | <i>Page</i> |
|---|-------------|
| Risk Factors | 6 |
| Terms and Conditions of the Certificates | 15 |
| Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities | 24 |
| Summary of the Issue | 38 |
| Information relating to the European Style Cash Settled Long Certificates on Single Equities | 40 |
| Information relating to the Company | 56 |
| Information relating to the Designated Market Maker | 57 |
| Supplemental General Information | 58 |
| Placing and Sale | 60 |
| Appendix | |

RISK FACTORS

The following are risk factors relating to the Certificates:

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;
- (c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;
- (d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;
- (e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;
- (f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 29 to 33 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section of this document for more information;
- (i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate

Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

- (j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);
- (l) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (m) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (n) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);
- (o) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (p) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 49 to 50 of this document for more information;
- (q) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity

conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 35 to 37 of this document for more information;

- (r) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;
- (s) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;
- (t) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

- (u) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate

treatment of the Certificates under any applicable risk-based capital or similar rules;

- (v) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;
- (w) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:
 - Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and
 - The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;
- (x) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;
- (y) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;
- (z) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):
 - (i) investors should note that no definitive certificate will be issued in relation to the Certificates;
 - (ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;
 - (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and
 - (iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;
- (aa) the reform of LIBOR may adversely affect the value of the Certificates

The London interbank offered rate ("**LIBOR**") benchmark as referenced in the Leverage Strategy is the subject of recent international or national regulatory guidance and proposals for reform. Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority ("**FCA**") confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcements**"). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and

will not be guaranteed after 2021.

It is not possible to predict with certainty whether, and to what extent, LIBOR will continue to be supported going forwards. This may cause LIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of LIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) LIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate;

(bb) the US Foreign Account Tax Compliance Act (“**FATCA**”) withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor’s broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(cc) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under “TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of

1986.” Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(dd) risk factors relating to the BRRD

French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the “**BRRD**”) entered into force on 2 July 2014. The BRRD has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the “**BRR Act 2015**”). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (“**SRM**”) and a Single Resolution Fund (the “**SRM Regulation**”) has established a centralised power of resolution entrusted to a Single Resolution Board (the “**SRB**”) in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank (“**ECB**”) has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism (“**SSM**”). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States’ resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the “**SSM Regulation**”) and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the “**Resolution**

Authority”) with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution’s critical financial and economic functions while minimising the impact of an institution’s failure on the economy and financial system (including taxpayers’ exposure to losses).

Under the SRM Regulation, a centralised power of resolution is established and entrusted to the SRB acting in cooperation with the national resolution authorities. In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions’ resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the “**Bail-in Power**”). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution’s business, the creation

of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The application of any measure under the BRRD and the SRM Regulation or any suggestion of such application with respect to the Issuer, the Guarantor or the Group could materially adversely affect the rights of Certificate Holders, the price or value of an investment in the Certificates and/or the ability of the Issuer or the Guarantor to satisfy its obligations under any Certificates, and as a result investors may lose their entire investment.

Moreover, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power, the exercise of write-down/conversion powers or any other resolution tools by the Resolution Authority independently of a resolution measure or in combination with a resolution measure when it determines that the Issuer, the Guarantor or the Group will no longer be viable could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such powers.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The current regime will evolve as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts have been published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the "**BRRD II**"); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity ("**TLAC**") of credit institutions and investment firms (the "**SRM II Regulation**" and, together with the BRRD II, the "**EU Banking Package Reforms**").

The EU Banking Package Reforms will introduce, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet ("**FSB TLAC Term Sheet**"), by adapting, among others, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC will be implemented in accordance with the FSB TLAC Term Sheet, which impose a level of "Minimum TLAC" that will be determined individually for each global systemically important bank ("**G-SIB**"), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets through January 1, 2022 and 18%, plus applicable

buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator through January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

According to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**”), as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the “**CRR II**”), EU G-SIBs, such as Societe Generale, will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale will have to comply at the same time with TLAC and MREL requirements.

Consequently, criteria for MREL-eligible liabilities will be closely aligned with those laid down in the CRR, as amended by the CRR II for the TLAC-eligible liabilities, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet the MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance while only an additional return is linked to that derivative component and depends on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL will be set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance any may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The scope of liabilities used to meet the MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in the BRRD, as amended by the BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that the MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail-in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks).

If the SRB finds that there could exist any obstacles to resolvability by the Issuer or the Guarantor and/or the Group, a higher MREL requirement could be imposed. Any failure by the Issuer or the Guarantor, as applicable, and/or the Group to comply with its MREL may have a material adverse effect on the Issuer’s business, financial conditions and results of operations.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

| | |
|---|---|
| Certificates: | 4,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Singapore Airlines Limited (the “ Underlying Stock ”) |
| ISIN: | LU2267110158 |
| Company: | Singapore Airlines Limited (RIC: SIAL.SI) |
| Underlying Price ³ and Source: | S\$4.89 (Reuters) |
| Calculation Agent: | Société Générale |
| Strike Level: | Zero |
| Daily Leverage: | 5x (within the Leverage Strategy as described below) |
| Notional Amount per Certificate: | SGD 1.00 |
| Management Fee (p.a.) ⁴ : | 0.40% |
| Gap Premium (p.a.) ⁵ : | 7.50%, is a hedging cost against extreme market movements overnight. |
| Funding Cost ⁶ : | The annualised costs of funding, referencing a publicly published interbank offered rate plus spread. |
| Rebalancing Cost ⁶ : | The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock. |
| Launch Date: | 9 July 2021 |
| Closing Date: | 15 July 2021 |
| Expected Listing Date: | 16 July 2021 |

³ These figures are calculated as at, and based on information available to the Issuer on or about 15 July 2021. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 15 July 2021.

⁴ Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

⁵ Please note that the Gap Premium is calculated on a 360-day basis.

⁶ These costs are embedded within the Leverage Strategy.

| | |
|-------------------------|---|
| Last Trading Date: | The date falling 5 Business Days immediately preceding the Expiry Date, currently being 6 July 2023 |
| Expiry Date: | 13 July 2023 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates) |
| Board Lot: | 100 Certificates |
| Valuation Date: | 12 July 2023 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day. |
| Exercise: | <p>The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.</p> |
| Cash Settlement Amount: | <p>In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:</p> <p>Closing Level multiplied by the Notional Amount per Certificate</p> <p>Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 40 to 55 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.</p> |
| Hedging Fee Factor: | <p>In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of $(1 - \text{Management Fee } x (\text{ACT } (t-1;t) \div 360)) \times (1 - \text{Gap Premium } (t-1) \times (\text{ACT } (t-1;t) \div 360))$, where:</p> <p>“$t$” refers to “Observation Date” which means each Exchange Business Day (subject to Market Disruption Event) from (and including) the Exchange Business Day immediately preceding the</p> |

Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Exchange Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Exchange Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Strategy and the value of the Certificate on that fifth Exchange Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 40 to 55 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 19 to 23 below.

Initial Exchange Rate: 1

Final Exchange Rate: 1

Air Bag Mechanism: The “**Air Bag Mechanism**” refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more (“**Air Bag Trigger Price**”) during the trading day (which represents

approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.

The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.

Please refer to the “Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)” section on pages 21 to 23 below and the “Description of Air Bag Mechanism” section on pages 46 to 48 of this document for further information of the Air Bag Mechanism.

| | |
|---|--|
| Adjustments and Extraordinary Events: | The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made. |
| Underlying Stock Currency: | Singapore Dollar (“ SGD ”) |
| Settlement Currency: | SGD |
| Exercise Expenses: | Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates. |
| Relevant Stock Exchange for the Certificates: | The Singapore Exchange Securities Trading Limited (the “ SGX-ST ”) |
| Relevant Stock Exchange for the Underlying Stock: | The SGX-ST |
| Business Day and Exchange Business Day: | A “ Business Day ” or an “ Exchange Business Day ” is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore. |
| Warrant Agent: | The Central Depository (Pte) Limited (“ CDP ”) |
| Clearing System: | CDP |
| Fees and Charges: | Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the |

Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.

Further Information:

Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

LSL_t means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$$LSL_1 = 1000$$

On each subsequent Observation Date(t):

$$LSL_t = \text{Max}[LSL_{t-1} \times (1 + LR_{t-1,t} - FC_{t-1,t} - RC_{t-1,t}), 0]$$

| | |
|-----------------------------|--|
| LR_{t-1,t} | <p>means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:</p> $LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right)$ |
| FC_{t-1,t} | <p>means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :</p> $FC_{t-1,t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{t-1} \times \text{ACT}(t-1,t)}{\text{DayCountBasisRate}}$ |
| RC_{t-1,t} | <p>means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows :</p> $RC_{t-1,t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right \right) \times \text{TC}$ |
| TC | <p>means the Transaction Costs applicable (including Stamp Duty) that are equal to :</p> <p>0.04%</p> |
| Leverage | 5 |
| S_t | means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions. |
| Rate_t | <p>means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:</p> $\text{Rate}_t = \text{CashRate}_t + \% \text{SpreadLevel}_t$ |
| Rfactor_t | <p>means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula :</p> $Rfactor_t = 1 - \frac{Div_t}{S_{t-1}}$ <p>where</p> <p><i>Div_t</i> is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.</p> |
| CashRate_t | means, in respect of each Observation Date(t), the SGD Swap Offer Rate (SOR) Reference Rate, as published on Reuters RIC SGDTRDONF=ABSG or any successor page being the rate as of day (t-2), provided that if such rate is not available, then such rate shall be determined by reference to the last available rate that was published on Reuters RIC SGDTRDONF=ABSG or any successor page. |

%SpreadLevel_t means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the ICE LIBOR USD 12 Month, as published on Reuters RIC USD1YFSR= and (2) US Federal Funds Effective Rate, as published on Reuters RIC USONFFE= or any successor page, each being the rate as of day (t-2), provided that if any of such rates is not available, then that rate shall be determined by reference to the last available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of LIBOR, or a regulator or other official sector entity prohibits the use of LIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, %SpreadLevel_t should be 0%.

ACT(t-1,t) ACT (t-1;t) means the number of calendar days between the Exchange Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

DayCountBasisRate 365

Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)

Extraordinary Strategy Adjustment for Performance Reasons If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date**, noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date (LSL_{IRD}) should be computed as follows :

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)} \times (1 + ILR_{IR(n),IR(C)} - IRC_{IR(n),IR(C)}), 0]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)}, 0]$$

ILSL_{IR(k)} means, in respect of IR(k), the Intraday Leverage Strategy Level in accordance with the following provisions :

(1) for k = 1 :

$$ILSL_{IR(1)} = \text{Max}[LSL_{IRD-1} \times (1 + ILR_{IR(0),IR(1)} - FC_{IRD-1,IRD} - IRC_{IR(0),IR(1)}), 0]$$

(2) for $k > 1$:

$$ILSL_{IR(k)} = \text{Max}[ILSL_{IR(k-1)} \times (1 + ILR_{IR(k-1),IR(k)} - IRC_{IR(k-1),IR(k)}), 0]$$

$ILR_{IR(k-1),IR(k)}$ means the Intraday Leveraged Return between $IR(k-1)$ and $IR(k)$, calculated as follows :

$$ILR_{IR(k-1),IR(k)} = \text{Leverage} \times \left(\frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right)$$

$IRC_{IR(k-1),IR(k)}$ means the Intraday Rebalancing Cost of the Leverage Strategy in respect of $IR(k)$ on a given Intraday Restrike Date, calculated as follows :

$$IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left| \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right| \right) \times TC$$

$IS_{IR(k)}$ means the Underlying Stock Price in respect of $IR(k)$ computed as follows :

(1) for $k=0$

$$iS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$$

(2) for $k=1$ to n

means in respect of $IR(k)$, the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to $IR(C)$

$$iS_{IR(C)} = S_{IRD}$$

In each case, subject to the adjustments and provisions of the Conditions.

$IR(k)$ For $k=0$, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;

For $k=1$ to n , means the k^{th} Intraday Restrike Event on the relevant Intraday Restrike Date.

$IR(C)$ means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.

n means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.

Intraday Restrike Event means in respect of an Observation Date(t) :

(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $iS_{IR(0)}$ as of such Calculation Time.

(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price

$iS_{IR(k)}$ as of such Calculation Time.

| | |
|---|---|
| Calculation Time | means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level. |
| TimeReferenceOpening | means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto). |
| TimeReferenceClosing | means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto). |
| Intraday Restrike Event Observation Period | <p>means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.</p> <p>Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.</p> |
| Intraday Restrike Event Time | means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs. |

The Conditions set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 18 June 2021, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
 - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the “**Certificate Holders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of

the law no. 2016-1691 (the “**Law**”) on 11 December 2016;

- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) **Transfer.** The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) **Title.** Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.
- (e) **Bail-In.** By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:
 - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:
 - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
 - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
 - (C) the cancellation of the Certificates; and/or

- (D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);

- (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**M&F Code**”):

- (A) ranking:

- (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;
 - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and
 - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

- (B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and

- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer’s obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself, and as if any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the “**Contractual Bail-in**”).

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its

group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

“Amounts Due” means any amounts due by the Issuer under the Certificates.

“Bail-In Power” means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled and/or converted into shares or other securities or obligations of the obligor or any other person.

“MREL” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“Relevant Resolution Authority” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement

Amount (as defined below) (if any) in the manner set out in Condition 4.

The “**Cash Settlement Amount**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The “**Closing Level**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

- (i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.
- (c) *No Rights.* The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the

Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.
- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a "**Business Day**" shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* “**Potential Adjustment Event**” means any of the following:
 - (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;
 - (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
 - (iii) an extraordinary dividend;
 - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
 - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
 - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming

separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

- (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;
 - (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
 - (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. “**Nationalisation**” means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. “**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.
- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that

there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or

sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

- (a) *Delisting.* If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

- (a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a

Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

“Regulatory Event” means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the **“Relevant Affiliates”** and each of the Issuer, Société Générale and the Relevant Affiliates, a **“Relevant Entity”**) that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer’s obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer’s obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer’s obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer’s obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer’s capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

“Change in law” means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or

any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for Holding Limit Event.* The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

“Holding Limit Event” means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

- (c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (d) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Substitution of the Issuer

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the **“Substituted Obligor”**), it shall give at least 90 days’ notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements

relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

15. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

16. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

17. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

| | |
|--------------------------------|---|
| Issuer: | SG Issuer |
| Company: | Singapore Airlines Limited |
| The Certificates: | European Style Cash Settled Long Certificates relating to the Underlying Stock |
| Number: | 4,000,000 Certificates |
| Form: | The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 18 June 2021 (the “ Master Instrument ”) and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the “ Master Warrant Agent Agreement ”) and made between the Issuer, the Guarantor and the Warrant Agent. |
| Cash Settlement Amount: | In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level |
| Denominations: | Certificates are represented by a global warrant in respect of all the Certificates. |
| Exercise: | The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates. |
| Exercise and Trading Currency: | SGD |
| Board Lot: | 100 Certificates |
| Transfers of Certificates: | Certificates may only be transferred in Board Lots (or integral multiples |

thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.

| | |
|-----------------|---|
| Listing: | Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 16 July 2021. |
| Governing Law: | The laws of Singapore |
| Warrant Agent: | The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589 |
| Further Issues: | Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST. |

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the “**Certificates**”) are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

- (1) is the Final Reference Level multiplied by the Final Exchange Rate;
- (2) is the Initial Reference Level multiplied by the Initial Exchange Rate;
- (3) is the Strike Level; and
- (4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

- (i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

| | | |
|--------------------|---|---------------------------|
| Hedging Fee Factor | = | Product of the Daily Fees |
|--------------------|---|---------------------------|

| | | | |
|------------|---|---|--|
| Daily Fees | = | Daily Management Fee Adjustment | |
| | | 1 – Management Fee x ACT (t-1;t) / 360 | |
| | | x | |
| | | Daily Gap Premium Adjustment | |
| | | 1 – Gap Premium (t-1) x ACT (t-1;t) / 360 | |

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

| | | | | | | | | |
|-----------------------|---|-----------------|---|---|---|--|-------|--|
| Value of Certificates | = | t=0 | x | t=1 | x | t=2 | x ... | t=i |
| | | Notional Amount | | Leverage Strategy daily performance ⁸ x Daily Fees | | Leverage Strategy daily performance x Daily Fees | | Leverage Strategy Daily performance x Daily Fees |

| | | | | | | | | |
|-----------------------|---|-----------------|---|---|-------------------------|---|---|--|
| Value of Certificates | = | t=0 | x | Product of the daily Leverage Strategy Performance | | x | Product of the Daily Fees (Hedging Fee Factor) | |
| | | Notional Amount | | Leverage Strategy daily performance x Leverage Strategy daily performance | Daily Fees x Daily Fees | | | |

| | | | | | | | |
|-----------------------------|---|-----------------|---|---|---|---|--------------------|
| Final Value of Certificates | = | t=0 | x | Final Reference Level x Final Exchange Rate | ÷ | x | Hedging Fee Factor |
| | | Notional Amount | | Initial Reference Level x Initial Exchange Rate | | | |

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

⁷ “t” refers to “**Observation Date**” which means each Exchange Business Day (subject to Market Disruption Event) from (and including) the Exchange Business Day immediately preceding the Expected Listing Date to the Valuation Date.

⁸ Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

| | |
|----------------------------------|---|
| Underlying Stock: | Ordinary shares of Singapore Airlines Limited |
| Expected Listing Date: | 03/07/2018 |
| Expiry Date: | 18/07/2018 |
| Initial Reference Level: | 1,000 |
| Initial Exchange Rate: | 1 |
| Final Reference Level: | 1,200 |
| Final Exchange Rate: | 1 |
| Issue Price: | 1.00 SGD |
| Notional Amount per Certificate: | 1.00 SGD |
| Management Fee (p.a.): | 0.40% |
| Gap Premium (p.a.): | 7.50% |
| Strike Level: | Zero |

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Exchange Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

$$\text{HFF}(0) = 100\%$$

On Next Calendar Day (assuming it is an Exchange Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 7.50\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9792\% \approx 99.9781\%$$

Assuming 2nd Exchange Business Day falls 3 Calendar Days after 1st Exchange Business Day:

$$\text{HFF}(2) = \text{HFF}(1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF (2)} = 99.9781\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 7.50\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9781\% \times 99.9967\% \times 99.9375\% \approx 99.9122\%$$

The same principle applies to the following Exchange Business Days:

$$\text{HFF (n)} = \text{HFF (n - 1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t - 1; t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t - 1; t)}}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.6713% as illustrated below:

| Date | HFF |
|-----------|-----------|
| 3/7/2018 | 100.0000% |
| 4/7/2018 | 99.9781% |
| 5/7/2018 | 99.9561% |
| 6/7/2018 | 99.9342% |
| 9/7/2018 | 99.8684% |
| 10/7/2018 | 99.8465% |
| 11/7/2018 | 99.8246% |
| 12/7/2018 | 99.8027% |
| 13/7/2018 | 99.7808% |
| 16/7/2018 | 99.7151% |
| 17/7/2018 | 99.6932% |
| 18/7/2018 | 99.6713% |

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

$$\begin{aligned} \text{Closing Level} &= [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor} \\ &= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.6713\% \\ &= 119.61\% \end{aligned}$$

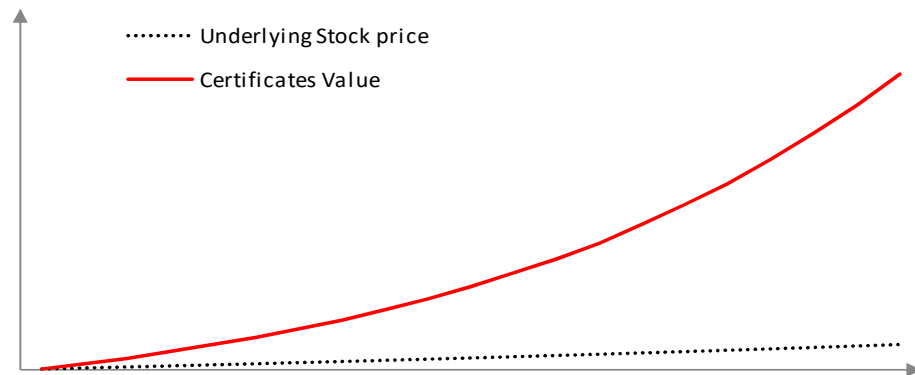
$$\begin{aligned} \text{Cash Settlement Amount} &= \text{Closing Level} \times \text{Notional Amount per Certificate} \\ &= 119.61\% \times 1.00\text{SGD} \\ &= \mathbf{1.196 \text{ SGD}} \end{aligned}$$

Illustration on how returns and losses can occur under different scenarios

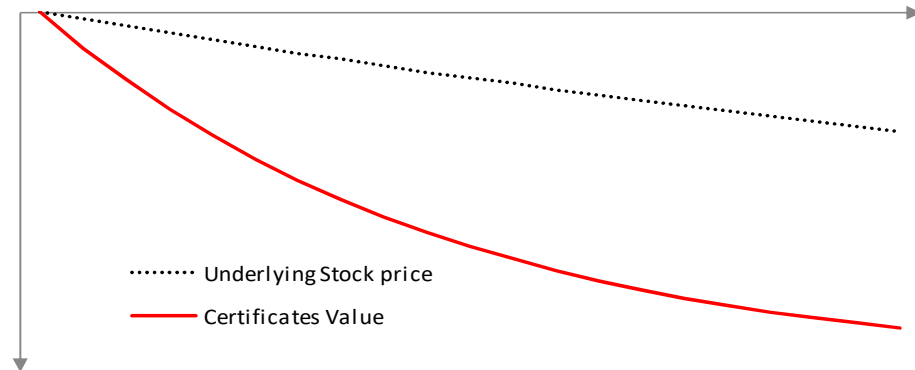
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples

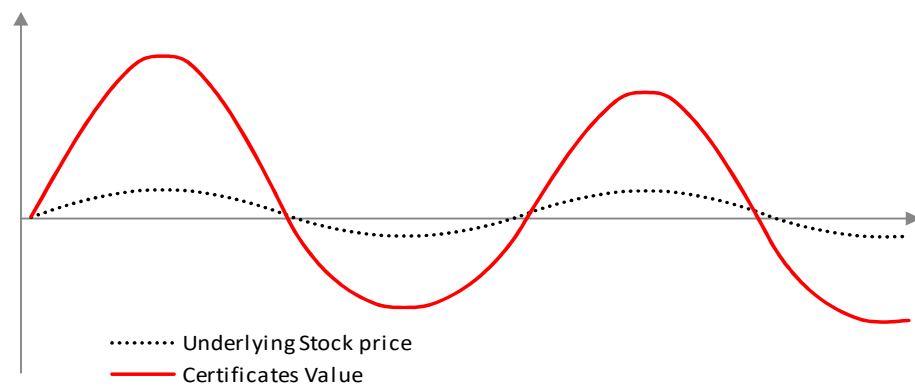
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

| Underlying Stock | | | | | | |
|---------------------|----------|----------|----------|----------|----------|----------|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Value at end of day | 10,000.0 | 10,200.0 | 10,404.0 | 10,612.1 | 10,824.3 | 11,040.8 |
| Accumulated Return | | 2.00% | 4.04% | 6.12% | 8.24% | 10.41% |

| Value of the Certificates | | | | | | |
|---------------------------|-------|--------|--------|--------|--------|--------|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Price at end of day | 1 | 1.10 | 1.21 | 1.33 | 1.46 | 1.61 |
| Accumulated Return | | 10.00% | 21.00% | 33.10% | 46.41% | 61.05% |

Scenario 2 – Downward Trend

| Underlying Stock | | | | | | |
|---------------------|----------|---------|---------|---------|---------|---------|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | -2.0% | -2.0% | -2.0% | -2.0% | -2.0% |
| Value at end of day | 10,000.0 | 9,800.0 | 9,604.0 | 9,411.9 | 9,223.7 | 9,039.2 |
| Accumulated Return | | -2.00% | -3.96% | -5.88% | -7.76% | -9.61% |

| Value of the Certificates | | | | | | |
|---------------------------|-------|---------|---------|---------|---------|---------|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | -10.0% | -10.0% | -10.0% | -10.0% | -10.0% |
| Price at end of day | 1 | 0.90 | 0.81 | 0.73 | 0.66 | 0.59 |
| Accumulated Return | | -10.00% | -19.00% | -27.10% | -34.39% | -40.95% |

Scenario 3 – Volatile Market

| Underlying Stock | | | | | | |
|---------------------|----------|----------|---------|----------|---------|----------|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | 2.0% | -2.0% | 2.0% | -2.0% | 2.0% |
| Value at end of day | 10,000.0 | 10,200.0 | 9,996.0 | 10,195.9 | 9,992.0 | 10,191.8 |
| Accumulated Return | | 2.00% | -0.04% | 1.96% | -0.08% | 1.92% |

| Value of the Certificates | | | | | | |
|---------------------------|-------|--------|--------|-------|--------|-------|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | 10.0% | -10.0% | 10.0% | -10.0% | 10.0% |
| Price at end of day | 1 | 1.10 | 0.99 | 1.09 | 0.98 | 1.08 |
| Accumulated Return | | 10.00% | -1.00% | 8.90% | -1.99% | 7.81% |

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period : during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its minimum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy, 30 minutes after the Air Bag trigger.

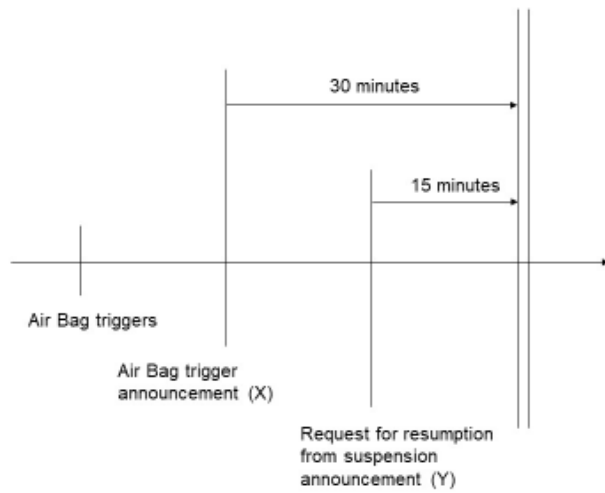
Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. Investors cannot sell or purchase any Certificates during this period.

Air Bag Mechanism timeline

| Air Bag Trigger | Observation Period | Resumption of Trading |
|--|--|--|
| More than 45 minutes before Market Close | First 15 minutes after Air Bag Trigger | Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger |
| 45 minutes before Market Close | | Next trading day at Market Open |
| 30 to 45 minutes before Market Close | | |
| 30 minutes before Market Close | | |
| 15 to 30 minutes before Market Close | | |
| 15 minutes before Market Close | From Air Bag Trigger to Market Close | |
| Less than 15 minutes before Market Close | | |

With **Market Close** defined as:

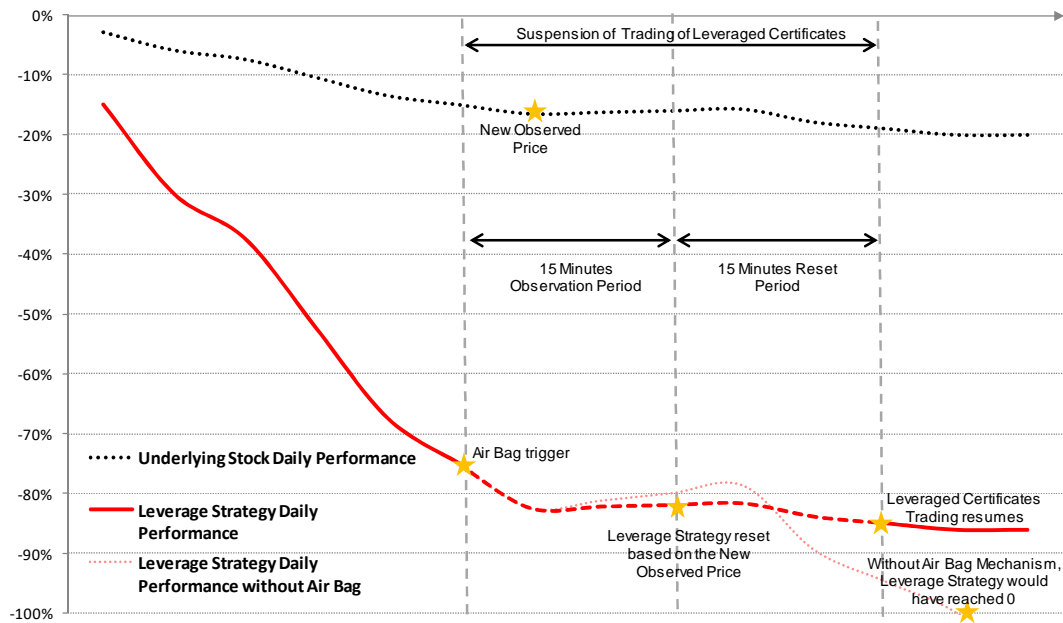
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading



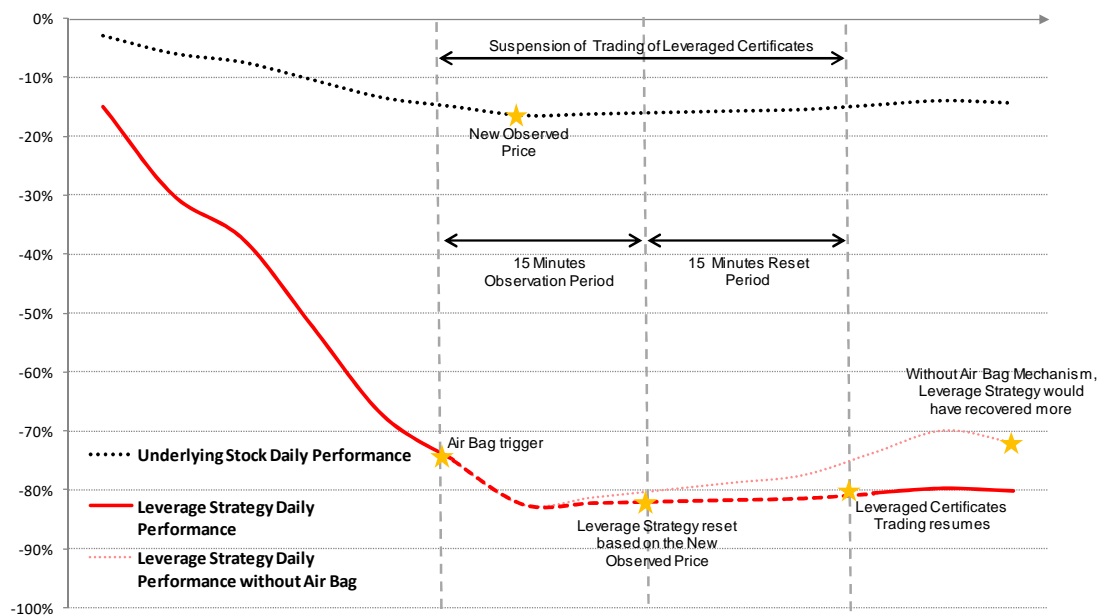
- The later between X+30 minutes or Y+15 minutes will be the earliest time the Certificates can be resumed, the next quarter-of-an-hour of which will be the scheduled resumption time of the Certificates.
- If the scheduled resumption time of the Certificates is at or later than the scheduled closing time of the underlying asset, the Certificates will resume at 9 a.m. on the next SGX-ST trading day.

Illustrative examples of the Air Bag Mechanism⁹

Scenario 1 – Downward Trend after Air Bag trigger



Scenario 2 – Upward Trend after Air Bag trigger



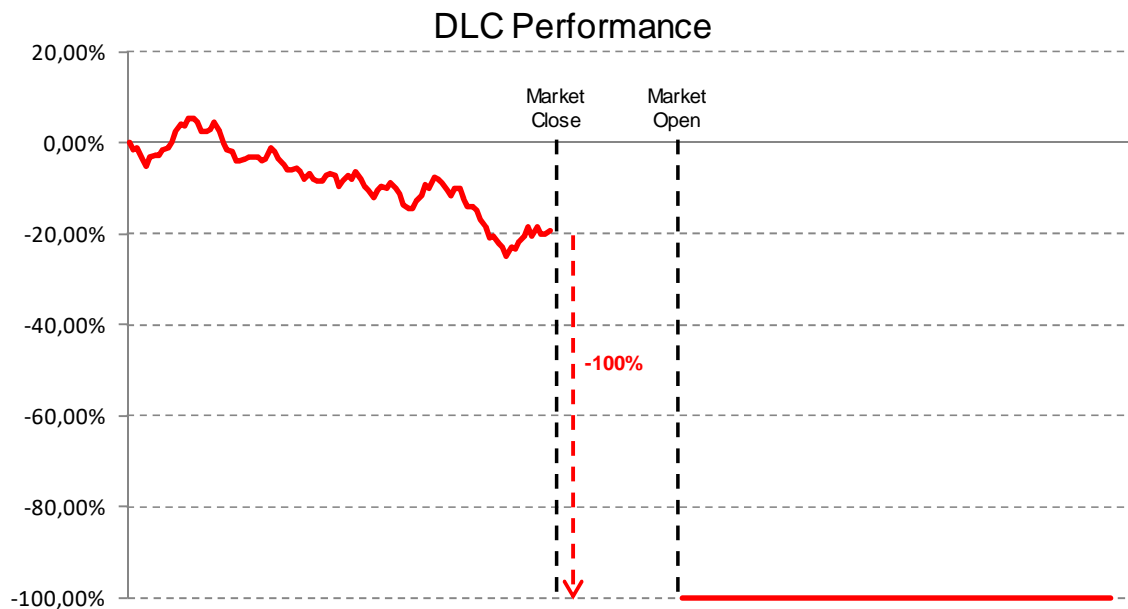
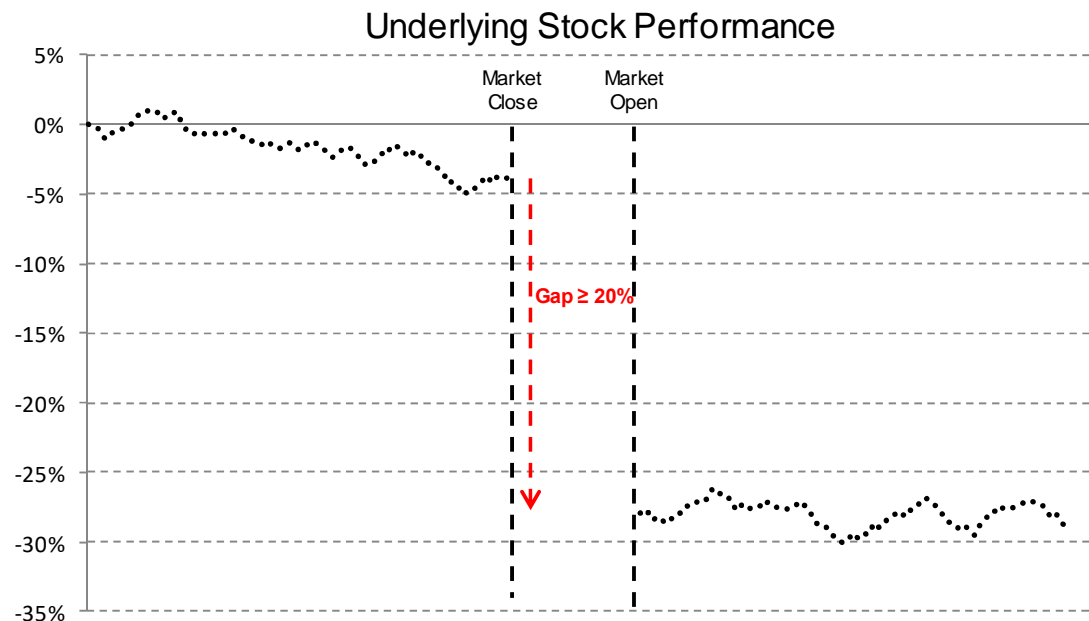
⁹ The illustrative examples are not exhaustive.

Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

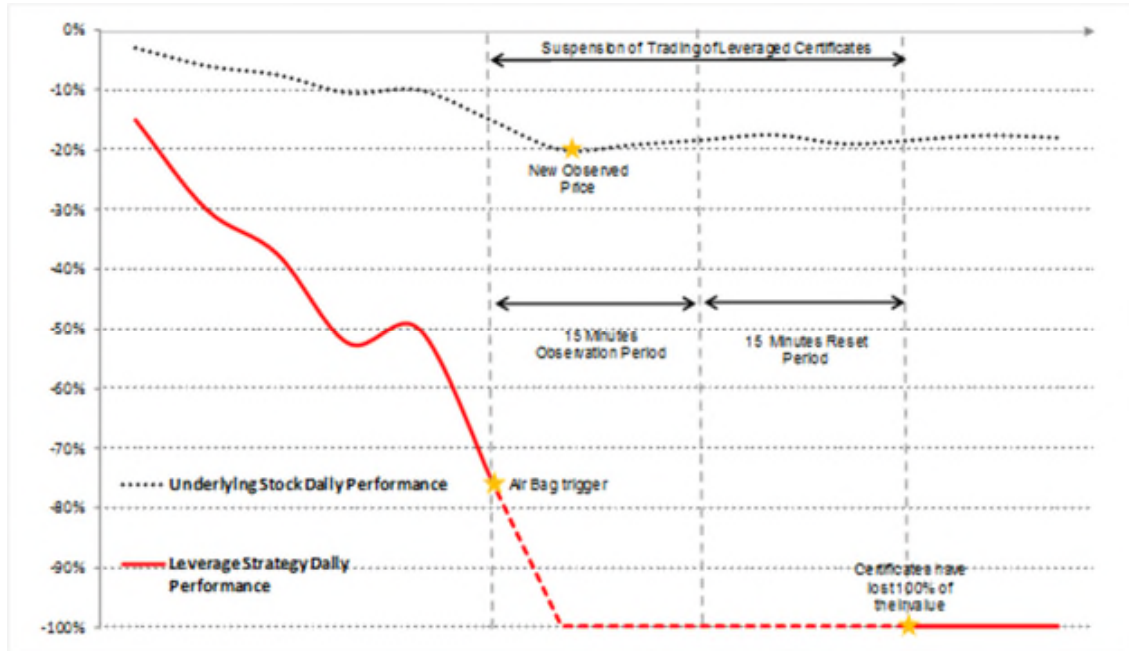
Scenario 1 – Overnight fall of the Underlying Stock

On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.



Scenario 2 – Sharp intraday fall of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{S_{t-1}} \right] \times \frac{1}{1 + M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$DivExc_t$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$$S_{t-1} = \$100$$

$$S_t = \$51$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

$$M = 1 \text{ (i.e. 1 new Shares for 1 existing Share)}$$

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0}{100} \right] \times \frac{1}{1 + 1} = 50\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{51}{100 \times 50\%} - 1 \right) = 10\%$$

| S_{t-1} | $S_{t-1} \times Rfactor_t$ | S_t | Adjusted Underlying Stock Performance |
|-----------|----------------------------|-------|---------------------------------------|
| 100 | 50 | 51 | 2% |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|--------------------------------|------------------------------|---|
| 1.0 | 1.1 | 10% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$42.5, which is 15% below \$50, the Underlying Stock Reference Price.

2. Share Consolidation

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$$S_{t-1} = \$100$$

$$S_t = \$202$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$M = -0.5 \text{ (i.e. 0.5 Shares canceled for each 1 existing Share)}$$

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0}{100} \right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{202}{100 \times 200\%} - 1 \right) = 5\%$$

| S_{t-1} | $S_{t-1} \times Rfactor_t$ | S_t | Adjusted Underlying Stock Performance |
|-----------|----------------------------|-------|---------------------------------------|
| 100 | 200 | 202 | 1% |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|--------------------------------|------------------------------|---|
| 1.0 | 1.05 | 5% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$170, which is 15% below \$200, the Underlying Stock Reference Price.

3. Rights Issues

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of \$40.

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

$$R = \$40 \text{ (i.e. subscription price of \$40)}$$

$$M = 0.5 \text{ (i.e. 1 new share for every 2 existing shares)}$$

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100} \right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

| S_{t-1} | $S_{t-1} \times Rfactor_t$ | S_t | Adjusted Underlying Stock Performance |
|-----------|----------------------------|-------|---------------------------------------|
| 100 | 80 | 84 | 5% |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|--------------------------------|------------------------------|---|
| 1.0 | 1.25 | 25% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$$S_{t-1} = \$100$$

$$S_t = \$85$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$R = \$0$$

$$M = 0.2 \text{ (i.e. 1 new share for 5 existing shares)}$$

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100} \right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1 \right) = 10\%$$

| S_{t-1} | $S_{t-1} \times Rfactor_t$ | S_t | Adjusted Underlying Stock Performance |
|-----------|----------------------------|-------|---------------------------------------|
| 100 | 83.33 | 85 | 2% |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|--------------------------------|------------------------------|---|
| 1.0 | 1.1 | 10% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$20$$

$$R = \$0$$

$$M = 0$$

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100} \right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

| S_{t-1} | $S_{t-1} \times Rfactor_t$ | S_t | Adjusted Underlying Stock Performance |
|-----------|----------------------------|-------|--|
| 100 | 80 | 84 | 5% |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|--------------------------------|------------------------------|--|
| 1.0 | 1.25 | 25% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of the SGX-ST at <http://www.sgx.com>. The Issuer has not independently verified any of such information.

Singapore Airlines Limited ("**Singapore Airlines**" or the "**Company**") was incorporated as a public company with limited liability and a wholly-owned subsidiary of Temasek Holdings (Private) Limited on 28 January 1972.

Its history began in 1947 when a twin-engined Airspeed Consul under the Malayan Airways Ltd's insignia started scheduled services between Singapore, Kuala Lumpur, Ipoh and Penang. Malayan Airways Ltd grew steadily and by 1955, international services were added to its operations.

With the formation of the Federation of Malaysia in 1963, the airline was renamed Malaysian Airways Ltd. In 1966 the governments of Malaysia and Singapore acquired joint control of the airline, which was then renamed Malaysia-Singapore Airlines Ltd ("**MSA**"). In 1971, MSA was restructured into 2 entities: Singapore Airlines and Malaysia Airline System.

Singapore Airlines, a full member of the global Star Alliance, is one of the world's premium airlines, with the distinction of operating a young and modern fleet. The Singapore Airlines route network extends across 105 destinations in 37 countries, including those served by its subsidiaries, Singapore Airlines Cargo and SilkAir. The Singapore Airlines Group has over 20 subsidiaries, covering a range of airline-related services, from cargo to engine overhaul. Its subsidiaries also include SIA Engineering Company, Scoot, Tiger Airways, Singapore Flying College and Tradewinds Tours and Travel.

Principal activities of the Group consist of air transportation, engineering services and other airline related activities.

The information set out in the Appendix to this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 March 2021 and has been extracted and reproduced from an announcement by the Company dated 7 July 2021 in relation to the same. Further information relating to the Company may be located on the web-site of the SGX-ST at <http://www.sgx.com>.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

- (a) Maximum bid and offer spread : (i) when the best bid price of the Certificate is S\$10 and below: 10 ticks or S\$0.20 whichever is greater; and
(ii) when the best bid price of the Certificate is above S\$10: 5% of the best bid price of the Certificate.
- (b) Minimum quantity subject to bid and offer spread : 10,000 Certificates
- (c) Last Trading Day for Market Making : The date falling 5 Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

- (i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;
- (ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);
- (iii) where the Certificates are suspended from trading for any reason;
- (iv) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;
- (v) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;
- (vi) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;
- (vii) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;
- (viii) if the stock market experiences exceptional price movement and volatility;
- (ix) when it is a public holiday in Singapore and/or the SGX-ST is not open for dealings; and
- (x) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 105 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.
2. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2020 or the Guarantor since 31 March 2021, in the context of the issuance of Certificates hereunder.
5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:
 - (a) the Guarantee;
 - (b) the Master Instrument; and
 - (c) the Master Warrant Agent Agreement.

None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the report, included herein, in the form and context in which it is included. Their report was not prepared exclusively for incorporation into this document.

The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:
- (a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;
 - (b) the latest financial reports (including the notes thereto) of the Issuer;
 - (c) the latest financial reports (including the notes thereto) of the Guarantor;
 - (d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;
 - (e) the Base Listing Document;
 - (f) this document; and
 - (g) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall be deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("**SFO**")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area. For the

purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
 - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

- (a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended (the “**Commodity Exchange Act**”) and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term “**United States**” includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term “**U.S. person**” means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of

1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the “**CEA**”) or any rules thereunder of the CFTC (the “**CFTC Rules**”), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a “Non-United States person” defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not “Non-United States persons”, shall be considered a U.S. person).

APPENDIX

REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 OF SINGAPORE AIRLINES LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 March 2021 and has been extracted and reproduced from an announcement by the Company dated 7 July 2021 in relation to the same.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SINGAPORE AIRLINES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Singapore Airlines Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2021, the consolidated profit and loss account, consolidated statements of comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 111 to 210.

In our opinion, the accompanying consolidated financial statements of the Group and the statements of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2021 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SINGAPORE AIRLINES LIMITED

Accounting for the carrying values of aircraft and related assets

Refer to note 2(h) "Property, plant and equipment", note 2(f)(iv) "Intangible assets – goodwill", note 3(a) "Impairment of property, plant and equipment – aircraft fleet" and note 3(b) "Depreciation of property, plant and equipment – aircraft fleet" for the relevant accounting policy and a discussion of significant accounting estimates.

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| <p>The accounting for the carrying value of aircraft and related assets has a material impact on the Group due to the significant cumulative value of the aircraft and long-lived nature of these assets.</p> <p>The Covid-19 pandemic has resulted in international borders being effectively closed via total closures or 14 to 21-day quarantine requirements in key markets. As a consequence, the international aviation industry has entered into a deep and prolonged recession and the return to pre-pandemic levels is not expected by the industry body until at least the calendar year 2023. Consequently, certain surplus aircraft were identified during the Group's longer-term network review.</p> <p>The remaining aircraft within the two Cash Generating Units ("CGUs") – the low cost airline ("LCC") and full service and cargo operations ("FSC") were assessed for impairment based on their respective values-in-use.</p> <p>As a result, the entire goodwill relating to the LCC CGU was impaired, and the surplus aircraft in both CGUs were impaired to their respective fair values.</p> <p>The value-in-use assessment requires significant estimates and assumptions to be made over areas including future revenues (yield), operating costs (excluding fuel costs), fuel costs, growth rates, projected aircraft usage, aircraft capital expenditure and discount rates for each of the two CGUs.</p> <p>These estimates and assumptions are in turn, subject to a high degree of estimation uncertainty and significant judgement. As such, this is a key area of focus for our audit.</p> | <p>We held discussions with senior management to understand the rationale and assumptions underpinning the review of the longer-term network.</p> <p>We assessed the appropriateness of management's allocation of aircraft and related assets to the FSC and LCC CGUs and the identified surplus aircraft.</p> <p>In relation to the impaired aircraft and their related assets which were removed from the FSC and LCC CGUs, we assessed the appropriateness of the basis used in determining the fair values.</p> <p>In relation to the aircraft and related assets remaining within the FSC and LCC CGUs, we held discussions with senior management to understand the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the FSC and LCC CGUs. These estimates include those relating to yield, operating costs (excluding fuel costs), fuel costs, growth rates, projected aircraft usage, aircraft capital expenditure and discount rates.</p> <p>We challenged these estimates based on our knowledge of the business, the aviation industry and our understanding of the different possible recovery scenarios of global passenger demand.</p> <p>We corroborated our knowledge and understanding by reading publicly available aviation industry reports relating to the impact that the Covid-19 pandemic is expected to have on global passenger demand, where relevant to the Group, to understand the possible recovery scenarios.</p> <p>We performed scenario analyses over the LCC CGU's recovery scenarios and sensitivity analyses for both CGUs over certain inputs, being long term growth rates and yield used in assessing the recoverable amount CGUs.</p> <p>We assessed the arithmetical accuracy of the computations used in assessing the recoverable amount of the FSC and LCC CGUs.</p> |

Findings

The surplus aircraft identified and the subsequent allocation of aircraft and related assets to the two CGUs reflected how management intended to utilise these assets arising from the longer-term network review. The assessment of the fair values of aircraft removed from the FSC and LCC CGUs were appropriate. Key inputs including yield, discount rates and growth rates used in assessing the recoverable amount of the FSC and LCC CGUs are subject to significant amounts of volatility and uncertainty. Nevertheless, we found the estimates underpinning the cashflow projections involved in the computation of the recoverable amount of the FSC and LCC CGUs, to be reasonable in the context of currently available relevant information.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SINGAPORE AIRLINES LIMITED

Accounting for fuel hedges

Refer to note 2(k) "Financial Instruments" and note 3(g) "Hedge effectiveness of fuel derivatives" for the relevant accounting policy and a discussion of significant accounting estimates.

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| <p>The Group uses a variety of crude oil and jet fuel derivative financial instruments as part of its multi-year hedging program to hedge the risks associated with jet fuel price fluctuations arising from its forecasted passenger and cargo flight operations.</p> <p>The Group continues to be in an over-hedged position due to the significant capacity cuts brought about by the travel restrictions associated with the Covid-19 pandemic as compared to the forecasted capacity when these hedges were first entered into by the Group. As a result, hedge accounting for certain crude oil and jet fuel derivative financial instruments has been discontinued as the forecasted transactions are either no longer highly probable or no longer expected to occur.</p> <p>There continues to be a high degree of estimation uncertainty inherent and significant judgement is required in assessing the expected duration and severity of the Covid-19 pandemic and the associated impact on passenger flight operations over the multi-year hedging horizon. The application of hedge accounting requirements is extensive and complex. As a result, this is a key area of focus for our audit.</p> | <p>We read publicly available aviation industry reports relating to the impact the Covid-19 pandemic is expected to have on global passenger demand, where relevant to the Group, to understand the possible recovery scenarios.</p> <p>We held discussions with senior management to understand the basis of the assumptions used in forming the forecasted jet fuel consumption for passenger and cargo flight operations.</p> <p>We challenged these estimates based on our understanding of the range of possible Covid-19 recovery scenarios for passenger flight operations.</p> <p>We checked that the requirements associated with hedge accounting were appropriately applied.</p> <p>We tested the accuracy of the fair value losses of the underlying derivative instruments and the allocation of those losses in the statement of financial position and income statement.</p> |

Findings

The near-term travel restrictions associated with the Covid-19 pandemic remains uncertain, and the forecasted passenger flight operations remain significantly disrupted. However, gradual improvement is expected with the rollout of vaccines and testing regimes globally, the opening of "travel bubbles" between Singapore and other countries and the recovery of transit traffic through the Group's Singapore hub. The key assumptions used in the forecasted future flight operations, and hence jet fuel consumption, were reasonable in the context of currently available relevant information.

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained the *Three-year Financial Highlights, SIA Group Portfolio, Statistical Highlights, Our Transformation Journey, Network, Products and Services, SIA Cargo, Awards and Statement on Risk Management* prior to the date of this auditors' report. The remaining other information contained in the annual report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and take appropriate actions in accordance with SSAs.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SINGAPORE AIRLINES LIMITED

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SINGAPORE AIRLINES LIMITED

Auditors' responsibilities for the audit of the financial statements (continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Malcolm Ramsay.

KPMG LLP

Public Accountants and
Chartered Accountants

Dated this 19th day of May 2021
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (IN \$ MILLION)

| | | The Group | |
|--|--------|-----------|-----------|
| | Notes | FY2020/21 | FY2019/20 |
| REVENUE | 4 | 3,815.9 | 15,975.9 |
| EXPENDITURE | | | |
| Staff costs | 5 | 1,160.5 | 2,563.6 |
| Fuel costs | | 1,015.5 | 4,636.5 |
| Fuel hedging ineffectiveness | 42(a) | 214.0 | 709.8 |
| Depreciation | 22, 23 | 2,075.9 | 2,134.2 |
| Impairment of property, plant and equipment | 22 | 2.0 | 14.2 |
| Amortisation of intangible assets | 24 | 65.8 | 57.5 |
| Aircraft maintenance and overhaul costs | | 446.4 | 835.4 |
| Commission and incentives | | (13.6) | 489.8 |
| Landing, parking and overflying charges | | 219.0 | 886.4 |
| Handling charges | | 394.1 | 1,276.7 |
| Rentals on leased aircraft | | 9.8 | 79.2 |
| In-flight meals | | 10.7 | 539.0 |
| Advertising and sales costs | | 12.6 | 334.2 |
| Company accommodation and utilities | | 35.7 | 50.2 |
| Other passenger costs | | 31.1 | 187.7 |
| Crew expenses | | 15.0 | 172.4 |
| Impairment of amount owing by a joint venture company | | 12.6 | 61.6 |
| Other operating expenses | | 621.3 | 888.4 |
| | | 6,328.4 | 15,916.8 |
| OPERATING (LOSS)/PROFIT | 6 | (2,512.5) | 59.1 |
| Finance charges | 7 | (267.9) | (220.9) |
| Interest income | 8 | 35.4 | 42.1 |
| Impairment of aircraft | 22 | (1,734.3) | - |
| Impairment of base maintenance assets | 22 | (36.9) | - |
| Impairment of goodwill | 24 | (170.4) | - |
| Impairment of intangible assets | 24 | (11.4) | - |
| (Loss)/Surplus on disposal of aircraft, spares and spare engines | | (27.0) | 6.9 |
| Dividends from long-term investments | | 8.4 | 3.2 |
| Other non-operating items | 9 | (127.8) | (31.9) |
| Share of profits of joint venture companies | | 14.0 | 46.4 |
| Share of losses of associated companies | | (126.8) | (125.1) |
| LOSS BEFORE TAXATION | | (4,957.2) | (220.2) |
| TAXATION | 10 | 673.8 | 50.8 |
| LOSS FOR THE FINANCIAL YEAR | | (4,283.4) | (169.4) |
| (LOSS)/PROFIT ATTRIBUTABLE TO: | | | |
| OWNERS OF THE COMPANY | | (4,270.7) | (212.0) |
| NON-CONTROLLING INTERESTS | | (12.7) | 42.6 |
| | | (4,283.4) | (169.4) |
| LOSS PER SHARE (CENTS) | 11 | (115.6) | (11.2) |
| DILUTED LOSS PER SHARE (CENTS) | 11 | (115.6) | (11.3) |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (IN \$ MILLION)

| | The Group | |
|--|-----------|-----------|
| | FY2020/21 | FY2019/20 |
| LOSS FOR THE FINANCIAL YEAR | (4,283.4) | (169.4) |
| OTHER COMPREHENSIVE INCOME: | | |
| <u>Items that are or may be reclassified subsequently to profit or loss:</u> | | |
| Currency translation differences | (47.5) | 35.5 |
| Net fair value changes on cash flow hedges | 1,964.7 | (2,603.3) |
| Share of other comprehensive income of associated and joint venture companies | 6.6 | 5.2 |
| Realisation of foreign currency translation reserves on liquidation of an associated company | – | 0.2 |
| Realisation of reserves on disposal of an associated company | 25.0 | – |
| <u>Items that will not be reclassified subsequently to profit or loss:</u> | | |
| Actuarial loss on revaluation of defined benefit plans | (4.9) | (5.3) |
| OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX | 1,943.9 | (2,567.7) |
| TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR | (2,339.5) | (2,737.1) |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | |
| OWNERS OF THE COMPANY | (2,317.8) | (2,786.4) |
| NON-CONTROLLING INTERESTS | (21.7) | 49.3 |
| | (2,339.5) | (2,737.1) |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2021 (IN \$ MILLION)

| | Notes | The Group 31 March | | The Company 31 March | |
|---|-------|-----------------------|-----------|-------------------------|-----------|
| | | 2021 | 2020 | 2021 | 2020 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | | |
| Share capital | 13 | 7,180.2 | 1,856.1 | 7,180.2 | 1,856.1 |
| Mandatory convertible bonds | 14 | 3,496.1 | – | 3,496.1 | – |
| Treasury shares | 15 | (133.2) | (156.0) | (133.2) | (156.0) |
| Other reserves | 16 | 5,362.8 | 7,614.0 | 5,968.8 | 7,162.6 |
| | | 15,905.9 | 9,314.1 | 16,511.9 | 8,862.7 |
| NON-CONTROLLING INTERESTS | | | | | |
| | | 372.2 | 418.6 | – | – |
| TOTAL EQUITY | | 16,278.1 | 9,732.7 | 16,511.9 | 8,862.7 |
| DEFERRED ACCOUNT | 17 | 41.0 | 33.3 | 41.0 | 33.3 |
| DEFERRED TAXATION | 18 | 1,032.5 | 1,335.3 | 1,018.9 | 1,292.2 |
| LONG-TERM LEASE LIABILITIES | | 2,373.6 | 1,467.6 | 1,976.1 | 700.6 |
| BORROWINGS | 19 | 10,564.8 | 7,162.9 | 10,264.3 | 6,810.3 |
| OTHER LONG-TERM LIABILITIES | 20 | 506.4 | 1,875.7 | 496.3 | 1,860.7 |
| PROVISIONS | 21 | 965.1 | 990.7 | 387.1 | 308.3 |
| DEFINED BENEFIT PLANS | | 106.6 | 112.5 | 106.1 | 111.9 |
| | | 31,868.1 | 22,710.7 | 30,801.7 | 19,980.0 |
| Represented by: | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | 22 | 23,483.3 | 25,485.8 | 19,048.1 | 20,315.6 |
| RIGHT-OF-USE ASSETS | 23 | 2,395.7 | 1,477.7 | 1,983.7 | 745.7 |
| INTANGIBLE ASSETS | 24 | 301.1 | 487.0 | 229.1 | 216.6 |
| SUBSIDIARY COMPANIES | 25 | – | – | 5,880.6 | 4,769.9 |
| ASSOCIATED COMPANIES | 26 | 833.1 | 817.0 | 332.3 | 120.3 |
| JOINT VENTURE COMPANIES | 27 | 200.2 | 191.5 | 32.3 | 32.3 |
| LONG-TERM INVESTMENTS | 28 | 49.9 | 65.2 | 46.6 | 54.8 |
| OTHER LONG-TERM ASSETS | 29 | 646.0 | 345.7 | 495.9 | 167.4 |
| CURRENT ASSETS | | | | | |
| Derivative assets | 42 | 156.8 | 169.3 | 156.8 | 169.3 |
| Inventories | 30 | 194.9 | 239.3 | 145.3 | 168.4 |
| Trade debtors | 31 | 939.5 | 820.5 | 753.9 | 440.5 |
| Amounts owing by subsidiary companies | 31 | – | – | 12.5 | 200.4 |
| Deposits and other debtors | 32 | 117.3 | 330.8 | 68.5 | 297.7 |
| Prepayments | | 80.7 | 121.1 | 61.5 | 85.1 |
| Other short-term assets | | 29.4 | 38.9 | 20.9 | 30.3 |
| Investments | 33 | 271.8 | 423.5 | 216.5 | 375.3 |
| Cash and bank balances | 34 | 7,783.0 | 2,685.3 | 7,512.1 | 2,521.9 |
| Assets held for sale | 22 | 98.6 | 14.2 | 25.2 | – |
| | | 9,672.0 | 4,842.9 | 8,973.2 | 4,288.9 |
| Less: CURRENT LIABILITIES | | | | | |
| Borrowings | 19 | 907.1 | 2,661.0 | 842.8 | 2,601.1 |
| Lease liabilities | | 491.4 | 493.0 | 315.0 | 273.7 |
| Current tax payable | | 95.4 | 68.5 | 76.8 | 39.2 |
| Trade and other creditors | 35 | 2,117.2 | 3,016.0 | 1,511.3 | 2,250.5 |
| Amounts owing to subsidiary companies | 35 | – | – | 1,530.7 | 1,021.5 |
| Sales in advance of carriage | 36 | 568.1 | 2,041.4 | 504.4 | 1,888.3 |
| Deferred revenue | 36 | 957.8 | 755.8 | 957.8 | 755.8 |
| Deferred account | 17 | 16.9 | 31.6 | 13.8 | 29.7 |
| Derivative liabilities | 42 | 130.4 | 1,570.8 | 124.0 | 1,565.2 |
| Provisions | 21 | 428.9 | 364.0 | 343.5 | 306.5 |
| | | 5,713.2 | 11,002.1 | 6,220.1 | 10,731.5 |
| NET CURRENT ASSETS/(LIABILITIES) | | 3,958.8 | (6,159.2) | 2,753.1 | (6,442.6) |
| | | 31,868.1 | 22,710.7 | 30,801.7 | 19,980.0 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (IN \$ MILLION)

The Group

| | Notes | Share capital | Mandatory convertible bonds | Treasury shares |
|---|-------|---------------|-----------------------------|-----------------|
| Balance at 1 April 2020 | | 1,856.1 | – | (156.0) |
| <u>Comprehensive income</u> | | | | |
| Currency translation differences | 16(b) | – | – | – |
| Net fair value changes on cash flow hedges | 16(d) | – | – | – |
| Actuarial loss on revaluation of defined benefit plans | | – | – | – |
| Realisation of reserves from disposal of interest in an associated company | | – | – | – |
| Share of other comprehensive income of associated and joint venture companies | | – | – | – |
| Other comprehensive income for the financial year, net of tax | | – | – | – |
| Loss for the financial year | | – | – | – |
| Total comprehensive income for the financial year | | – | – | – |
| <u>Transactions with owners, recorded directly in equity</u> | | | | |
| <u>Contributions by and distributions to owners</u> | | | | |
| Issue of ordinary shares | | 5,324.1 | – | – |
| Issue of mandatory convertible bonds | | – | 3,496.1 | – |
| Issue of convertible bonds | | – | – | – |
| Realisation of reserves from disposal of interest in an associated company | | – | – | – |
| Changes in ownership interest without loss of control | | – | – | – |
| Share-based compensation expense | 5 | – | – | – |
| Share awards lapsed | | – | – | – |
| Treasury shares reissued pursuant to equity compensation plans | 15 | – | – | 22.8 |
| Dividends | 12 | – | – | – |
| Total contributions by and distributions to owners | | 5,324.1 | 3,496.1 | 22.8 |
| <u>Changes in ownership interests in subsidiary companies</u> | | | | |
| Acquisition of non-controlling interests without change in control | | – | – | – |
| Disposal of a subsidiary company with non-controlling interests | | – | – | – |
| Total transactions with owners | | 5,324.1 | 3,496.1 | 22.8 |
| Balance at 31 March 2021 | | 7,180.2 | 3,496.1 | (133.2) |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

| Attributable to owners of the Company | | | | | | | |
|---------------------------------------|--------------------------------------|----------------------------------|--------------------|-----------------|-----------|---------------------------|--------------|
| Capital reserve | Foreign currency translation reserve | Share-based compensation reserve | Fair value reserve | General reserve | Total | Non-controlling interests | Total equity |
| (112.7) | (5.3) | 25.7 | (2,150.9) | 9,857.2 | 9,314.1 | 418.6 | 9,732.7 |
| - | (37.4) | - | - | - | (37.4) | (10.1) | (47.5) |
| - | - | - | 1,965.8 | - | 1,965.8 | (1.1) | 1,964.7 |
| - | - | - | - | (4.9) | (4.9) | - | (4.9) |
| - | 25.6 | - | (0.6) | - | 25.0 | - | 25.0 |
| (2.9) | 0.2 | - | 7.1 | - | 4.4 | 2.2 | 6.6 |
| (2.9) | (11.6) | - | 1,972.3 | (4.9) | 1,952.9 | (9.0) | 1,943.9 |
| - | - | - | - | (4,270.7) | (4,270.7) | (12.7) | (4,283.4) |
| (2.9) | (11.6) | - | 1,972.3 | (4,275.6) | (2,317.8) | (21.7) | (2,339.5) |
| - | - | - | - | - | 5,324.1 | - | 5,324.1 |
| - | - | - | - | - | 3,496.1 | - | 3,496.1 |
| 74.3 | - | - | - | - | 74.3 | - | 74.3 |
| (48.3) | - | 1.4 | - | 46.9 | - | - | - |
| - | - | (4.3) | - | 3.7 | (0.6) | 0.3 | (0.3) |
| - | - | 13.2 | - | - | 13.2 | 0.7 | 13.9 |
| - | - | (2.1) | - | 2.1 | - | - | - |
| (9.0) | - | (13.1) | - | - | 0.7 | - | 0.7 |
| - | - | - | - | - | - | (14.3) | (14.3) |
| 17.0 | - | (4.9) | - | 52.7 | 8,907.8 | (13.3) | 8,894.5 |
| 1.8 | - | - | - | - | 1.8 | (5.9) | (4.1) |
| - | - | - | - | - | - | (5.5) | (5.5) |
| 18.8 | - | (4.9) | - | 52.7 | 8,909.6 | (24.7) | 8,884.9 |
| (96.8) | (16.9) | 20.8 | (178.6) | 5,634.3 | 15,905.9 | 372.2 | 16,278.1 |

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (IN \$ MILLION)

The Group

| | Notes | Share capital | Treasury shares | Capital reserve |
|--|-------|---------------|-----------------|-----------------|
| Balance at 1 April 2019* | | 1,856.1 | (171.5) | (124.3) |
| Effects of changes in accounting standards | | - | - | - |
| As restated | | 1,856.1 | (171.5) | (124.3) |
| <u>Comprehensive income</u> | | | | |
| Currency translation differences | 16(b) | - | - | - |
| Net fair value changes on cash flow hedges | 16(d) | - | - | - |
| Actuarial loss on revaluation of defined benefit plans | | - | - | - |
| Realisation of foreign currency translation reserves on liquidation of an associated company | | - | - | - |
| Share of other comprehensive income of associated and joint venture companies | | - | - | 13.1 |
| Other comprehensive income for the financial year, net of tax | | - | - | 13.1 |
| (Loss)/Profit for the financial year | | - | - | - |
| Total comprehensive income for the financial year | | - | - | 13.1 |
| <u>Transactions with owners, recorded directly in equity</u> | | | | |
| <u>Contributions by and distributions to owners</u> | | | | |
| Share of other changes in equity of an associated company | | - | - | (2.5) |
| Changes in ownership interest without loss of control | | - | - | - |
| Share-based compensation expense | 5 | - | - | - |
| Treasury shares reissued pursuant to equity compensation plans | 15 | - | 15.5 | 1.0 |
| Issuance of share capital by a subsidiary company | | - | - | - |
| Dividends | 12 | - | - | - |
| Total transactions with owners | | - | 15.5 | (1.5) |
| Balance at 31 March 2020 | | 1,856.1 | (156.0) | (112.7) |

* The Group initially applied IFRS 16 on 1 April 2019.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

| Attributable to owners of the Company | | | | | | |
|---|--|-----------------------|--------------------|-----------|----------------------------------|-----------------|
| Foreign currency translation reserve | Share-based compensation reserve | Fair value reserve | General reserve | Total | Non- controlling interests | Total equity |
| (33.2) | 24.9 | 459.7 | 11,275.1 | 13,286.8 | 396.4 | 13,683.2 |
| - | - | - | (847.4) | (847.4) | - | (847.4) |
| (33.2) | 24.9 | 459.7 | 10,427.7 | 12,439.4 | 396.4 | 12,835.8 |
| 25.1 | - | - | - | 25.1 | 10.4 | 35.5 |
| - | - | (2,602.3) | - | (2,602.3) | (1.0) | (2,603.3) |
| - | - | - | (4.8) | (4.8) | (0.5) | (5.3) |
| 0.2 | - | - | - | 0.2 | - | 0.2 |
| 2.6 | - | (8.3) | - | 7.4 | (2.2) | 5.2 |
| 27.9 | - | (2,610.6) | (4.8) | (2,574.4) | 6.7 | (2,567.7) |
| - | - | - | (212.0) | (212.0) | 42.6 | (169.4) |
| 27.9 | - | (2,610.6) | (216.8) | (2,786.4) | 49.3 | (2,737.1) |
| - | - | - | - | (2.5) | (0.5) | (3.0) |
| - | (3.6) | - | 1.8 | (1.8) | 2.1 | 0.3 |
| - | 20.5 | - | - | 20.5 | 1.0 | 21.5 |
| - | (16.1) | - | - | 0.4 | - | 0.4 |
| - | - | - | - | - | 1.0 | 1.0 |
| - | - | - | (355.5) | (355.5) | (30.7) | (386.2) |
| - | 0.8 | - | (353.7) | (338.9) | (27.1) | (366.0) |
| (5.3) | 25.7 | (2,150.9) | 9,857.2 | 9,314.1 | 418.6 | 9,732.7 |

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (IN \$ MILLION)

The Company

| | Notes | Share capital | Mandatory convertible bonds | Treasury shares | Capital reserve | Share-based compensation reserve | Fair value reserve | General reserve | Total |
|---|--------|---------------|-----------------------------|-----------------|-----------------|----------------------------------|--------------------|-----------------|-----------|
| Balance at 1 April 2020 | | 1,856.1 | - | (156.0) | (928.8) | 22.1 | (1,734.3) | 9,803.6 | 8,862.7 |
| Effects of integration of SilkAir (Singapore) Private Limited ("SilkAir") | 18, 23 | - | - | - | (7.9) | - | - | - | (7.9) |
| <u>Comprehensive income</u> | | | | | | | | | |
| Net fair value changes on cash flow hedges | 16(d) | - | - | - | - | - | 1,597.7 | - | 1,597.7 |
| Actuarial loss on revaluation of defined benefit plans | | - | - | - | - | - | - | (4.9) | (4.9) |
| Other comprehensive income for the financial year, net of tax | | - | - | - | - | - | 1,597.7 | (4.9) | 1,592.8 |
| Loss for the financial year | | - | - | - | - | - | - | (2,841.1) | (2,841.1) |
| Total comprehensive income for the financial year | | - | - | - | - | - | 1,597.7 | (2,846.0) | (1,248.3) |
| <u>Transactions with owners, recorded directly in equity</u> | | | | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | |
| Issue of ordinary shares | | 5,324.1 | - | - | - | - | - | - | 5,324.1 |
| Issue of mandatory convertible bonds | | - | 3,496.1 | - | - | - | - | - | 3,496.1 |
| Issue of convertible bonds | | - | - | - | 74.3 | - | - | - | 74.3 |
| Share-based compensation expense | | - | - | - | - | 10.2 | - | - | 10.2 |
| Share awards lapsed | | - | - | - | - | (2.1) | - | 2.1 | - |
| Treasury shares reissued pursuant to equity compensation plans | 15 | - | - | 22.8 | (9.0) | (13.1) | - | - | 0.7 |
| Total transactions with owners | | 5,324.1 | 3,496.1 | 22.8 | 65.3 | (5.0) | - | 2.1 | 8,905.4 |
| Balance at 31 March 2021 | | 7,180.2 | 3,496.1 | (133.2) | (871.4) | 17.1 | (136.6) | 6,959.7 | 16,511.9 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (IN \$ MILLION)

The Company

| | Notes | Share capital | Treasury shares | Capital reserve | Share-based compensation reserve | Fair value reserve | General reserve | Total |
|--|-------|---------------|-----------------|-----------------|----------------------------------|--------------------|-----------------|-----------|
| Balance at 1 April 2019* | | 1,856.1 | (171.5) | (929.8) | 21.2 | 366.4 | 10,631.0 | 11,773.4 |
| Effects of changes in accounting standards | | - | - | - | - | - | (184.4) | (184.4) |
| As restated | | 1,856.1 | (171.5) | (929.8) | 21.2 | 366.4 | 10,446.6 | 11,589.0 |
| <u>Comprehensive income</u> | | | | | | | | |
| Net fair value changes on cash flow hedges | 16(d) | - | - | - | - | (2,100.7) | - | (2,100.7) |
| Actuarial loss on revaluation of defined benefit plans | | - | - | - | - | - | (4.0) | (4.0) |
| Other comprehensive income for the financial year, net of tax | | - | - | - | - | (2,100.7) | (4.0) | (2,104.7) |
| Loss for the financial year | | - | - | - | - | - | (283.5) | (283.5) |
| Total comprehensive income for the financial year | | - | - | - | - | (2,100.7) | (287.5) | (2,388.2) |
| <u>Transactions with owners, recorded directly in equity</u> | | | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | | | |
| Share-based compensation expense | | - | - | - | 17.0 | - | - | 17.0 |
| Treasury shares reissued pursuant to equity compensation plans | 15 | - | 15.5 | 1.0 | (16.1) | - | - | 0.4 |
| Dividends | 12 | - | - | - | - | - | (355.5) | (355.5) |
| Total transactions with owners | | - | 15.5 | 1.0 | 0.9 | - | (355.5) | (338.1) |
| Balance at 31 March 2020 | | 1,856.1 | (156.0) | (928.8) | 22.1 | (1,734.3) | 9,803.6 | 8,862.7 |

* The Company initially applied IFRS 16 on 1 April 2019.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (IN \$ MILLION)

| | | The Group | |
|---|--------|------------------|----------------|
| | Notes | FY2020/21 | FY2019/20 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Loss before taxation | | (4,957.2) | (220.2) |
| Adjustments for: | | | |
| Depreciation | 22, 23 | 2,075.9 | 2,134.2 |
| Impairment of aircraft | 22 | 1,734.3 | - |
| Impairment of property, plant and equipment | 22 | 2.0 | 14.2 |
| Impairment of base maintenance assets | 22 | 36.9 | - |
| Impairment of goodwill | 24 | 170.4 | - |
| Impairment of intangible assets | 24 | 11.4 | - |
| Amortisation of intangible assets | 24 | 65.8 | 57.5 |
| Impairment of trade debtors | 6 | 4.6 | 7.5 |
| Impairment of amount owing by a joint venture company | | 12.6 | 61.6 |
| Writedown of inventories | 6 | 12.4 | 8.8 |
| Income from short-term investments | 6 | (1.2) | (1.4) |
| Provisions | 21 | 207.0 | 180.0 |
| Share-based compensation expense | 5 | 13.2 | 20.5 |
| Exchange differences | | 45.5 | (11.0) |
| Net (gain)/loss on financial assets mandatorily measured at fair value through profit or loss ("FVTPL") | 6 | (2.6) | 0.5 |
| Fuel hedging ineffectiveness | | 214.0 | 709.8 |
| Foreign currency hedging ineffectiveness | 6 | 12.6 | (30.0) |
| Finance charges | 7 | 267.9 | 220.9 |
| Interest income | 8 | (35.4) | (42.1) |
| Loss/(Surplus) on disposal of aircraft, spares and spare engines | | 27.0 | (6.9) |
| Dividends from long-term investments | | (8.4) | (3.2) |
| Other non-operating items | 9 | 127.8 | 31.9 |
| Share of profits of joint venture companies | | (14.0) | (46.4) |
| Share of losses of associated companies | | 126.8 | 125.1 |
| Operating cash flow before working capital changes | | 149.3 | 3,211.3 |
| Decrease in trade and other creditors | | (2,621.5) | (346.2) |
| Decrease in sales in advance of carriage | | (1,473.3) | (674.0) |
| Decrease in trade debtors | | 225.8 | 660.3 |
| Decrease/(Increase) in deposits and other debtors | | 215.6 | (237.0) |
| Decrease in prepayments | | 40.4 | 10.6 |
| Increase in inventories | | (13.1) | (18.2) |
| Increase in deferred revenue | | 202.0 | 144.9 |
| Cash (used in)/generated from operations | | (3,274.8) | 2,751.7 |
| Income taxes paid | | (17.6) | (19.8) |
| NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES | | (3,292.4) | 2,731.9 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (IN \$ MILLION)

| | | The Group | |
|---|-------|------------------|------------------|
| | Notes | FY2020/21 | FY2019/20 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Capital expenditure | 37 | (2,695.5) | (5,103.5) |
| Purchase of intangible assets | 37 | (74.1) | (91.6) |
| Proceeds from disposal of aircraft and other property, plant and equipment | | 156.4 | 124.3 |
| Proceeds from sale and leaseback transactions | | 1,230.5 | 117.2 |
| Proceeds from disposal of long-term investments | | 30.3 | 41.5 |
| Purchase of short-term investments | | (584.6) | (689.1) |
| Proceeds from disposal of short-term investments | | 739.7 | 661.7 |
| Dividends received from associated and joint venture companies | | 39.5 | 84.0 |
| Dividends received from investments | | 8.4 | 5.2 |
| Interest received from investments and deposits | | 33.7 | 42.2 |
| Proceeds from finance leases | | 8.1 | 9.2 |
| Proceeds from disposal of interest in a subsidiary company, net of cash disposed | | 5.3 | - |
| Investments in associated companies | | (212.0) | (141.0) |
| Investments in joint venture companies | | - | (11.9) |
| Loan to a joint venture company | | - | (18.1) |
| Proceeds from liquidation of an associated company | | - | 5.1 |
| NET CASH USED IN INVESTING ACTIVITIES | | (1,314.3) | (4,964.8) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Dividends paid | 12 | - | (355.5) |
| Dividends paid by subsidiary companies to non-controlling interests | 12 | (14.3) | (30.7) |
| Acquisition of non-controlling interests without a change in control | | (4.1) | - |
| Issuance of share capital by subsidiary companies | | - | 1.0 |
| Interest paid | | (232.4) | (206.0) |
| Proceeds from issuance of shares and mandatory convertible bonds | | 8,829.2 | - |
| Payment of transaction costs related to shares issued and mandatory convertible bonds | | (9.0) | - |
| Repayment of bonds | | (500.0) | - |
| Proceeds from issuance of bonds | | 2,013.0 | - |
| Payment of transaction costs from issuance of bonds | | (10.9) | - |
| Proceeds from borrowings | | 4,579.0 | 3,985.2 |
| Repayment of borrowings | | (4,344.1) | (878.3) |
| Repayment of lease liabilities | | (551.6) | (575.9) |
| Payment of transaction costs related to borrowings | | (17.8) | (4.2) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | 9,737.0 | 1,935.6 |
| NET CASH INFLOW/(OUTFLOW) | | 5,130.3 | (297.3) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | | 2,685.3 | 2,944.0 |
| Effect of exchange rate changes | | (32.6) | 38.6 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | | 7,783.0 | 2,685.3 |
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | | |
| Fixed deposits | 34 | 5,701.9 | 1,283.5 |
| Cash and bank balances | 34 | 2,081.1 | 1,401.8 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | | 7,783.0 | 2,685.3 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

1 General

Singapore Airlines Limited ("the Company") is a limited liability company incorporated and domiciled in the Republic of Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is a subsidiary company of Temasek Holdings (Private) Limited ("Temasek"), incorporated in the Republic of Singapore.

The registered office of the Company is at Airline House, 25 Airline Road, Singapore 819829.

The financial statements of the Group as at and for the year ended 31 March 2021 comprise the Company and its subsidiary companies (together referred to as "the Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The principal activities of the Group consist of passenger and cargo air transportation, engineering services, training of pilots, air charters and tour wholesaling and related activities. The principal activity of the Company consists of passenger and cargo air transportation.

The financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 19 May 2021.

2 Summary of Significant Accounting Policies

The accounting policies applied by the Group and the Company are consistent with all periods presented in these financial statements, except as explained in note 2(b), which addresses changes in accounting policies.

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD"), which is the Company's functional currency and all values in the tables are rounded to the nearest million, unless otherwise stated.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will be able to meet its liabilities as and when they fall due. The Group has generated a loss before taxation of \$4,957.2 million (FY2019/20: \$220.2 million) during the year ended 31 March 2021, however, the Group is in a net current assets position of \$3,958.8 million (FY19/20: net current liabilities of \$6,159.2 million). In addition, for the period up to July 2021, the Company has the option to raise an additional \$6.2 billion of mandatory convertible bonds ("MCBs") (see note 14) and has access to \$2,128.0 million of committed undrawn facilities as at 31 March 2021. Together with other measures detailed in note 46, the Group and the Company has taken steps to build up its liquidity so that it is able to continue its operations as a going concern and to meet its liabilities as and when they fall due.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2020, the Group adopted all the new and revised standards and interpretations of IFRS ("INT IFRS") that are effective for annual financial periods beginning on or after 1 April 2020. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(c) Standards issued but not yet effective

Certain new standards and amendments to standards that are effective from the Group's financial year ending 31 March 2022 onwards are as follows:

| Description | Effective from |
|---|------------------|
| IFRS 17 Insurance Contracts | 1 April 2023 |
| Classification of Liabilities as Current or Non-current (Amendments to IAS 1) | 1 April 2023 |
| Covid-19-related rent concessions (Amendment to IFRS 16) | 1 April 2021 |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28) | To be determined |

(d) Basis of consolidation

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

Any excess of the total of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable net assets is recorded as goodwill. The accounting policy for goodwill is set out in note 2(f)(iv). When the amount is negative, a bargain purchase gain is recognised immediately in the profit and loss account.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit and loss account.

Any contingent consideration will be recognised at fair value at the acquisition date and included in the consideration amount. If the contingent consideration is classified as equity, it is not remeasured and settled within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in the profit and loss account.

The Group elects for each separate business combination, whether the non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions and therefore no adjustments are made to goodwill and no gain or loss is recognised in the profit and loss account. In such circumstances, adjustments are based on a proportionate amount of the net assets of the subsidiary companies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with associated and joint venture companies are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Subsidiary, associated and joint venture companies

In the Company's separate financial statements, investments in subsidiary, associated and joint venture companies are accounted for at cost less accumulated impairment losses.

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiary companies are included in the consolidated financial statements from the date the control commences until the date the control ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(e) Subsidiary, associated and joint venture companies (continued)

The accounting policies of subsidiary companies have been changed when necessary to align them with policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balance.

An associated company is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

A joint venture company is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group accounts for its investments in associated and joint venture companies using the equity method, initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of associated and joint venture companies, until the date on which significant influence or joint control ceases. Dividends reduce the carrying amounts of the investments.

When the Group's share of losses in an associated or joint venture company equals or exceeds its interest in the associated or joint venture company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated or joint venture company.

The most recently available audited financial statements of the associated and joint venture companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period where provided by the associate or joint venture. Otherwise, an estimate is made for the balances to the end of the accounting period based on historical experience and adjusted for the effects of known significant transactions. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon the loss of significant influence or joint control over the associated or joint venture company, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

(f) Intangible assets

(i) Computer software

Acquired computer software is stated at cost less accumulated amortisation and accumulated impairment losses.

(ii) Deferred engine development cost

The Group's share of engine development payments, made in connection with its participation in aircraft engine development projects with other companies, is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Brand and trademarks

The brand and trademarks were acquired in business combinations. The useful life of the brand is indefinite and is measured at cost less accumulated impairment losses. When the brand is no longer in use and the Group has no intention to sell the brand, the entire carrying amount is considered impaired. Trademarks which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(f) Intangible assets (continued)

(iv) Goodwill

Goodwill acquired in a business combination is included in intangible assets. For the measurement of goodwill at initial recognition, refer to note 2(d). Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

Goodwill that forms part of the carrying amount of an associated company is not recognised separately, and therefore, is not tested for impairment separately. Instead, the entire amount of the investment in the associated company is tested for impairment as a single asset when there is objective evidence that the investment in associated company may be impacted.

(v) Other intangible assets

Purchased landing slots are measured at cost less accumulated impairment losses.

Licences acquired in business combinations are initially measured at fair value and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

(vi) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(vii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

- Computer software 1 – 10 years

For deferred engine development cost, amortisation begins when the aircraft engines are available for sale. These deferred engine development costs are amortised on a straight-line basis over the period of expected sales of the aircraft engines, which is estimated to be over a period of 39 years.

Advance and progress payments are not amortised. Amortisation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted if appropriate.

(g) Foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into SGD at the rates prevailing at the dates of those transactions.

All foreign currency monetary assets and liabilities are translated into SGD at rates prevailing at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The foreign currency gain or loss on monetary assets and liabilities is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency re-translated at the exchange rate at the end of the year.

Foreign currency differences are recognised in the profit and loss account, except for qualifying cash flow hedges which are deferred to equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(g) Foreign currencies (continued)

Foreign operations

For the purpose of the consolidated financial statements, the net assets of foreign subsidiary, associated and joint venture companies are translated into SGD at rates prevailing at the reporting date. The financial results of foreign subsidiary, associated and joint venture companies are translated monthly into SGD at prevailing exchange rates. The resulting gains or losses on exchange are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, and translated into SGD at the closing rate at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity, except to the extent that the foreign currency differences are allocated to non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary company while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associated or a joint venture company while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(h) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of a property, plant and equipment have different useful lives, they are accounted for as separate components. Cost includes expenditure that is directly attributable to the acquisition of the asset, including capitalised borrowing cost.

When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

Leasehold hotel properties held by an associated company are carried at fair value, less accumulated depreciation and accumulated impairment losses. Fair values of leasehold hotel properties are determined by independent professional valuers on an annual basis. The Group's share of the revaluation gain or loss is reflected under the share of post-acquisition capital reserve.

(ii) Depreciation of property, plant and equipment

Depreciation is based on the cost of an asset less its residual value. Operational lives, residual values and depreciation methods are reviewed annually, and adjusted prospectively, if appropriate. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised from the date the property, plant and equipment is installed and ready for use.

Freehold land, advance and progress payments are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment (continued)

(ii) Depreciation of property, plant and equipment (continued)

The estimated useful lives and residual values are as follows:

| Property, plant and equipment type | Useful lives | Residual values |
|--|--------------------------------------|--|
| <u>Aircraft, spares and spare engines</u> | | |
| Passenger aircraft, spares and spare engines | 12 – 20 years | 0% to 10% of cost; or market value estimates |
| Embedded engine overhaul costs | 4 – 10 years | Nil |
| Freighter aircraft | 20 – 23 years | Market value estimates |
| Major inspection costs relating to landing gear overhauls and heavy maintenance visits | 4 – 12 years | Nil |
| Training aircraft | 5 – 15 years | 10% of cost |
| Flight simulators | 10 years | Nil |
| <u>Leasehold land and buildings</u> | | |
| Office premises | Shorter of lease period or 30 years | Nil |
| Household premises | Shorter of lease period or 30 years | Nil |
| Other premises | Shorter of lease period or 5 years | Nil |
| Leasehold hotel properties held by an associated company | Lease period of 99 years, up to 2081 | Nil |
| <u>Others</u> | | |
| Plant and equipment, office and computer equipment | 1 to 15 years | Nil |

The residual values of certain aircraft are subject to foreign currency fluctuations and are remeasured to the prevailing exchange rates at the end of the reporting period.

(i) Leases

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a Lessee

The Group recognises a right-of-use (“ROU”) asset and lease liability at the lease commencement date.

ROU asset

ROU asset is initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimated cost to restore the underlying asset, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, except for embedded engine overhaul cost. The embedded engine overhaul cost is depreciated over the useful life on the same basis as those of property, plant and equipment disclosed in note 2(h). In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over their expected useful lives (estimated to be 4 to 10 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(i) Leases (continued)

(i) As a Lessee (continued)

Lease liability

The initial measurement of lease liability is measured at the present value of the unpaid lease payments discounted using the implicit rate in the lease, or if the rate cannot be easily determined, the Group shall use its incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining the interest rate from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments include the following:

- Fixed payments, including in-substance fixed payments, less any incentives receivables;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if there is a change in the Group's estimate of the residual value guarantees, extension or termination options, or there is a revision to an in-substance fixed payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease components for property and training aircraft leases and account for these as one single lease component.

Interest expense arising from lease liabilities are included in repayment of leases under cash flow from financing activities in the consolidated statement of cash flows.

Short-term leases and leases of low value assets

The Group has elected not to recognise ROU assets and lease liabilities for leases of low value and short term aircraft and engine leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (refer to note 2(k)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

(k) Financial instruments

(i) Recognition and initial measurement

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, in the case of a financial asset or liability not carried at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

For equity investments that are not held for trading, the Group may irrevocably elect, on initial recognition, to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

- a) Amortised cost: A non-equity financial asset can be measured at amortised cost if it meets both of the following conditions:
 - The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b) FVOCI: A non-equity financial asset can be measured at FVOCI only if it meets both of the following conditions:
 - The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
 - The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- c) FVTPL: All other financial assets are classified as measured at FVTPL. Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be measured at amortised cost or at FVOCI, to be measured at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's Management;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Business model assessment (continued)

- The risks that affect the performance of the business model and how those risks are managed;
- How managers of the portfolio are compensated; and
- The frequency, volume and timing of disposals in prior periods, the reasons for such disposals and its expectations about future activity.

Assessment of whether contractual cash flows are solely payments of principal and interest

For assessment purposes, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contingent events, leverage features, modifications of the time value of money and other limiting terms in the contractual terms of the instrument, which could change the timing or amount of contractual cash flows such that the cash flows of the instrument would not be reflective of solely payments of principal and interest.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing those financial assets.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the sum of the (i) consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income, in respect of equity investment securities designated as at FVOCI, is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition, that is created or retained by the Group, is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(v) Impairment

Expected credit loss

The Group recognises loss allowances for expected credit loss ("ECL") on non-equity financial instruments that are not measured at FVTPL.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- Non-equity financial instruments that are determined to have a low credit risk at the reporting date; and
- Other non-equity financial instruments (other than trade debtors) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for trade debtors are always measured at an amount equal to lifetime ECL.

The Group considers a non-equity financial instrument to have a low credit risk when its credit quality is rated to be of an investment grade by credit rating agencies.

12-month ECL is the portion of lifetime ECL that results from the default events on a financial instrument that are possible within the 12 months after the reporting date. The lifetime ECL is the expected credit loss over the term of the financial instrument, and is the shortfall of the probability weighted net present value of cash flows as compared to the carrying value of the non-equity financial asset.

The Group considers a financial guarantee contract provided on behalf of a counterparty to be in default when the counterparty is unlikely to pay its credit obligations to the creditor or the Group in full.

Credit-impaired financial assets

At each reporting date, the Group assesses whether non-equity financial assets that are carried at amortised cost or FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(vi) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts, foreign currency option contracts, cross currency swap contracts, interest rate swap contracts, jet fuel option contracts, jet fuel and Brent and crack swap contracts to hedge its risks associated with foreign currency, interest rate and jet fuel price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values. The Group also utilises financial liabilities to hedge its risks associated with foreign currency risks embedded within the residual values of owned aircraft.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Designation of hedges

The Group designates certain derivatives as well as non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedge, the economic relationship between the hedge instrument and the hedged item, the effects of credit risk on the hedge, the hedge ratio and the hedge type (cash flow or fair value).

Designation of a risk component of a hedged item is permitted when it is a separable identifiable component of the item, and the changes in the cash flows or the fair value of the item attributable to changes in the risk component is reliably measurable.

At the inception of the hedge relationship, the Group makes an assessment of whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated. For a cash flow hedge of a forecast transaction, the Group also assesses whether the forecast transaction is highly probable to occur and if it presents an exposure to variations in cash flows that could ultimately affect profit or loss.

The hedge effectiveness assessment is an assessment of the economic relationship between the hedged item and the hedging instrument, and is therefore only forward looking. There is no prescribed quantitative hedge effectiveness threshold. Hedge effectiveness is the extent to which the fair value of the hedging instrument offsets changes in the fair value of the hedged item.

The time value of an option is excluded from the designation of a financial instrument and is accounted for as a cost of hedging. The fair value changes related to time value are recognised in other comprehensive income and, depending on the nature of the hedged item, will either be transferred to profit and loss account in the same period that the underlying transaction affects profit or loss, or be capitalised into the initial carrying value of a hedged item.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interbank offered rates reform for the purpose of asserting that the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. The Group will no longer apply the amendments to its highly probable assessment of the hedged item when the uncertainty arising from interest rate benchmark reform with respect to the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued. To determine whether the designated forecast transaction is no longer expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued. The cumulative gain or loss previously recognised in the fair value reserve remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Cash flow hedges

When a derivative is designated in a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the fair value reserve. Any ineffective portion of changes in the fair value of the derivative (i.e. the extent to which changes in the fair value of the hedge instrument do not match the changes in fair value of the hedged item) is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income, and depending on the nature of the hedged item, will either be transferred to the profit or loss in the same period that the underlying transaction affects the profit and loss account or be capitalised in the initial carrying amount of a hedged item.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Designation of hedges (continued)

Fair value hedges

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(vii) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in Singapore dollars that can be converted to ordinary shares at the option of the holder, where the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

(l) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Where the carrying amount of an asset or its related CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For non-financial assets excluding goodwill and those with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss account unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(m) Loans, notes payable and borrowings

Loans, notes payable and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans, notes and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(n) Trade and other creditors

Trade and other creditors and amounts owing to subsidiary, associated and joint venture companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Provisions

Provisions are recognised when, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions for return costs to meet contractual minimum conditions for the return of aircraft, at the end of the lease terms for aircraft under operating leases, are recorded over the lease terms.

Other provisions include provisions for warranty claims, upgrade costs and end-of-lease liabilities. Provision for warranty claims is made for engine overhauls, repairs and maintenance of aircraft (excluding line maintenance), based on past experience of repairs.

(p) Share capital and share issuance expenses

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital, net of any tax effect.

(q) Mandatory convertible bonds ("MCBs")

The test on the classification of MCBs as equity or as liability is based on the substance of the contractual arrangement. If there is no obligation on the Group to pay cash to the holders or to settle the MCBs with a variable number of the Company's ordinary shares, they are classified as equity. In all other cases, the instrument is accounted for as a liability. Upon issuance, the MCBs are measured at the transaction price including qualifying issuance costs. MCBs accounted for as equity instruments are subsequently not remeasured. Liabilities are subsequently accounted for at amortised cost using the effective interest rate. Upon settlement of equity classified MCBs by issuance of ordinary shares upon conversion or by early redemption at the option of the Company, all amounts are also directly recognised in equity.

The MCBs issued by the Company are convertible at maturity only into a fixed number of ordinary shares of the Company. The holders have no right to demand repayment of the MCBs from the Company. The Company has the right to redeem the MCBs at its sole discretion for cash amounts stipulated in the contractual terms for each redemption date that includes an imputed return on investment. The MCBs are denominated in Singapore dollars.

The net proceeds of the MCBs issued (including any directly attributable transaction costs) are classified entirely as an equity component.

If an MCB is being redeemed before its maturity date, the difference between any redemption consideration and the carrying amount of the MCBs is directly recognised in equity at the date of transaction.

(r) Treasury shares

When shares are reacquired by the Company, the amount of consideration paid which includes directly attributable costs, net of any tax effect, is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in the capital reserve. Voting rights related to treasury shares are nullified and no dividends are allocated to them.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(s) Taxation

(i) Current income tax

Tax recoverable and tax liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to, respectively, the tax authorities using tax rates enacted or substantively enacted at balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income taxes are recognised in the profit and loss account except to the extent that the tax relates to a business combination, or items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are not recognised for:

- Temporary differences on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- Temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised.

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

(t) Revenue

Revenue is principally earned from the carriage of passengers, cargo and mail, engineering services and tour activities, amongst others. Revenue for the Group excludes dividends from subsidiary companies and intra-group transactions.

(i) Passenger, cargo and mail

Passenger, cargo and mail sales are recognised as operating revenue when the transportation is provided. The value of unutilised tickets and airway bills is included in current liabilities as sales in advance of carriage. Breakage revenue (tickets sold and not uplifted at flight date) is recognised at flight date by estimating a percentage of tickets that will never be utilised, based on historical trends and experience. Where historical trends and experience are not appropriate, the value of unutilised tickets one year after expiry is recognised as revenue. The value of airway bills is recognised as revenue if unused after one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(t) Revenue (continued)

(i) Passenger, cargo and mail (continued)

The Group sells certain tickets with connecting flights with one or more segments operated by its other airline partners. For segments operated by its other airline partners, the Group has determined that it is acting as an agent on behalf of other airlines as they are responsible for their portion of the contract (i.e. transportation of the passenger). The Group, as the agent, recognises revenue at the time of the travel for the net amount representing commission to be retained by the Group for any segments flown by other airlines.

The Group has applied the practical expedient and recognised the costs of selling airline travel tickets as an expense when it is incurred.

(ii) Engineering services

Revenue from repair and maintenance of aircraft, and engine and component overhaul is recognised based on the percentage of completion of the projects. The percentage of completion of the projects is determined based on the number of man-hours incurred to date against the estimated man-hours needed to complete the projects.

(iii) KrisFlyer

The Company operates a frequent flyer programme called “KrisFlyer” that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised.

In addition, the Company also sells miles to programme partners for issuance to their programme members. For miles purchased by programme partners, revenue is deferred until awards are utilised.

The deferment of the revenue is estimated based on historical trends of breakage, which is then used to project the expected utilisation of these benefits.

(iv) Others

Revenue from tour activities is recognised upon commencement of the tours.

Revenue from sale of merchandise is recognised when the product is delivered and received by the customer.

Rental income from the lease of aircraft is recognised on a straight-line basis over the lease term.

(u) Government grants

Government grants are recognised in profit or loss. To the extent they relate to expenses incurred by the Group, they are recognised as a deduction against expenses on a systematic basis in the same periods in which the expenses are incurred.

(v) Income from investments

Dividend income from investments is recognised when the Group's right to receive the payment is established.

Interest income from investments and fixed deposits is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(w) Employee benefits

(i) Equity compensation plans

The fair value determined at the grant date of the equity-settled share-based payment awards is recognised on a straight-line basis over the vesting period. In valuing the share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company and non-vesting performance conditions.

Non-market vesting performance conditions are included in the estimation of the number of shares that are expected to be awarded on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to be awarded on the vesting date and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share-based compensation reserve, over the remaining vesting period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The share-based compensation reserve is transferred to general reserve upon cancellation or expiry of the vested awards. When the awards are released, the share-based compensation reserve is transferred to share capital if new shares are issued, or to treasury shares if the awards are satisfied by the reissuance of treasury shares.

(ii) Defined benefit plans

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Remeasurements comprising actuarial gains and losses, and the return on plan assets are recognised immediately in other comprehensive income in the period in which they arise. All expenses related to the defined benefit plans are recognised as an expense in profit or loss. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group.

(iii) Defined contribution plans

As required by law, the companies in Singapore make contributions to the Central Provident Fund scheme in Singapore, a defined contribution scheme. Certain of the Group's subsidiary companies and overseas stations outside Singapore make contributions to their respective countries' defined contribution pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

(iv) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(x) Aircraft maintenance and overhaul costs

The Group recognises aircraft maintenance and overhaul expenses (except heavy maintenance visits, engine overhaul and landing gear overhaul expenses) on an incurred basis. For engine overhaul costs covered by power-by-hour third-party maintenance agreements, a portion of the cost is expensed at a fixed rate per hour during the terms of the agreements. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised in the future. Upon completion of an overhaul, these amounts are transferred to property, plant and equipment and depreciated over their useful lives.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2 Summary of Significant Accounting Policies (continued)

(y) Borrowing costs

Borrowing costs incurred to finance advance and progress payments for aircraft are capitalised as part of advance and progress payments until the aircraft are commissioned for operation or the projects are completed. All other borrowing costs are recognised as finance charges in the period in which they are incurred.

(z) Segment reporting

(i) Business segment

For management purposes, the Group is organised into operating segments based on the nature of the services provided which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to corporate management who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

(ii) Geographical segment

The analysis of revenue by area of original sale from airline operations is derived by allocating revenue to the area in which the sale was made. Revenue from other operations, which consist principally of engineering services, is derived in East Asia and is therefore, not shown.

Assets, which consist principally of flight and ground equipment, support the entire worldwide transportation system, and are mainly located in Singapore. An analysis of assets and capital expenditure of the Group by geographical distribution has therefore not been included.

(aa) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held and MCBs. Diluted earnings per share is determined by adjusting the profit or loss attributable to owners of the Company and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible bonds and share awards granted to employees.

3 Significant Accounting Estimates and Critical Judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income, expenses, and disclosures made. Actual results may differ from these estimates. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of property, plant and equipment – aircraft fleet

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 or CGU's fair value less costs to sell and its value-in-use. When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on financial budgets approved by the Management covering a specified period. Information about the Group's key underlying assumptions used in the value-in-use calculations and the related sensitivity analysis is disclosed in note 22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

3 Significant Accounting Estimates and Critical Judgements (continued)

(b) Depreciation of property, plant and equipment – aircraft fleet

Aircraft are depreciated on a straight-line basis at rates which are calculated to write down their cost to their estimated residual values at the end of their useful lives. Certain estimates regarding the useful lives and residual values of the fleet are made by the Group based on past experience and these are in line with the industry. The useful lives and residual values are reviewed on an annual basis. The carrying amount of the Group's and the Company's aircraft fleet at 31 March 2021 was \$16,681.2 million (2020: \$18,979.9 million) and \$13,677.4 million (2020: \$15,550.3 million) respectively.

(c) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the statement of financial position. Certain estimates are made by the Group's passenger airlines with regards to the expected ticket breakage (tickets sold and not uplifted at flight date) to determine the amount of revenue to be recognised as revenue in the current financial year pertaining to tickets that will never be utilised.

The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2021 was \$568.1 million (2020: \$2,041.4 million) and \$504.4 million (2020: \$1,888.3 million) respectively.

(d) Frequent flyer programme

The Company's KrisFlyer programme provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised.

In addition, the Company also sells miles to programme partners for issuance to their programme members. For miles purchased by programme partners, revenue is deferred until awards are utilised.

The deferment of the revenue is estimated based on historical trends of breakage, which is then used to project the expected utilisation of these benefits.

The carrying amount of the Group's and the Company's deferred revenue at 31 March 2021 was \$957.8 million (2020: \$755.8 million).

(e) Aircraft maintenance and overhaul expenditure under power-by-hour agreements

The Group has entered into several power-by-hour ("PBH") engine maintenance agreements with original equipment manufacturers of aircraft engines. The monthly payments are based on the number of flying hours flown. A portion of the cost is expensed at a fixed rate per hour during the term of the PBH agreement. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised through future maintenance activities, if any, or capitalised upon completion of an overhaul.

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate of the proportion of day-to-day maintenance compared to maintenance which extends the useful lives of the engine. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2021 was \$984.5 million (2020: \$1,433.0 million) and \$647.4 million (2020: \$1,015.1 million) respectively. The maintenance and repair costs covered by PBH agreements which were expensed off during the year amounted to \$40.0 million (FY2019/20: \$56.8 million) for the Group and \$29.6 million (FY2019/20: \$24.7 million) for the Company.

(f) Provision for lease return costs

Prior to the return of aircraft leased by the Group entities to the lessor, the Group entities are required to fulfil certain lease return conditions which may include the completion of certain maintenance activities to the airframe and engines and the reconfiguration of seats within the aircraft. The provision for lease return costs for these leased aircraft is determined based on the best estimate of the costs that will be incurred to fulfil the stipulated lease return conditions. The carrying amount of the provision for the Group and the Company at 31 March 2021 was \$1,223.6 million (2020: \$1,309.4 million) and \$564.0 million (2020: \$578.6 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

3 Significant Accounting Estimates and Critical Judgements (continued)

(g) Hedge effectiveness of fuel derivatives

The Group has applied cash flow hedge accounting for fuel derivative contracts. Due to the expected significant capacity cuts brought about by the Covid-19 pandemic and the consequential reduction of forecasted jet fuel purchases in the ensuing year, a portion of these forecasted jet fuel purchases, for which hedge accounting had been applied previously, are no longer expected to occur. There is a high degree of estimation uncertainty inherent in assessing the duration and severity of the economic downturn caused by the Covid-19 pandemic and the consequent lifting of global travel restrictions. As a result, determining the associated recovery and forecasted future fuel consumption and hence the ability to continue hedge accounting for fuel derivatives requires significant judgement. Please refer to notes 2(k)(vi) and 42(a) for more details.

4 Segment Information (in \$ million)

Management has determined that the Group has the following reportable segments:

- (i) The Singapore Airlines segment provides passenger and cargo air transportation under the Singapore Airlines brand with a focus on full-service passenger segment serving short and long haul markets.
- (ii) The SilkAir segment provides passenger air transportation under the SilkAir brand with a focus on full-service passenger segment serving regional markets.
- (iii) The Budget Aviation segment provides passenger air transportation under the Scoot brand with a focus on the low-cost passenger segment.
- (iv) SIAEC segment is in the business of providing airframe maintenance and overhaul services, line maintenance, technical ground handling services and fleet management. It also manufactures aircraft cabin equipment, refurbishes aircraft galleys, provides technical and non-technical handling services and repair and overhaul of hydro-mechanical aircraft equipment.

Other services provided by the Group, such as tour activities and sale of merchandise, have been aggregated under the segment "Others". None of these segments meets any of the quantitative thresholds for determining reportable segments in FY2020/21 or FY2019/20.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transactions carried out between operating segments during the financial year are in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

4 Segment Information (in \$ million) (continued)

Business segments

The Group's business is organised and managed separately according to the nature of the services provided. The following table presents revenue and profit information regarding business segments for the financial years ended 31 March 2021 and 2020 and certain assets and liabilities information of the business segments as at those dates.

| FY2020/21 | Singapore Airlines | SilkAir | Budget Aviation | SIAEC | Others | Total of segments | Elimination* | Consolidated |
|--|--------------------|---------|-----------------|--------|--------|-------------------|--------------|--------------|
| TOTAL REVENUE | | | | | | | | |
| External revenue | 3,422.1 | 30.1 | 125.7 | 163.4 | 74.6 | 3,815.9 | - | 3,815.9 |
| Inter-segment revenue | 28.3 | 4.8 | 86.6 | 279.6 | 53.6 | 452.9 | (452.9) | - |
| | 3,450.4 | 34.9 | 212.3 | 443.0 | 128.2 | 4,268.8 | (452.9) | 3,815.9 |
| RESULTS | | | | | | | | |
| Segment result | (1,701.7) | (219.8) | (569.7) | (19.0) | (3.9) | (2,514.1) | 1.6 | (2,512.5) |
| Finance charges | (242.5) | (10.7) | (68.2) | (2.9) | (0.5) | (324.8) | 56.9 | (267.9) |
| Interest income | 83.1 | 2.0 | 1.6 | 3.9 | 0.8 | 91.4 | (56.0) | 35.4 |
| Loss on disposal of aircraft, spares and spare engines | (24.4) | (0.2) | (2.4) | - | - | (27.0) | - | (27.0) |
| Dividends from long-term investments | 8.4 | - | - | - | - | 8.4 | - | 8.4 |
| Impairment of aircraft | (1,507.4) | (156.2) | (70.7) | - | - | (1,734.3) | - | (1,734.3) |
| Impairment of base maintenance assets | - | - | - | (36.9) | - | (36.9) | - | (36.9) |
| Impairment of intangible assets | - | - | - | (11.4) | - | (11.4) | - | (11.4) |
| Impairment of goodwill | - | - | (170.4) | - | - | (170.4) | - | (170.4) |
| Other non-operating items | (46.1) | (32.8) | (32.7) | (9.2) | (7.0) | (127.8) | - | (127.8) |
| Share of (losses)/profits of joint venture companies | (0.2) | - | - | 14.2 | - | 14.0 | - | 14.0 |
| Share of (losses)/profits of associated companies | (155.4) | - | (0.1) | 25.7 | - | (129.8) | 3.0 | (126.8) |
| Taxation | 519.4 | 75.3 | 65.6 | 16.0 | (2.5) | 673.8 | - | 673.8 |
| Loss for the financial year | (3,066.8) | (342.4) | (847.0) | (19.6) | (13.1) | (4,288.9) | 5.5 | (4,283.4) |
| Attributable to: | | | | | | | | |
| Owners of the Company | | | | | | | | (4,270.7) |
| Non-controlling interests | | | | | | | | (12.7) |
| | | | | | | | | (4,283.4) |

* Relates to inter-segment transactions eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

4 Segment Information (in \$ million) (continued)

Business segments (continued)

| FY2019/20 | Singapore Airlines | SilkAir | Budget Aviation | SIAEC | Others | Total of segments | Elimination* | Consolidated |
|--|--------------------|---------|-----------------|--------|--------|-------------------|--------------|--------------|
| TOTAL REVENUE | | | | | | | | |
| External revenue | 12,918.0 | 888.2 | 1,624.8 | 444.9 | 100.0 | 15,975.9 | - | 15,975.9 |
| Inter-segment revenue | 94.7 | 17.8 | 55.8 | 549.2 | 98.0 | 815.5 | (815.5) | - |
| | 13,012.7 | 906.0 | 1,680.6 | 994.1 | 198.0 | 16,791.4 | (815.5) | 15,975.9 |
| RESULTS | | | | | | | | |
| Segment result | 294.2 | (112.3) | (197.7) | 67.7 | 9.5 | 61.4 | (2.3) | 59.1 |
| Finance charges | (197.3) | (15.1) | (72.4) | (3.8) | (0.3) | (288.9) | 68.0 | (220.9) |
| Interest income | 91.1 | 4.3 | 0.5 | 10.4 | 2.0 | 108.3 | (66.2) | 42.1 |
| Surplus/(loss) on disposal of aircraft, spares and spare engines | 6.8 | 0.2 | (0.1) | - | - | 6.9 | - | 6.9 |
| Dividends from long-term investments | 3.1 | 0.1 | - | - | - | 3.2 | - | 3.2 |
| Other non-operating items | (11.0) | (4.1) | (19.1) | 2.3 | - | (31.9) | - | (31.9) |
| Share of profits of joint venture companies | 1.9 | - | - | 44.5 | - | 46.4 | - | 46.4 |
| Share of (losses)/profits of associated companies | (217.8) | - | (0.2) | 83.4 | - | (134.6) | 9.5 | (125.1) |
| Taxation | 6.8 | 23.1 | 36.9 | (14.0) | (2.0) | 50.8 | - | 50.8 |
| (Loss)/Profit for the financial year | (22.2) | (103.8) | (252.1) | 190.5 | 9.2 | (178.4) | 9.0 | (169.4) |
| Attributable to: | | | | | | | | |
| Owners of the Company | | | | | | | | (212.0) |
| Non-controlling interests | | | | | | | | 42.6 |
| | | | | | | | | (169.4) |

* Relates to inter-segment transactions eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

4 Segment Information (in \$ million) (continued)

Business segments (continued)

| | Singapore Airlines | SilkAir | Budget Aviation | SIAEC | Others | Total of segments | Elimination* | Consolidated |
|---|--------------------|---------|-----------------|---------|--------|-------------------|--------------|--------------|
| OTHER INFORMATION AS AT 31 MARCH 2021 | | | | | | | | |
| Segment assets | 30,730.0 | 1,550.0 | 4,520.8 | 1,207.8 | 289.4 | 38,298.0 | (1,799.9) | 36,498.1 |
| Investments in associated and joint venture companies | 431.3 | - | - | 602.0 | - | 1,033.3 | - | 1,033.3 |
| Long-term investments | 46.6 | 0.6 | - | - | 2.7 | 49.9 | - | 49.9 |
| Total assets | 31,207.9 | 1,550.6 | 4,520.8 | 1,809.8 | 292.1 | 39,381.2 | (1,799.9) | 37,581.3 |
| Segment liabilities | 4,683.0 | 165.0 | 736.6 | 169.3 | 93.2 | 5,847.1 | (2,015.7) | 3,831.4 |
| Lease liabilities | 2,291.1 | 56.2 | 466.6 | 74.2 | 11.4 | 2,899.5 | (34.5) | 2,865.0 |
| Long-term liabilities | 496.3 | - | 10.1 | - | - | 506.4 | - | 506.4 |
| Provisions | 730.6 | 71.7 | 590.3 | 1.4 | - | 1,394.0 | - | 1,394.0 |
| Defined benefit plans | 106.1 | 0.5 | - | - | - | 106.6 | - | 106.6 |
| Borrowings | 11,107.1 | - | 345.6 | 9.9 | 9.3 | 11,471.9 | - | 11,471.9 |
| Tax liabilities | 1,095.7 | 25.0 | (7.5) | 10.8 | 3.9 | 1,127.9 | - | 1,127.9 |
| Total liabilities | 20,509.9 | 318.4 | 2,141.7 | 265.6 | 117.8 | 23,353.4 | (2,050.2) | 21,303.2 |
| Capital expenditure | 2,202.0 | 20.4 | 457.2 | 15.2 | 0.7 | 2,695.5 | - | 2,695.5 |
| Purchase of intangible assets | 64.1 | 0.5 | 2.0 | 5.2 | 2.3 | 74.1 | - | 74.1 |
| Depreciation | 1,629.7 | 123.1 | 269.6 | 67.8 | 3.3 | 2,093.5 | (17.6) | 2,075.9 |
| Impairment of property, plant and equipment | 2.0 | - | - | - | - | 2.0 | - | 2.0 |
| Impairment of aircraft | 1,507.4 | 156.2 | 70.7 | - | - | 1,734.3 | - | 1,734.3 |
| Impairment of base maintenance assets | - | - | - | 36.9 | - | 36.9 | - | 36.9 |
| Impairment of intangible assets | - | - | - | 11.4 | - | 11.4 | - | 11.4 |
| Impairment of goodwill | - | - | 170.4 | - | - | 170.4 | - | 170.4 |
| Amortisation of intangible assets | 51.6 | 2.0 | 3.2 | 3.4 | 5.6 | 65.8 | - | 65.8 |
| Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets | (29.7) | (7.7) | (7.2) | 7.5 | 1.6 | (35.5) | - | (35.5) |

* Relates to inter-segment transactions eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

4 Segment Information (in \$ million) (continued)

Business segments (continued)

| | Singapore Airlines | SilkAir | Budget Aviation | SIAEC | Others | Total of segments | Elimination* | Consolidated |
|---|--------------------|---------|-----------------|---------|--------|-------------------|--------------|--------------|
| OTHER INFORMATION AS AT 31 MARCH 2020 | | | | | | | | |
| Segment assets | 25,734.2 | 2,125.1 | 4,499.1 | 1,388.9 | 297.9 | 34,045.2 | (1,406.1) | 32,639.1 |
| Investments in associated and joint venture companies | 391.7 | - | 0.2 | 616.6 | - | 1,008.5 | - | 1,008.5 |
| Long-term investments | 54.8 | 0.6 | - | - | 9.8 | 65.2 | - | 65.2 |
| Total assets | 26,180.7 | 2,125.7 | 4,499.3 | 2,005.5 | 307.7 | 35,118.9 | (1,406.1) | 33,712.8 |
| Segment liabilities | 7,544.3 | 228.8 | 705.5 | 193.7 | 96.5 | 8,768.8 | (1,319.9) | 7,448.9 |
| Lease liabilities | 974.3 | 311.8 | 613.2 | 99.2 | 12.2 | 2,010.7 | (50.1) | 1,960.6 |
| Long-term liabilities | 1,860.7 | - | 15.0 | - | - | 1,875.7 | - | 1,875.7 |
| Provisions | 614.8 | 211.2 | 527.8 | 0.9 | - | 1,354.7 | - | 1,354.7 |
| Defined benefit plans | 111.9 | 0.6 | - | - | - | 112.5 | - | 112.5 |
| Borrowings | 9,411.4 | - | 394.7 | 13.2 | 4.6 | 9,823.9 | - | 9,823.9 |
| Tax liabilities | 1,331.4 | 37.3 | (6.5) | 37.5 | 4.1 | 1,403.8 | - | 1,403.8 |
| Total liabilities | 21,848.8 | 789.7 | 2,249.7 | 344.5 | 117.4 | 25,350.1 | (1,370.0) | 23,980.1 |
| Capital expenditure | 4,590.5 | 81.0 | 390.9 | 36.8 | 4.3 | 5,103.5 | - | 5,103.5 |
| Purchase of intangible assets | 68.6 | - | 3.4 | 6.8 | 12.8 | 91.6 | - | 91.6 |
| Depreciation | 1,654.7 | 160.0 | 261.2 | 72.8 | 3.3 | 2,152.0 | (17.8) | 2,134.2 |
| Impairment of property, plant and equipment | 9.9 | - | - | 4.3 | - | 14.2 | - | 14.2 |
| Amortisation of intangible assets | 46.1 | 1.9 | 3.4 | 3.3 | 2.8 | 57.5 | - | 57.5 |
| Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets | 89.9 | 10.2 | 9.1 | 12.6 | 0.1 | 121.9 | - | 121.9 |

* Relates to inter-segment transactions eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

4 Segment Information (in \$ million) (continued)

Geographical segments

The following table presents revenue information on airline operations by geographical areas for the financial years ended 31 March 2021 and 2020.

| | By area of original sale | |
|---|--------------------------|-----------------|
| | FY2020/21 | FY2019/20 |
| East Asia | 2,253.5 | 8,485.1 |
| Europe | 530.1 | 2,169.8 |
| South West Pacific | 302.5 | 2,114.5 |
| Americas | 120.7 | 970.2 |
| West Asia and Africa | 187.6 | 1,095.3 |
| Systemwide | 3,394.4 | 14,834.9 |
| Non-scheduled services and incidental revenue | 303.2 | 764.4 |
| | 3,697.6 | 15,599.3 |

No single customer contributed to more than 10% of the Group's revenue during the financial years ended 31 March 2021 and 2020.

5 Staff Costs (in \$ million)

| | The Group | |
|--|----------------|----------------|
| | FY2020/21 | FY2019/20 |
| Salary, bonuses and other costs | 978.8 | 2,323.3 |
| CPF, other defined contributions and defined benefit expense | 168.5 | 219.8 |
| Share-based compensation expense | 13.2 | 20.5 |
| | 1,160.5 | 2,563.6 |

The Group contributes to several post-employment defined benefit plans for employees at several overseas locations. Employees may contribute in some of these plans and these contributions are matched in varying amounts by the Group. Defined benefit expense for the Group was \$9.0 million for FY2020/21 (FY2019/20: \$9.2 million). As this is not material to the total staff costs of the Group for FY2020/21 and FY2019/20, additional disclosures of the defined benefit plans are not shown.

Included in staff costs for FY2020/21 is wage support of \$528.6 million (FY2019/20: \$242.6 million) from the Singapore Government's enhanced measures under the Stabilisation and Support Package.

Share-based compensation arrangements

As at 31 March 2021, the Group has the following share-based compensation arrangements:

(a) Share-based incentive plans (equity-settled)

The Singapore Airlines Limited Restricted Share Plan ("RSP 2014") and Performance Share Plan ("PSP 2014") are share-based incentive plans for senior executives and key Senior Management, which were approved by the shareholders of the Company on 30 July 2014.

The RSP 2014 awards fully paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of the performance period based on medium-term Group and Company objectives. In respect of FY2020/21 Strategic Share Award ("SSA") under RSP 2014, the award made in July 2020 was based on BCIRC assessment of SIA Management's Covid-19 response to date.

The PSP 2014 awards fully paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5 Staff Costs (in \$ million) (continued)

Share-based compensation arrangements (continued)

(a) Share-based incentive plans (equity-settled) (continued)

Key terms and conditions related to the grants under these programmes are as follows:

| Plans | Vesting conditions | Performance conditions [^] | Payout |
|------------------------------------|---|---|-------------|
| RSP | <u>Awards granted in and after FY2016/17</u> | At both Company and Group level | 0% - 150%* |
| | <ul style="list-style-type: none"> Based on meeting stated performance conditions over a one-year performance period, one-third of award vests. Balance vests equally over the subsequent two years with fulfilment of service requirements. | <ul style="list-style-type: none"> EBITDAR[#] Margin Value Added per \$ Employment Cost | |
| PSP | <u>Awards granted in and after FY2020/21</u> | At both Company and Group level | |
| | <ul style="list-style-type: none"> Based on meeting stated performance conditions over a one-year performance period, one-third of award vests. Balance vests equally over the subsequent two years with fulfilment of service requirements. | <ul style="list-style-type: none"> FY2020/21 Company Operational Performance Scorecard ("COPS") with operational focus dealing with Covid-19 response and recovery | |
| Deferred share award ("DSA") | <ul style="list-style-type: none"> Based on meeting stated performance conditions over a three-year performance period. | <ul style="list-style-type: none"> Absolute Total Shareholder Return ("TSR") outperform Cost of Equity Relative TSR against selected airline peer index companies | 0% - 200%* |
| | <ul style="list-style-type: none"> Awards cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition and provided that individual performance remains satisfactory. Additional dividend kicker upon final vesting. | None | 100% |
| Transformation share award ("TSA") | <ul style="list-style-type: none"> Based on meeting performance conditions over a one-year performance period, 50% of award vests. Balance vests equally over the subsequent two years with fulfilment of service requirements. Additional 20% equity kicker of final award upon final vesting. | <ul style="list-style-type: none"> Assessment of the success of transformation by BCIRC | 0% - 200%** |
| Strategic share award ("SSA") | <ul style="list-style-type: none"> The award was based on BCIRC assessment of Covid-19 response 50% of the award vests upon grant in July 2020 Balance vests equally over the subsequent two years with fulfilment of service requirements. Additional 20% equity kicker of final award upon final vesting. | <ul style="list-style-type: none"> None | 100% |

[^] For non-market conditions, achievement factors are determined based on inputs from the BCIRC for the purpose of accrual for the share-based incentive plans until the achievement of the targets can be accurately ascertained.

[#] EBITDAR denotes Earnings before Interest, Taxes, Depreciation, Amortisation and Rentals on leased aircraft.

^{*} The payout depends on the achievement of pre-set performance targets over the performance period.

^{**} The payout depends on the achievement of pre-set performance targets over the performance period. In respect of the TSA granted in FY2019/20, the BCIRC assessed a NIL payout due to Covid-19 impact.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5 Staff Costs (in \$ million) (continued)

Share-based compensation arrangements (continued)

(a) Share-based incentive plans (equity-settled) (continued)

Movement of share awards during the financial year

| Date of grant | Balance at 1 April 2020/ date of grant | Rights Issue Adjustment* | Number of Share Awards | | | Balance at 31 March 2021 |
|-----------------|--|-----------------------------|------------------------|-----------|-------------|-----------------------------|
| | | | Adjustment | Cancelled | Vested | |
| RSP 2014 | | | | | | |
| 19.07.2017 | 358,330 | 150,229 | - | - | (508,559) | - |
| 19.07.2018 | 504,854 | 211,701 | - | - | (374,207) | 342,348 |
| 19.07.2019 | 1,163,200 | 487,729 | (1,032,209)# | - | (219,754) | 398,966 |
| 16.07.2020 | 1,664,894 | - | - | (3,236) | - | 1,661,658 |
| | 3,691,278 | 849,659 | (1,032,209) | (3,236) | (1,102,520) | 2,402,972 |
| PSP 2014 | | | | | | |
| 19.07.2017 | 217,426 | 87,024 | (230,750)# | - | (73,700) | - |
| 19.07.2018 | 285,996 | 119,924 | - | - | - | 405,920 |
| 19.07.2019 | 429,000 | 179,880 | - | - | - | 608,880 |
| 16.07.2020 | 605,600 | - | - | - | - | 605,600 |
| | 1,538,022 | 386,828 | (230,750) | - | (73,700) | 1,620,400 |
| DSA | | | | | | |
| 06.09.2017 | 94,070 | 39,448 | 9,370 ^ | - | (142,888) | - |
| 11.09.2018 | 119,090 | 49,932 | - | - | - | 169,022 |
| | 213,160 | 89,380 | 9,370 | - | (142,888) | 169,022 |
| TSA | | | | | | |
| 19.07.2018 | 199,900 | 83,814 | - | - | (141,857) | 141,857 |
| 19.07.2019 | 455,005 | 190,784 | - | (591,789) | (27,000) | 27,000 |
| | 654,905 | 274,598 | - | (591,789) | (168,857) | 168,857 |
| SSA | | | | | | |
| 16.07.2020 | 956,000 | - | - | - | (478,000) | 478,000 |
| 05.02.2021 | 39,300 | - | - | - | - | 39,300 |
| | 995,300 | - | - | - | (478,000) | 517,300 |

* In light of the rights issue, an adjustment has been made to the outstanding unvested awards under the RSP 2014 and PSP 2014 grants on 6 May 2020 (the Ex-Rights Date) to offset the dilutive effect on the share price due to the rights issue and this was approved by the BCIRC upon confirmation from our auditors that the adjustment was fair and reasonable to shareholders as required under the respective plan rules.

Adjustment at the end of performance period upon meeting stated performance targets and adjustments for number of days in service for retirees.

^ Adjustment at the end of performance period for Accumulated Dividend Yield.

Since the commencement of the RSP 2014 and PSP 2014 plans in July 2014, 10,305,525 awards have been granted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5 Staff Costs (in \$ million) (continued)

Share-based compensation arrangements (continued)

(b) Measurement of fair values

The methods and inputs used in the measurement of fair values at grant date of the equity-settled share-based incentive plans were as follows:

| | FY2020/21 | | |
|-----------------------------------|--|----------|---------------|
| | RSP 2014 | PSP 2014 | SSA |
| Valuation Method | Monte Carlo Simulation | | |
| Expected dividend paid yield (%) | Management's forecast in line with dividend policy | | |
| Expected volatility (%) | 23.74 - 34.91 | 23.74 | 26.47 - 34.91 |
| Risk-free interest rate (%) | 0.26 - 0.32 | 0.32 | 0.26 - 0.27 |
| Expected term (years) | 0.96 - 2.96 | 2.96 | 0.96 - 1.96 |
| Share price at date of grant (\$) | 3.72 | 3.72 | 3.72 |
| Estimated fair value (\$) | 3.58 - 3.71 | 3.20 | 3.68 - 3.72 |

| | FY2019/20 | | |
|-----------------------------------|--|----------|---------------|
| | RSP 2014 | PSP 2014 | TSA |
| Valuation Method | Monte Carlo Simulation | | |
| Expected dividend paid yield (%) | Management's forecast in line with dividend policy | | |
| Expected volatility (%) | 12.48 - 14.95 | 13.71 | 12.48 - 14.95 |
| Risk-free interest rate (%) | 1.67 - 1.70 | 1.69 | 1.67 - 1.70 |
| Expected term (years) | 0.95 - 2.95 | 2.95 | 0.95 - 2.95 |
| Share price at date of grant (\$) | 9.52 | 9.52 | 9.52 |
| Estimated fair value (\$) | 8.61 - 9.22 | 10.27 | 8.61 - 9.22 |

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period that is commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

6 Operating (Loss)/Profit (in \$ million)

Operating (loss)/profit for the financial year was arrived at after charging/(crediting):

| | The Group | |
|---|-----------|-----------|
| | FY2020/21 | FY2019/20 |
| Interest income from short-term investments | (1.1) | (1.2) |
| Dividend income from short-term investments | (0.1) | (0.2) |
| Income from operating lease of aircraft | (19.2) | (67.5) |
| (Surplus)/Loss on disposal of short-term investments | (2.1) | 0.7 |
| Remuneration for auditors of the Company | | |
| Audit fees | 1.7 | 1.8 |
| Non-audit fees | 0.9 | 0.4 |
| Bad debts written off | 7.5 | 1.4 |
| Impairment of trade debtors | 4.6 | 7.5 |
| Writedown of inventories | 12.4 | 8.8 |
| Exchange loss, net | 12.2 | 75.3 |
| Currency hedging loss/(gain) | 6.2 | (16.1) |
| Foreign currency hedging ineffectiveness | 12.6 | (30.0) |
| Fuel hedging loss recognised in "Fuel costs" | 334.2 | 130.2 |
| Net (gain)/loss on financial assets mandatorily measured at FVTPL | (2.6) | 0.5 |
| Expenses relating to short-term leases | 8.7 | 62.1 |
| Expenses relating to low value leases | 3.6 | 3.5 |

7 Finance Charges (in \$ million)

| | The Group | |
|---|-----------|-----------|
| | FY2020/21 | FY2019/20 |
| Notes payable | 145.2 | 138.6 |
| Bank loans | 109.5 | 65.9 |
| Lease liabilities | 63.4 | 75.7 |
| Amortisation of transaction costs related to borrowings | 5.4 | 1.8 |
| Commitment fees | 3.2 | 2.3 |
| Interest paid and capitalised on qualifying assets | (58.8) | (63.4) |
| | 267.9 | 220.9 |

Borrowing costs on qualifying assets are capitalised using an average interest rate of 2.5% (FY2019/20: 3.0%).

8 Interest Income (in \$ million)

| | The Group | |
|---|-----------|-----------|
| | FY2020/21 | FY2019/20 |
| Interest income from fixed deposits and investments | 34.5 | 40.9 |
| Interest income from sub-leasing of ROU assets | 0.9 | 1.2 |
| | 35.4 | 42.1 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

9 Other Non-Operating Items (in \$ million)

| | The Group | |
|--|-----------|-----------|
| | FY2020/21 | FY2019/20 |
| Headcount rationalisation costs | (44.7) | - |
| Refleeting and restructuring costs | (30.3) | (6.5) |
| Loss on disposal of an associated company | (25.0) | - |
| Provision for liquidation costs relating to NokScoot Airlines Co., Ltd. ("NokScoot") | (13.1) | - |
| (Loss)/Gain on sale and leaseback transactions | (6.8) | 1.8 |
| (Loss)/Surplus on disposal of other property, plant and equipment | (4.9) | 2.5 |
| Net (loss)/gain on financial assets mandatorily measured at FVTPL | (4.9) | 4.7 |
| Provision for expected credit losses on investments and loans and guarantee to a joint venture company | (1.2) | (28.3) |
| Impairment on investment in an associated company | (0.2) | - |
| Impairment of investment in a joint venture company | (0.1) | - |
| Gain on sale of a subsidiary company | 2.0 | - |
| Write-back of provision/(Provision) for early lease termination | 1.4 | (2.9) |
| Impairment of long term investments | - | (2.4) |
| Competition-related settlements | - | (0.6) |
| Loss on liquidation of an associated company | - | (0.2) |
| | (127.8) | (31.9) |

10 Taxation (in \$ million)

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2021 and 2020 are:

| | The Group | |
|--|-----------|-----------|
| | FY2020/21 | FY2019/20 |
| <u>Current taxation</u> | | |
| Provision for the year | 9.3 | 27.1 |
| Under/(Over) provision in respect of prior years | 36.2 | (23.5) |
| | 45.5 | 3.6 |
| <u>Deferred taxation (refer to note 18)</u> | | |
| Movement in temporary differences | (692.0) | (57.8) |
| (Over)/Under provision in respect of prior years | (27.3) | 3.4 |
| | (719.3) | (54.4) |
| | (673.8) | (50.8) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

10 Taxation (in \$ million) (continued)

Deferred taxation related to other comprehensive income:

| | The Group | |
|--|--------------|----------------|
| | FY2020/21 | FY2019/20 |
| Cash flow hedges | 418.1 | (535.0) |
| Actuarial loss on revaluation of defined benefit plans | (1.0) | (0.9) |
| | 417.1 | (535.9) |

The Group has tax losses and deductible temporary differences (for which no deferred tax asset has been recognised) of approximately \$558.2 million (2020: \$109.3 million) and \$5.1 million (2020: \$1.7 million) respectively that are available for offset against future taxable profits of the companies. This is due to the uncertainty of the recoverability of the deferred tax asset.

A reconciliation between taxation expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 March is as follows:

| | The Group | |
|--|------------------|----------------|
| | FY2020/21 | FY2019/20 |
| Loss before taxation | (4,957.2) | (220.2) |
| Add: Share of losses of associated and joint venture companies | 112.8 | 78.7 |
| | (4,844.4) | (141.5) |
| Taxation at statutory corporate tax rate of 17.0% | (823.5) | (24.1) |
| <u>Adjustments for:</u> | | |
| Income not subject to tax | (75.4) | (45.5) |
| Expenses not deductible for tax purposes | 136.3 | 26.1 |
| Higher effective tax rates of other countries | 2.2 | 6.2 |
| Over provision in respect of prior years, net | 8.9 | (20.1) |
| Tax benefits not recognised | 77.2 | 8.2 |
| Previously unrecognised tax benefits | - | (0.6) |
| Others | 0.5 | (1.0) |
| Taxation | (673.8) | (50.8) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

11 Loss Per Share

| | The Group | | | |
|--|-----------|-----------|-----------|---------|
| | FY2020/21 | | FY2019/20 | |
| | Basic | Diluted | Basic | Diluted |
| Loss attributable to owners of the Company (in \$ million) | (4,270.7) | (4,270.7) | (212.0) | (212.0) |
| Adjustment for the potential dilution from share-based incentive plans of subsidiary companies (in \$ million) | - | - | - | (0.3) |
| Adjusted net loss attributable to owners of the Company (in \$ million) | (4,270.7) | (4,270.7) | (212.0) | (212.3) |
| Weighted average number of ordinary shares in issue (in million) | 3,694.7 | 3,694.7 | 1,887.1 | 1,887.1 |
| Adjustment for dilutive potential ordinary shares (in million) | - | - | - | - |
| Weighted average number of ordinary shares in issue used for computing earnings per share (in million) | 3,694.7 | 3,694.7 | 1,887.1 | 1,887.1 |
| Loss per share (cents) | (115.6) | (115.6) | (11.2) | (11.3) |

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year, and assuming the conversion of all MCBs.

For purposes of calculating diluted loss per share, the loss attributable to owners of the Company is adjusted to take into account the potential dilution from share-based incentive plans of subsidiary companies and the weighted average number of ordinary shares of the Company in issue is adjusted to take into account effects of dilutive share-based incentive plans of the Company.

The average market value of the Company's shares for purposes of calculating the potential dilution from share-based incentive plans was based on quoted market prices for the period.

With the completion of the issuance of rights shares and MCBs on 8 June 2020, the comparative figures in FY2019/20 are restated per IAS 33 through retrospective application of a bonus factor to the average weighted number of shares. The bonus factor is derived from the division of fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value.

12 Dividends Paid and Proposed (in \$ million)

| | The Group and the Company | |
|---|---------------------------|-----------|
| | FY2020/21 | FY2019/20 |
| The following tax exempt (one-tier) dividends were declared and paid by the Group and Company to the owners of the Company: | | |
| Final dividend of 22.0 cents per share in respect of FY2018/19 | - | 260.7 |
| Interim dividend of 8.0 cents per share in respect of FY2019/20 | - | 94.8 |
| | - | 355.5 |

No dividend was declared, paid or proposed for the financial year ended 31 March 2021.

During the financial year, total dividends of \$14.3 million (FY2019/20: \$30.7 million) were paid to non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

13 Share Capital (in \$ million)

| | The Group and the Company | | | |
|--|---------------------------|---------------|---------|---------|
| | Number of shares | | Amount | |
| | 2021 | 2020 | 2021 | 2020 |
| Issued and fully paid share capital | | | | |
| Ordinary shares | | | | |
| Balance at 1 April | 1,199,851,018 | 1,199,851,018 | 1,856.1 | 1,856.1 |
| Shares issued pursuant to rights issue | 1,777,692,486 | – | 5,324.1 | – |
| Balance at 31 March | 2,977,543,504 | 1,199,851,018 | 7,180.2 | 1,856.1 |
| Special share | | | | |
| Balance at 1 April and 31 March | 1 | 1 | # | # |

The value is \$0.50

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares, which have no par value, carry one vote per share without restriction. All shares rank equally with regards to the Group's residual assets.

The Company's ability to operate its existing route network and flight frequency is derived solely from and dependent entirely on the Air Service Agreements ("ASAs") concluded between the Government of Singapore and the governments of other countries. ASAs are therefore critical to the Company's operations. In almost all the ASAs, it is a condition that the Company must at all times be "effectively controlled" and "substantially owned" by Singapore nationals for the tenure of the respective ASAs.

In order to comply with the above requirement, one non-tradeable Special Share was issued to the Ministry of Finance ("the Special Member"). The Special Share enjoys all the rights attached to ordinary shares. In addition, pursuant to Article 3A of the Articles of Association, no resolution may be passed on certain matters without prior written approval of the Special Member.

The Company can also issue non-tradeable redeemable cumulative preference shares, which carry full voting rights ("ASA shares"). When issued, the ASA shares will be paid at \$0.01 each and will carry equal voting rights as those of ordinary shares. These shares will be issued only when the Directors determine that the Company's operating rights under any of the ASAs are threatened by reason of the nationality of the majority shareholders.

During the financial year, the Company issued 1,777,692,486 (FY2019/20: nil) new shares pursuant to the rights issue, raising capital of \$5,324.1 million. The equity raised strengthened the Company's balance sheet and built liquidity during a period of significant uncertainty. No shares were issued (FY2019/20: nil) upon vesting of share-based incentive plans during the year.

14 Mandatory Convertible Bonds (in \$ million)

| | The Group and the Company 2021 |
|------------------------|-----------------------------------|
| Balance as at 1 April | – |
| Issued during the year | 3,496.1 |
| Balance as at 31 March | 3,496.1 |

As part of the Company's efforts in proactively building liquidity and strengthening its balance sheet during this period of uncertainty, the Company issued \$3,496.1 million of MCBs which are classified as equity. The Group's intent was to not burden the balance sheet with additional debt which may restrict the Group's ability to raise financing in the future. MCBs have been elected as the most appropriate instrument due to their financial flexibility, as it allows the Group to repay MCB holders in the future when the Group's situation improves and to avoid dilution of existing shareholders while being able to immediately strengthen the capital stock.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

14 Mandatory Convertible Bonds (in \$ million) (continued)

The MCBs were issued in the denomination of \$1.00 for each MCB, on the basis of 295 MCBs for every 100 existing ordinary shares held by shareholders on 8 June 2020. They will mandatorily convert into ordinary shares of the Company on 8 June 2030. The MCBs shall be convertible on the conversion date only. At the end of the 10-year tenure of the MCBs, 1,304,626,600 ordinary shares will be issued upon mandatory conversion of the MCBs, subject to any prior redemption of the MCBs. The MCBs may be redeemable at the option of the Company in whole or in part on every six-month anniversary of the issue date at fixed amounts.

As at 31 March 2021, the Company has the option to issue approximately \$6.2 billion of additional MCBs by the next AGM in July 2021. Tembusu Capital Pte Ltd, a wholly-owned subsidiary of Temasek, has provided the Company with an irrevocable undertaking to subscribe to Temasek's pro-rata entitlement to these additional MCBs, and to subscribe to any unsubscribed additional MCBs remaining after the fulfilment of valid applications by other shareholders.

15 Treasury Shares (in \$ million)

| | The Group and the Company 31 March | |
|---|---------------------------------------|---------|
| | 2021 | 2020 |
| Balance at 1 April | (156.0) | (171.5) |
| Treasury shares reissued pursuant to equity compensation plans: | | |
| - Transferred from share-based compensation reserve | 22.8 | 15.5 |
| Balance at 31 March | (133.2) | (156.0) |

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the financial year, the Company did not purchase any treasury shares (FY2019/20: nil).

The Company reissued 1,965,965 (FY2019/20: 1,463,191) treasury shares pursuant to share-based incentive plans and 186,200 (FY2019/20: 60,900) treasury shares on payment of Directors' remuneration. The number of treasury shares as at 31 March 2021 was 12,570,529 (2020: 14,722,694).

16 Other Reserves (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|--------------------------------------|-----------------------|-----------|-------------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| Capital reserve | (96.8) | (112.7) | (871.4) | (928.8) |
| Foreign currency translation reserve | (16.9) | (5.3) | - | - |
| Share-based compensation reserve | 20.8 | 25.7 | 17.1 | 22.1 |
| Fair value reserve | (178.6) | (2,150.9) | (136.6) | (1,734.3) |
| General reserve | 5,634.3 | 9,857.2 | 6,959.7 | 9,803.6 |
| | 5,362.8 | 7,614.0 | 5,968.8 | 7,162.6 |

(a) Capital reserve

Capital reserve for the Group mainly arose from the loss on the acquisition of non-controlling interests in a subsidiary company, revaluation of land and buildings owned by Ritz-Carlton Millenia Properties Private Limited, an associated company, gains or losses on the reissuance of treasury shares and the equity component on convertible bonds.

Capital reserve for the Company mainly arose from the re-integration of SIA Cargo in FY2018/19, gains or losses on the reissuance of treasury shares and the equity component on convertible bonds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

16 Other Reserves (in \$ million) (continued)

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Share-based compensation reserve

Share-based compensation reserve consists of equity-settled share options and awards granted to employees, that is made up of the cumulative value of services received from employees recorded on grant of equity-settled share awards.

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of financial assets measured at FVOCI and the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be effective hedges.

Breakdown of the fair value reserves is as follows:

| | The Group 31 March | | The Company 31 March | |
|--|-----------------------|-----------|-------------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| Derivative financial instruments designated as hedging instruments | (178.6) | (2,150.9) | (136.6) | (1,734.3) |

Fair value changes of derivative financial instruments designated as hedging instruments in cash flow hedges:

| | The Group 31 March | | The Company 31 March | |
|---|-----------------------|-----------|-------------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| Gain/(Loss) on fair value changes | 1,301.7 | (3,235.3) | 1,112.6 | (2,614.2) |
| Discontinued fuel hedges reclassified to profit or loss, recognised in "Fuel hedging ineffectiveness" | 412.8 | 589.1 | 259.4 | 487.6 |
| Discontinued foreign currency hedges reclassified to profit or loss, recognised in "Other operating expenses" | (4.4) | (24.9) | (2.8) | (21.2) |
| Recognised in the carrying values of non-financial assets on occurrence of capital expenditure commitments | (32.3) | (27.7) | (32.3) | (27.7) |
| Recognised in the profit and loss account on occurrence of: | | | | |
| Fuel hedging contracts recognised in "Fuel costs" | 277.4 | 108.0 | 251.0 | 87.1 |
| Foreign currency contracts recognised in "Other operating expenses" | 10.6 | (11.5) | 9.8 | (12.3) |
| | 1,965.8 | (2,602.3) | 1,597.7 | (2,100.7) |

(e) General reserve

General reserve comprises mainly retained earnings of the Group and the Company. Movements in the Group's and the Company's general reserves are set out in the Statements of Changes in Equity respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

17 Deferred Account (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|---------------------------|-----------------------|------|-------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Deferred credit | 57.9 | 64.9 | 54.8 | 63.0 |
| Presented as: | | | | |
| - Current liabilities | 16.9 | 31.6 | 13.8 | 29.7 |
| - Non-current liabilities | 41.0 | 33.3 | 41.0 | 33.3 |
| | 57.9 | 64.9 | 54.8 | 63.0 |

18 Deferred Taxation (in \$ million)

| | The Group | | | | The Company | |
|--|--|---------|-----------------|-----------|--|---------|
| | Statement of financial position 31 March | | Profit and loss | | Statement of financial position 31 March | |
| | 2021 | 2020 | FY2020/21 | FY2019/20 | 2021 | 2020 |
| The deferred taxation arises as a result of: | | | | | | |
| Deferred tax liabilities | | | | | | |
| Differences in depreciation | 1,871.2 | 2,292.1 | (420.9) | (1.9) | 1,566.2 | 1,862.3 |
| Revaluation to fair value | | | | | | |
| - fuel hedging contracts | 34.2 | - | - | - | 34.2 | - |
| - currency hedging contracts | 0.6 | 12.4 | - | - | 0.5 | 10.8 |
| - cross currency swap contracts | 2.3 | - | - | - | 2.3 | - |
| - interest rate swap contracts | 18.0 | 4.3 | - | - | 18.0 | 4.3 |
| Other temporary differences | 25.5 | 21.7 | 3.8 | (6.8) | 17.8 | 12.2 |
| Gross deferred tax liabilities | 1,951.8 | 2,330.5 | (417.1) | (8.7) | 1,639.0 | 1,889.6 |
| Deferred tax assets | | | | | | |
| Unabsorbed capital allowances and tax losses | (206.0) | (78.6) | (127.4) | (77.6) | (113.3) | (40.0) |
| Lease liabilities | (484.8) | (315.4) | (169.4) | 42.2 | (392.9) | (161.5) |
| Revaluation to fair value | | | | | | |
| - fuel hedging contracts | (63.1) | (438.7) | - | - | (59.3) | (352.3) |
| - currency hedging contracts | (0.5) | (0.9) | - | - | (0.5) | (0.9) |
| - cross currency swap contracts | (0.1) | (0.5) | - | - | (0.1) | (0.5) |
| - interest rate swap contracts | (18.4) | (21.7) | - | - | (15.6) | (18.2) |
| Other temporary differences | (146.4) | (139.4) | (5.4) | (10.3) | (38.4) | (24.0) |
| Gross deferred tax assets | (919.3) | (995.2) | (302.2) | (45.7) | (620.1) | (597.4) |
| Net deferred tax liabilities | 1,032.5 | 1,335.3 | | | 1,018.9 | 1,292.2 |
| Deferred tax charged to profit and loss | | | (719.3) | (54.4) | | |
| Deferred tax charged to equity | 416.5 | (652.9) | | | 315.1 | (469.1) |

At the end of the reporting period, there was no deferred tax liability (2020: \$0.6 million) recognised for taxes that would be payable on the undistributed earnings of one of the Group's overseas subsidiary companies.

For the other subsidiary companies of the Group, no deferred tax liability has been recognised as the Group has determined that undistributed earnings of these subsidiary companies will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to \$13.9 million (2020: \$11.2 million). The deferred tax liability is estimated to be \$4.2 million (2020: \$3.4 million).

During the financial year, the Company recognised a deferred tax asset of \$20.2 million arising from the integration of SilkAir.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

19 Borrowings (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|--------------------------------|-----------------------|---------|-------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| <u>Current Liabilities</u> | | | | |
| Notes payable | 200.0 | 500.0 | 200.0 | 500.0 |
| Loans | 707.1 | 2,161.0 | 642.8 | 2,101.1 |
| | 907.1 | 2,661.0 | 842.8 | 2,601.1 |
| <u>Non-current Liabilities</u> | | | | |
| Notes payable | 4,845.7 | 3,877.6 | 4,845.7 | 3,877.6 |
| Loans | 4,951.4 | 3,285.3 | 4,650.9 | 2,932.7 |
| Convertible bonds | 767.7 | – | 767.7 | – |
| | 10,564.8 | 7,162.9 | 10,264.3 | 6,810.3 |

Notes payable

Notes payable as at 31 March 2021 comprised unsecured notes issued by the Company. The details are set out below.

| Series | Currency | Fixed interest rate per annum | Year of maturity | 31 March 2021 | | 31 March 2020 | |
|--|----------|----------------------------------|---------------------|---------------|-------------------|---------------|-------------------|
| | | | | Face Value | Carrying value | Face Value | Carrying value |
| SGD10 Billion Multicurrency Medium Term Note Programme | | | | | | | |
| 001 | SGD | 3.22% | 2020 | – | – | 500.0 | 500.0 |
| 002 | SGD | 3.145% | 2021 | 200.0 | 200.0 | 200.0 | 200.0 |
| 003 | SGD | 3.75% | 2024 | 300.0 | 300.0 | 300.0 | 300.0 |
| 004 | SGD | 3.13% | 2026 | 630.0* | 631.8 | 630.0* | 632.0 |
| 005 | SGD | 3.035% | 2025 | 700.0 | 699.3 | 700.0 | 699.2 |
| 006 | SGD | 3.13% | 2027 | 700.0 | 699.1 | 700.0 | 698.9 |
| 007 | SGD | 3.16% | 2023 | 600.0 | 599.5 | 600.0 | 599.3 |
| 008 | SGD | 3.50% | 2030 | 500.0 | 499.0 | – | – |
| 009 | USD | 3.00% | 2026 | 672.6 | 668.5 | – | – |
| SGD2 Billion Medium Term Bond Programme | | | | | | | |
| 001 | SGD | 3.03% | 2024 | 750.0 | 748.5 | 750.0 | 748.2 |
| | | | | 5,052.6 | 5,045.7 | 4,380.0 | 4,377.6 |

* Comprised \$430.0 million in aggregate principal amount issued on 17 November 2016 and \$200.0 million in aggregate principal amount issued on 17 October 2017 that was consolidated into Series 004.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

19 Borrowings (in \$ million) (continued)

Loans

The Group

| | | | | 31 March 2021 | | 31 March 2020 | |
|---------------------------|----------|----------------------------|---------------------|---------------|-------------------|---------------|-------------------|
| Type | Currency | Interest rate per annum | Year of maturity | Face Value | Carrying value | Face Value | Carrying value |
| <u>Fixed Rate</u> | | | | | | | |
| Secured bank loan | SGD | 2.86% | 2028 | 698.3 | 697.0 | 780.7 | 779.0 |
| Secured bank loan | SGD | 2.92% | 2028 | 348.0 | 345.7 | 396.0 | 393.3 |
| Secured bank loan | SGD | 2.62% | 2029 | 738.3 | 736.8 | 820.2 | 818.4 |
| Secured bank loan | SGD | 0.34% | 2029 | 131.3 | 131.0 | 146.3 | 145.9 |
| Secured bank loan | SGD | 0.35% | 2029 | 133.0 | 132.8 | 146.6 | 146.4 |
| Secured bank loan | SGD | 2.10% | 2030 | 300.0 | 299.0 | – | – |
| Secured bank loan | SGD | 2.19% | 2030 | 300.0 | 298.1 | – | – |
| Secured bank loan | SGD | 2.15% | 2032 | 291.7 | 289.3 | – | – |
| Secured bank loan | SGD | 2.14% | 2030 | 150.0 | 148.6 | – | – |
| Secured bank loan | SGD | 2.15% | 2032 | 300.0 | 297.1 | – | – |
| Secured bank loan | SGD | 1.92% | 2030 | 286.3 | 283.4 | – | – |
| Secured bank loan | SGD | 1.98% | 2030 | 150.0 | 148.9 | – | – |
| Secured bank loan | SGD | 2.07% | 2030 | 150.0 | 149.1 | – | – |
| Secured bank loan | SGD | 2.24% | 2031 | 150.0 | 149.0 | – | – |
| Secured bank loan | EUR | 0.46% | 2029 | 138.5 | 138.2 | 152.8 | 152.4 |
| Secured bank loan | EUR | 0.65% - 0.68% | 2029 - 2030 | 843.7 | 841.8 | 928.4 | 926.1 |
| Secured bank loan | JPY | 0.41% | 2029 | 245.2 | 244.5 | 294.6 | 293.8 |
| Unsecured bank loan | SGD | 1.14% - 1.19% | 2021 | 150.0 | 150.0 | – | – |
| Unsecured bank loan | SGD | 0.71% - 1.53% | 2021 | – | – | 1,400.0 | 1,400.0 |
| Unsecured bank loan | USD | 1.30% | 2020 | – | – | 170.9 | 170.9 |
| Unsecured bank loan | EUR | 0.38% | 2020 | – | – | 200.9 | 200.9 |
| Unsecured bank loan | SGD | 2.03% - 2.16% | 2020 | – | – | 1.5 | 1.4 |
| Third-party financing | SGD | 4.90% | 2023 - 2024 | 159.1 | 159.1 | – | – |
| <u>Floating rate</u> | | | | | | | |
| Unsecured bank loan | USD | 1.44% | 2022 | 9.2 | 9.2 | – | – |
| Revolving credit facility | USD | 2.70% | 2021 | 0.7 | 0.7 | – | – |
| Revolving credit facility | SGD | 1.41% | 2021 | 3.0 | 3.0 | – | – |
| Trust receipt | SGD | 1.17% | 2021 | 6.2 | 6.2 | – | – |
| Unsecured bank loan | USD | 3.20% | 2022 | – | – | 11.7 | 11.7 |
| Revolving credit facility | USD | 3.20% | 2020 | – | – | 1.5 | 1.5 |
| Revolving credit facility | SGD | 2.26% | 2020 | – | – | 3.0 | 3.0 |
| Trust receipt | SGD | 2.37% | 2021 | – | – | 1.6 | 1.6 |
| | | | | 5,682.5 | 5,658.5 | 5,456.7 | 5,446.3 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

19 Borrowings (in \$ million) (continued)

The Company

| Type | Currency | Interest rate per annum | Year of maturity | 31 March 2021 | | 31 March 2020 | |
|---|----------|----------------------------|---------------------|---------------|-------------------|---------------|-------------------|
| | | | | Face Value | Carrying value | Face Value | Carrying value |
| <u>Fixed Rate (Post interest rate and cross currency swaps)</u> | | | | | | | |
| Secured bank loan | SGD | 2.86% | 2028 | 698.3 | 697.0 | 780.7 | 779.0 |
| Secured bank loan | SGD | 2.62% | 2029 | 738.3 | 736.8 | 820.2 | 818.4 |
| Secured bank loan | SGD | 0.34% | 2029 | 131.3 | 131.0 | 146.3 | 145.9 |
| Secured bank loan | SGD | 0.35% | 2029 | 133.0 | 132.8 | 146.6 | 146.4 |
| Secured bank loan | SGD | 2.10% | 2030 | 300.0 | 299.0 | – | – |
| Secured bank loan | SGD | 2.19% | 2030 | 300.0 | 298.1 | – | – |
| Secured bank loan | SGD | 2.15% | 2032 | 291.7 | 289.3 | – | – |
| Secured bank loan | SGD | 2.14% | 2030 | 150.0 | 148.6 | – | – |
| Secured bank loan | SGD | 2.15% | 2032 | 300.0 | 297.1 | – | – |
| Secured bank loan | SGD | 1.92% | 2030 | 286.3 | 283.4 | – | – |
| Secured bank loan | SGD | 1.98% | 2030 | 150.0 | 148.9 | – | – |
| Secured bank loan | SGD | 2.07% | 2030 | 150.0 | 149.1 | – | – |
| Secured bank loan | SGD | 2.24% | 2031 | 150.0 | 149.0 | – | – |
| <u>Fixed rate</u> | | | | | | | |
| Secured bank loan | EUR | 0.46% | 2029 | 138.5 | 138.2 | 152.8 | 152.4 |
| Secured bank loan | EUR | 0.65% - 0.68% | 2029 - 2030 | 843.7 | 841.8 | 928.4 | 926.1 |
| Secured bank loan | JPY | 0.41% | 2029 | 245.2 | 244.5 | 294.6 | 293.8 |
| Unsecured bank loan | SGD | 1.14% - 1.19% | 2021 | 150.0 | 150.0 | – | – |
| Unsecured bank loan | SGD | 0.71% - 1.53% | 2021 | – | – | 1,400.0 | 1,400.0 |
| Unsecured bank loan | USD | 1.30% | 2020 | – | – | 170.9 | 170.9 |
| Unsecured bank loan | EUR | 0.38% | 2020 | – | – | 200.9 | 200.9 |
| Third-party financing | SGD | 4.90% | 2023 - 2024 | 159.1 | 159.1 | – | – |
| | | | | 5,315.4 | 5,293.7 | 5,041.4 | 5,033.8 |

The Group uses interest rate swaps to hedge the variability of future interest payments on a floating rate loan attributable to movements in the relevant benchmark interest rates. As at 31 March 2021, the Group and Company had floating rate loans with nominal amounts of \$4,976.3 million (2020: \$3,678.4 million) and \$4,628.3 million (2020: \$3,198.4 million) which are hedged with interest rate swaps (refer to note 42(c)).

The Company has negotiated for a third-party financier to finance the pre-delivery payments for certain aircraft. Arising from this arrangement, the Company will make periodic payments to the financier.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

19 Borrowings (in \$ million) (continued)

Convertible bonds

| | The Group and the Company 2021 |
|--|-----------------------------------|
| Proceeds from issue of convertible bonds | 850.0 |
| Transaction costs | (8.5) |
| Net proceeds | 841.5 |
| Amount classified as equity | (74.3) |
| Amortised transaction costs | 0.5 |
| Balance at 31 March 2021 | 767.7 |

During the financial year, the Company issued \$850.0 million in principal amount of convertible bonds due 2025. These convertible bonds bear interest at 1.625% per annum, payable semi-annually in arrears. The initial conversion price is \$5.743 and is subject to adjustments under certain events set out in the Trust Deed for the convertible bonds. The bonds are convertible at the option of the holder, at the prevailing conversion price from 13 January 2021 to 24 November 2025 (both dates inclusive).

The equity conversion component on initial recognition of the convertible bonds is \$74.3 million.

20 Other Long-term Liabilities (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|---|-----------------------|---------|-------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| Maintenance reserve | 1.8 | 28.2 | 1.8 | 28.2 |
| Promissory notes | 219.8 | – | 219.8 | – |
| Derivative liabilities (refer to note 42) | 284.8 | 1,847.5 | 274.7 | 1,832.5 |
| | 506.4 | 1,875.7 | 496.3 | 1,860.7 |

The promissory notes bear interest of 1.75% per annum with maturity dates ranging from April to July 2022 and are denominated in USD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

21 Provisions (in \$ million)

Included are provisions for return costs for leased aircraft, onerous leases, warranty claims and crew gratuity. It is expected that the return costs will be incurred by the end of the lease terms.

An analysis of the provisions is as follows:

| | The Group | | |
|--|----------------------------------|--------|---------|
| | Return costs for leased aircraft | Others | Total |
| Balance at 1 April 2019 | 1,035.1 | 103.1 | 1,138.2 |
| Effects of adopting IFRS 16 | 354.6 | (35.5) | 319.1 |
| Provision during the year | 191.3 | 19.9 | 211.2 |
| Provision written back during the year | (30.0) | (1.2) | (31.2) |
| Provision utilised during the year | (241.6) | (41.0) | (282.6) |
| Balance at 31 March 2020 | 1,309.4 | 45.3 | 1,354.7 |
| Current | 343.8 | 20.2 | 364.0 |
| Non-current | 965.6 | 25.1 | 990.7 |
| | 1,309.4 | 45.3 | 1,354.7 |
| Balance at 1 April 2020 | 1,309.4 | 45.3 | 1,354.7 |
| Provision during the year | 196.3 | 188.8 | 385.1 |
| Provision written back during the year | (39.5) | (1.4) | (40.9) |
| Provision utilised during the year | (242.6) | (62.3) | (304.9) |
| Balance at 31 March 2021 | 1,223.6 | 170.4 | 1,394.0 |
| Current | 277.6 | 151.3 | 428.9 |
| Non-current | 946.0 | 19.1 | 965.1 |
| | 1,223.6 | 170.4 | 1,394.0 |

| | The Company | | |
|------------------------------------|----------------------------------|--------|---------|
| | Return costs for leased aircraft | Others | Total |
| Balance at 1 April 2019 | 715.1 | 80.3 | 795.4 |
| Effects of adopting IFRS 16 | – | (25.8) | (25.8) |
| Provision during the year | 64.1 | 17.5 | 81.6 |
| Provision utilised during the year | (200.6) | (35.8) | (236.4) |
| Balance at 31 March 2020 | 578.6 | 36.2 | 614.8 |
| Current | 293.1 | 13.4 | 306.5 |
| Non-current | 285.5 | 22.8 | 308.3 |
| | 578.6 | 36.2 | 614.8 |
| Balance at 1 April 2020 | 578.6 | 36.2 | 614.8 |
| Provision during the year | 94.0 | 186.3 | 280.3 |
| Provision utilised during the year | (201.7) | (55.9) | (257.6) |
| Effects of integration of SilkAir | 93.1 | – | 93.1 |
| Balance at 31 March 2021 | 564.0 | 166.6 | 730.6 |
| Current | 196.0 | 147.5 | 343.5 |
| Non-current | 368.0 | 19.1 | 387.1 |
| | 564.0 | 166.6 | 730.6 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

22 Property, Plant and Equipment (in \$ million)

The Group

| | Aircraft | Aircraft spares | Aircraft spare engines |
|---|-----------|--------------------|------------------------------|
| Cost | | | |
| At 1 April 2019 | 18,678.5 | 583.2 | 315.5 |
| Effects of adopting IFRS 16 | 35.5 | – | – |
| Additions | 216.6 | 37.5 | 19.9 |
| Transfers | 5,040.2 | 3.5 | (1.1) |
| Transfer to assets held for sale | – | (58.8) | – |
| Disposals | (441.3) | (14.7) | (13.1) |
| Exchange differences | 45.0 | 0.3 | – |
| At 31 March 2020 | 23,574.5 | 551.0 | 321.2 |
| Additions | 132.9 | 11.2 | – |
| Transfers | 1,743.7 | 0.6 | 11.3 |
| Transfer to assets held for sale | (525.2) | 9.5 | – |
| Disposals | (1,716.5) | (10.5) | – |
| Disposal of a subsidiary company | – | – | – |
| Write-off | (5.5) | – | – |
| Exchange differences | (47.2) | (0.3) | – |
| At 31 March 2021 | 23,156.7 | 561.5 | 332.5 |
| Accumulated depreciation and impairment losses | | | |
| At 1 April 2019 | 3,183.7 | 341.0 | 125.6 |
| Effects of adopting IFRS 16 | (5.7) | – | – |
| Depreciation | 1,547.6 | 23.9 | 23.2 |
| Impairment losses | – | 14.2 | – |
| Transfers | – | – | – |
| Transfer to assets held for sale | – | (42.7) | – |
| Disposals | (131.0) | (8.3) | (9.9) |
| Exchange differences | – | 0.2 | – |
| At 31 March 2020 | 4,594.6 | 328.3 | 138.9 |
| Depreciation | 1,572.5 | 19.0 | 23.8 |
| Impairment losses | 997.5 | 12.5 | 8.9 |
| Transfers | (8.7) | – | 8.7 |
| Transfer to assets held for sale | (435.6) | 6.7 | – |
| Disposals | (239.3) | (5.3) | – |
| Disposal of a subsidiary company | – | – | – |
| Write-off | (5.5) | – | – |
| Exchange differences | – | (0.3) | – |
| At 31 March 2021 | 6,475.5 | 360.9 | 180.3 |
| Net book value | | | |
| At 31 March 2020 | 18,979.9 | 222.7 | 182.3 |
| At 31 March 2021 | 16,681.2 | 200.6 | 152.2 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

| Freehold land | Freehold buildings | Leasehold land and buildings | Plant and equipment | Office and computer equipment | Advance and progress payments | Total |
|---------------|--------------------|------------------------------|---------------------|-------------------------------|-------------------------------|-----------|
| 15.7 | 135.4 | 633.0 | 696.8 | 324.5 | 5,828.3 | 27,210.9 |
| - | - | - | - | - | 61.6 | 97.1 |
| - | - | 0.9 | 16.6 | 14.8 | 4,905.5 | 5,211.8 |
| - | - | (0.1) | 58.4 | 13.6 | (5,114.5) | - |
| - | - | - | - | - | - | (58.8) |
| - | - | (2.3) | (45.9) | (6.0) | (0.1) | (523.4) |
| - | - | 2.3 | 2.8 | 0.2 | 0.1 | 50.7 |
| 15.7 | 135.4 | 633.8 | 728.7 | 347.1 | 5,680.9 | 31,988.3 |
| - | - | 0.4 | 12.5 | 4.5 | 2,693.5 | 2,855.0 |
| - | - | - | 69.6 | 18.0 | (1,843.2) | - |
| - | - | - | - | - | - | (515.7) |
| - | - | (0.3) | (32.7) | (5.3) | - | (1,765.3) |
| - | - | (0.5) | (14.1) | (2.3) | - | (16.9) |
| - | - | - | - | (2.4) | (75.5) | (83.4) |
| - | - | (2.7) | (2.2) | 0.2 | - | (52.2) |
| 15.7 | 135.4 | 630.7 | 761.8 | 359.8 | 6,455.7 | 32,409.8 |
| - | 124.5 | 489.4 | 495.2 | 275.2 | - | 5,034.6 |
| - | - | - | - | - | - | (5.7) |
| - | 2.9 | 12.0 | 69.2 | 22.5 | - | 1,701.3 |
| - | - | - | - | - | - | 14.2 |
| - | - | (0.1) | - | 0.1 | - | - |
| - | - | - | - | - | - | (42.7) |
| - | - | (2.2) | (44.9) | (5.9) | - | (202.2) |
| - | - | 0.6 | 2.0 | 0.2 | - | 3.0 |
| - | 127.4 | 499.7 | 521.5 | 292.1 | - | 6,502.5 |
| - | 2.9 | 10.8 | 65.6 | 22.6 | - | 1,717.2 |
| - | - | 22.3 | 12.6 | - | 388.2 | 1,442.0 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | (428.9) |
| - | - | (0.2) | (32.5) | (5.1) | - | (282.4) |
| - | - | (0.3) | (11.3) | (2.0) | - | (13.6) |
| - | - | - | - | (2.3) | - | (7.8) |
| - | - | (0.7) | (1.7) | 0.2 | - | (2.5) |
| - | 130.3 | 531.6 | 554.2 | 305.5 | 388.2 | 8,926.5 |
| 15.7 | 8.0 | 134.1 | 207.2 | 55.0 | 5,680.9 | 25,485.8 |
| 15.7 | 5.1 | 99.1 | 207.6 | 54.3 | 6,067.5 | 23,483.3 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

22 Property, Plant and Equipment (in \$ million) (continued)

The Company

| | Aircraft | Aircraft spares | Aircraft spare engines |
|--|-----------|--------------------|------------------------------|
| Cost | | | |
| At 1 April 2019 | 14,444.1 | 404.2 | 118.7 |
| Additions | 214.3 | 27.5 | 19.9 |
| Transfers | 4,575.1 | – | (14.9) |
| Disposals | (305.7) | (9.7) | (13.1) |
| Exchange differences | 26.7 | – | – |
| At 31 March 2020 | 18,954.5 | 422.0 | 110.6 |
| Additions | 132.7 | 7.9 | – |
| Transfers | 1,582.2 | – | – |
| Transfer to assets held for sale | (282.1) | – | – |
| Effects of integration of SilkAir | 53.9 | – | – |
| Disposals | (1,605.2) | (8.8) | – |
| Exchange differences | (26.8) | – | – |
| At 31 March 2021 | 18,809.2 | 421.1 | 110.6 |
| Accumulated depreciation and impairment losses | | | |
| At 1 April 2019 | 2,209.8 | 223.6 | 26.7 |
| Depreciation | 1,307.0 | 12.5 | 15.0 |
| Impairment losses | – | 9.9 | – |
| Disposals | (112.6) | (4.7) | (9.9) |
| At 31 March 2020 | 3,404.2 | 241.3 | 31.8 |
| Depreciation | 1,335.4 | 11.8 | 15.6 |
| Impairment losses | 773.7 | 10.4 | – |
| Transfer to assets held for sale | (256.9) | – | – |
| Effects of integration of SilkAir | 21.8 | – | – |
| Disposals | (146.4) | (3.8) | – |
| At 31 March 2021 | 5,131.8 | 259.7 | 47.4 |
| Net book value | | | |
| At 31 March 2020 | 15,550.3 | 180.7 | 78.8 |
| At 31 March 2021 | 13,677.4 | 161.4 | 63.2 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

| Freehold land | Freehold buildings | Leasehold land and buildings | Plant and equipment | Office and computer equipment | Advance and progress payments | Total |
|---------------|--------------------|------------------------------|---------------------|-------------------------------|-------------------------------|-----------|
| 15.7 | 135.4 | 332.3 | 358.6 | 238.1 | 4,599.9 | 20,647.0 |
| - | - | - | 2.5 | 13.1 | 4,362.5 | 4,639.8 |
| - | - | - | 47.8 | 8.5 | (4,616.5) | - |
| - | - | (2.2) | (30.1) | (4.6) | (50.5) | (415.9) |
| - | - | - | - | - | - | 26.7 |
| 15.7 | 135.4 | 330.1 | 378.8 | 255.1 | 4,295.4 | 24,897.6 |
| - | - | - | 3.5 | 3.4 | 2,253.7 | 2,401.2 |
| - | - | - | 68.6 | 13.2 | (1,664.0) | - |
| - | - | - | - | - | - | (282.1) |
| - | - | - | - | - | 482.4 | 536.3 |
| - | - | - | (25.6) | (3.7) | (67.5) | (1,710.8) |
| - | - | - | - | - | - | (26.8) |
| 15.7 | 135.4 | 330.1 | 425.3 | 268.0 | 5,300.0 | 25,815.4 |
| - | 124.5 | 319.8 | 221.3 | 209.8 | - | 3,335.5 |
| - | 2.9 | 1.8 | 48.0 | 13.3 | - | 1,400.5 |
| - | - | - | - | - | - | 9.9 |
| - | - | (2.0) | (30.1) | (4.6) | - | (163.9) |
| - | 127.4 | 319.6 | 239.2 | 218.5 | - | 4,582.0 |
| - | 2.9 | 1.8 | 45.8 | 14.4 | - | 1,427.7 |
| - | - | - | - | - | 388.2 | 1,172.3 |
| - | - | - | - | - | - | (256.9) |
| - | - | - | - | - | - | 21.8 |
| - | - | - | (25.7) | (3.7) | - | (179.6) |
| - | 130.3 | 321.4 | 259.3 | 229.2 | 388.2 | 6,767.3 |
| 15.7 | 8.0 | 10.5 | 139.6 | 36.6 | 4,295.4 | 20,315.6 |
| 15.7 | 5.1 | 8.7 | 166.0 | 38.8 | 4,911.8 | 19,048.1 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

22 Property, Plant and Equipment (in \$ million) (continued)

Assets leased out as operating leases

| | The Group and the Company 31 March | |
|---|---------------------------------------|------|
| | 2021 | 2020 |
| Net book value of property, plant and equipment leased out as operating leases: | | |
| - aircraft | - | 83.1 |
| | - | 83.1 |

Assets held as security

The Company's aircraft with carrying amount of \$5,510.8 million (2020: \$3,282.5 million) are pledged as security to the banks.

Scot Tigerair Pte. Ltd.'s aircraft with carrying amount of \$432.2 million (2020: \$442.0 million) are pledged as security to the banks.

SilkAir's spare engines with carrying amounts of \$10.2 million (2020: \$11.1 million) are pledged as security for the amounts owed to the original equipment manufacturer and service credits issued to SilkAir.

Impairment of aircraft

During FY2020/21, the Group reviewed the potential shape and size of its overall network to determine the resultant fleet size and mix needed for future operations. As a result, the Group removed from the operating fleet and FSC and LCC CGUs 45 surplus older generation aircraft and recorded an impairment loss of \$1,734.3 million to write down the aircraft to their estimated recoverable values. Included as part of the amount are the impairments related to owned and leased aircraft, spare engines, spares and inventories, write-off of advanced progress payments for engine overhauls, and additional de-lease costs and other related costs which arose from the impairment review exercise.

The surplus aircraft comprised seven A380s, 11 777-200/200ERs, four 777-300s, four 777-300ERs, nine A320s, two A319s, and eight 737-800NGs.

The breakdown of the impairment loss is as follows:

| | The Group |
|-------------------------------|----------------|
| Property, plant and equipment | 1,405.0 |
| ROU assets (see note 23) | 149.8 |
| Inventories | 45.1 |
| Provisions | 137.2 |
| Others | (2.8) |
| | <u>1,734.3</u> |

Impairment of aircraft spares

In FY2020/21, the carrying amounts of the aircraft spares exceeded the recoverable amounts and the Group recognised an impairment loss of \$2.0 million (FY2019/20: \$14.2 million) on its aircraft spares.

Impairment of base maintenance assets

Demand for hangar checks has declined significantly due to low flight hours and grounding of aircraft, and is expected to remain weak in the short to medium term. As a result, the Group recognised an impairment loss on base maintenance assets of \$36.9 million, comprising \$35.0 million of property, plant and equipment and \$1.9 million of assets held for sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

22 Property, Plant and Equipment (in \$ million) (continued)

Impairment test

In light of the Covid-19 pandemic and its detrimental effect on the travel industry caused by global travel restrictions and border controls, the Group's significant reduction in its capacity has led to a deterioration to its profits and cash flows. Management has determined that this event is an indicator that the Property, Plant and Equipment and Intangible Assets may be impaired. Management's impairment test included the following CGUs:

Full Service Carrier ("FSC") CGU

The recoverable amount of the FSC CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a five-year period (2020: five-year period). The financial forecasts which were approved include Management's planned recovery from Covid-19 related global travel restrictions and border controls. The post-tax discount rate applied to cash flow projections is 7.0% (2020: 7.0%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the five-year period (2020: five-year period) is 4.0% (2020: 4.5%).

Low-Cost Carrier ("LCC") CGU

The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a five-year period (2020: six-year period). The financial forecasts which were approved include Management's planned recovery from Covid-19 related global travel restrictions and border controls. The post-tax discount rate applied to cash flow projections is 7.0% (2020: 7.0%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the five-year period (2020: six-year period) is 5.1% (2020: 5.5%).

Sensitivity Analysis

The calculations of value-in-use for the FSC and LCC CGUs are most sensitive to the following assumptions:

Yield – The forecast yield is set with regards to the CGU's historical performance, operation plans and expected economic and market conditions. The forecast yield does not exceed historical yield achieved.

Growth rate – The forecast long-term growth rate is based on published industry research and does not exceed the long-term average growth rate for the industry.

The impairment assessment is sensitive to changes to these assumptions and any significant adverse movements in these assumptions could impact the results of the impairment test.

Assets held for sale

During the current financial year, certain aircraft were classified as held for sale as the Group had decided to sell the aircraft following the review of the fleet plan. In the prior year, certain aircraft spares were classified as held for sale as the Group had decided to sell these aircraft spares following the cessation of certain inventory management contracts. The sale of the aircraft and spares is expected to be completed within one year.

| | The Group |
|---|-----------|
| Balance as at 1 April 2019 | – |
| Reclassification from property, plant and equipment | 16.1 |
| Disposal during the year | (1.9) |
| Balance as at 31 March 2020 | 14.2 |
| Reclassification from property, plant and equipment | 86.8 |
| Impairment losses | (1.9) |
| Disposal during the year | (0.5) |
| Balance as at 31 March 2021 | 98.6 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

23 Right-of-Use Assets (in \$ million)

The Group

| | Aircraft | Aircraft spare engines | Leasehold land and buildings | Plant and equipment | Office and computer equipment | Total |
|----------------------------------|----------|------------------------|------------------------------|---------------------|-------------------------------|---------|
| At 1 April 2019 | 1,524.1 | 26.4 | 152.7 | 3.1 | 0.2 | 1,706.5 |
| Additions | 106.8 | – | 99.0 | 0.6 | 0.1 | 206.5 |
| Reassessment and modifications | 3.8 | (0.1) | (6.1) | – | – | (2.4) |
| Depreciation | (357.1) | (8.8) | (65.8) | (1.1) | (0.1) | (432.9) |
| At 31 March 2020 | 1,277.6 | 17.5 | 179.8 | 2.6 | 0.2 | 1,477.7 |
| Additions | 1,156.5 | 275.0 | 27.7 | 0.5 | – | 1,459.7 |
| Reassessment and modifications | (8.7) | (11.1) | (13.2) | (0.1) | – | (33.1) |
| Disposal of a subsidiary company | – | – | (0.1) | – | – | (0.1) |
| Depreciation | (290.5) | (7.3) | (59.7) | (1.1) | (0.1) | (358.7) |
| Impairment | (149.8) | – | – | – | – | (149.8) |
| At 31 March 2021 | 1,985.1 | 274.1 | 134.5 | 1.9 | 0.1 | 2,395.7 |

The Company

| | Aircraft | Aircraft spare engines | Leasehold land and buildings | Plant and equipment | Total |
|------------------------------------|----------|------------------------|------------------------------|---------------------|---------|
| At 1 April 2019 | 802.2 | 24.5 | 109.4 | – | 936.1 |
| Additions | – | – | 68.2 | 0.4 | 68.6 |
| Reassessment and modifications | – | – | (4.9) | – | (4.9) |
| Depreciation | (194.8) | (7.6) | (51.7) | (0.1) | (254.2) |
| Novation from a subsidiary company | – | – | 0.1 | – | 0.1 |
| At 31 March 2020 | 607.4 | 16.9 | 121.1 | 0.3 | 745.7 |
| Additions | 1,156.5 | 275.0 | 21.2 | 0.4 | 1,453.1 |
| Reassessment and modifications | (8.8) | (11.0) | (10.7) | – | (30.5) |
| Depreciation | (150.7) | (6.9) | (44.1) | (0.3) | (202.0) |
| Impairment | (129.7) | – | – | – | (129.7) |
| Effects of integration of SilkAir | 147.1 | – | – | – | 147.1 |
| At 31 March 2021 | 1,621.8 | 274.0 | 87.5 | 0.4 | 1,983.7 |

Impairment testing of ROU assets

In FY2020/21, the Group recognised an impairment loss of \$149.8 million (FY2019/20: nil) on its leased aircraft which are considered surplus to operations.

Please refer to note 22 for more details and the impairment assessment of the ROU assets as part of the FSC and LCC CGUs.

Effects of integration of SilkAir

During the financial year, SilkAir novated certain aircraft leases to the Company, as part of the integration. The lease liabilities related to these novated leases amounted to \$175.2 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

24 Intangible Assets (in \$ million)

The Group

| | Goodwill | Brand | Trademarks | Computer software and others | Deferred engine development cost | Advance and progress payments | Total |
|---|----------|-------|------------|------------------------------|----------------------------------|-------------------------------|---------|
| Cost | | | | | | | |
| At 1 April 2019 | 184.4 | 75.9 | 25.0 | 682.6 | 40.4 | 25.6 | 1,033.9 |
| Additions | - | - | - | 45.3 | 3.1 | 43.2 | 91.6 |
| Disposals | - | - | - | (7.8) | - | - | (7.8) |
| Transfers | - | - | - | 25.0 | - | (25.0) | - |
| Exchange differences | - | - | - | 0.1 | 2.3 | - | 2.4 |
| At 31 March 2020 | 184.4 | 75.9 | 25.0 | 745.2 | 45.8 | 43.8 | 1,120.1 |
| Additions | - | - | - | 2.5 | 0.3 | 71.3 | 74.1 |
| Disposals | - | - | - | (0.7) | (0.5) | (5.7) | (6.9) |
| Disposal of a subsidiary company | - | - | - | (0.4) | - | - | (0.4) |
| Transfers | - | - | - | 74.6 | - | (74.6) | - |
| Write-off | - | - | - | (13.5) | - | (0.7) | (14.2) |
| Exchange differences | - | - | - | (0.1) | (0.2) | - | (0.3) |
| At 31 March 2021 | 184.4 | 75.9 | 25.0 | 807.6 | 45.4 | 34.1 | 1,172.4 |
| Accumulated amortisation and impairment losses | | | | | | | |
| At 1 April 2019 | - | 75.9 | 25.0 | 476.3 | 5.4 | - | 582.6 |
| Amortisation | - | - | - | 55.9 | 1.6 | - | 57.5 |
| Disposals | - | - | - | (7.8) | - | - | (7.8) |
| Exchange differences | - | - | - | 0.1 | 0.7 | - | 0.8 |
| At 31 March 2020 | - | 75.9 | 25.0 | 524.5 | 7.7 | - | 633.1 |
| Amortisation | - | - | - | 64.2 | 1.6 | - | 65.8 |
| Disposals | - | - | - | (0.5) | - | - | (0.5) |
| Disposal of a subsidiary company | - | - | - | (0.3) | - | - | (0.3) |
| Impairment losses | 170.4 | - | - | - | 11.4 | - | 181.8 |
| Write-off | - | - | - | (11.1) | - | - | (11.1) |
| Exchange differences | - | - | - | (0.1) | 2.6 | - | 2.5 |
| At 31 March 2021 | 170.4 | 75.9 | 25.0 | 576.7 | 23.3 | - | 871.3 |
| Net book value | | | | | | | |
| At 31 March 2020 | 184.4 | - | - | 220.7 | 38.1 | 43.8 | 487.0 |
| At 31 March 2021 | 14.0 | - | - | 230.9 | 22.1 | 34.1 | 301.1 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

24 Intangible Assets (in \$ million) (continued)

The Company

| | Computer software and others | Advance and progress payments | Total |
|--------------------------|------------------------------|-------------------------------|-------|
| Cost | | | |
| At 1 April 2019 | 577.6 | 11.1 | 588.7 |
| Additions | 31.2 | 37.4 | 68.6 |
| Disposals | (6.9) | – | (6.9) |
| Transfers | 17.1 | (17.1) | – |
| At 31 March 2020 | 619.0 | 31.4 | 650.4 |
| Additions | – | 64.1 | 64.1 |
| Transfers | 68.5 | (68.5) | – |
| At 31 March 2021 | 687.5 | 27.0 | 714.5 |
| Accumulated amortisation | | | |
| At 1 April 2019 | 394.6 | – | 394.6 |
| Amortisation | 46.1 | – | 46.1 |
| Disposals | (6.9) | – | (6.9) |
| At 31 March 2020 | 433.8 | – | 433.8 |
| Amortisation | 51.6 | – | 51.6 |
| At 31 March 2021 | 485.4 | – | 485.4 |
| Net book value | | | |
| At 31 March 2020 | 185.2 | 31.4 | 216.6 |
| At 31 March 2021 | 202.1 | 27.0 | 229.1 |

Impairment testing of goodwill

The goodwill acquired through the acquisition of Tiger Airways Holdings Pte. Ltd. has an indefinite useful life and is included in the LCC CGU. During the financial year, the Group recognised an impairment loss of \$170.4 million on its goodwill. Given that the airlines are operating in an environment dominated by the challenges brought about by the Covid-19 pandemic, both the pace and nature of recovery are subject to an unusual level of uncertainty. Under certain sets of financial assumptions reflecting more pessimistic future scenarios, the value of the goodwill could no longer be supported.

Please refer to note 22 for the impairment assessment of the LCC CGU.

Impairment of deferred engine development cost

During the financial year, the Group recorded an impairment loss of \$11.4 million on the deferred engine development cost, following suspension of one of the aircraft engine development projects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

25 Subsidiary Companies (in \$ million)

| | The Company 31 March | |
|---|-------------------------|-----------|
| | 2021 | 2020 |
| Investment in subsidiary companies | 3,426.6 | 3,417.9 |
| Accumulated impairment losses | (52.7) | (52.7) |
| Effects of integration of SIA Cargo | (1,405.0) | (1,405.0) |
| | 1,968.9 | 1,960.2 |
| Long-term loans to subsidiary companies | 3,655.3 | 2,224.5 |
| Amount owing by a subsidiary company | 284.0 | 598.5 |
| Accumulated impairment loss | (27.6) | (13.3) |
| | 5,880.6 | 4,769.9 |

During the financial year:

1. The Company injected approximately \$8.7 million in Encounters Pte. Ltd.
2. SIAEC divested its entire 51% shareholdings in Aviation Partnership (Philippines) Corporation ("APPC"). A gain on disposal of \$2.0 million was recorded in the profit or loss and APPC ceased to be a subsidiary company. The Group received a cash consideration of \$5.3 million, net of cash disposed.
3. SIAEC invested approximately \$0.7 million in SIA Engineering Japan Corporation.
4. SIAEC invested approximately \$0.5 million in NexGen Network (1) Holding Pte. Ltd.
5. SIAEC acquired an additional 35% interest in SIA Engineering (Philippines) Corporation ("SEPC") for a cash consideration of \$11.5 million. Consequently, SEPC became a wholly-owned subsidiary company of SIAEC.
6. SIAEC completed the restructuring of one of its subsidiary companies, Heavy Maintenance Singapore Services Pte. Ltd. ("HMSS"). As part of the restructuring, SIAEC acquired an additional 35% interest in HMSS at a nominal consideration of \$1 and received a cash compensation of \$7.4 million from a non-controlling shareholder for terminating the shareholders' agreement. Consequently, HMSS became a wholly-owned subsidiary and the operations of HMSS were integrated into SIAEC with the transfer of staff, facilities and assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

25 Subsidiary Companies (in \$ million) (continued)

(a) Composition of the Group

The subsidiary companies are:

| | Principal activities | Country of incorporation and place of business | Percentage of equity held by the Group 31 March | |
|--|--|--|--|-------|
| | | | 2021 | 2020 |
| SIA Engineering Company Limited⁽¹⁾ and its subsidiaries | Engineering services | Singapore | 77.6 | 77.7 |
| NexGen Network (1) Holding Pte. Ltd. ⁽¹⁾ | Investment holding | Singapore | 77.6 | 77.7 |
| NexGen Network (2) Holding Pte. Ltd. ⁽¹⁾ | Investment holding | Singapore | 77.6 | 77.7 |
| SIAEC Global Private Limited ⁽¹⁾ | Investment holding | Singapore | 77.6 | 77.7 |
| SIA Engineering (USA), Inc. ⁽⁴⁾ | Provide aircraft maintenance services, including technical and non-technical handling at the airport | United States of America | 77.6 | 77.7 |
| SIA Engineering Japan Corporation ⁽⁵⁾ | Provide aircraft maintenance services, including technical and non-technical handling at the airport | Japan | 77.6 | 77.7 |
| Singapore Aero Support Services Pte. Ltd. ⁽¹⁾ | Maintenance, repair and overhaul of aircraft and cabin components/systems | Singapore | 77.6 | 77.7 |
| Heavy Maintenance Singapore Services Pte. Ltd. ⁽¹⁾ | Provide airframe maintenance component overhaul services | Singapore | 77.6 | 50.5 |
| SIA Engineering (Philippines) Corporation ⁽²⁾ | Provide airframe maintenance component overhaul services | Philippines | 77.6 | 50.5 |
| Additive Flight Solutions Pte. Ltd. ^{(1)*} | Additive manufacturing of aircraft cabin parts and tooling for the aerospace industry | Singapore | 46.5 | 46.6 |
| Aerospace Component Engineering Services Pte. Limited ^{(1)*} | Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft | Singapore | 39.6 | 39.6 |
| Aviation Partnership (Philippines) Corporation ^{(2)*} | Provide aircraft maintenance services including technical and non-technical handling at the airport | Philippines | – | 39.6 |
| Budget Aviation Holdings Pte. Ltd.⁽¹⁾ and its subsidiaries | Investment holding | Singapore | 100.0 | 100.0 |
| Tiger Airways Holdings Pte. Ltd. ⁽¹⁾ | Investment holding | Singapore | 100.0 | 100.0 |
| Scoot Tigerair Pte. Ltd. ⁽¹⁾ | Air transportation | Singapore | 100.0 | 100.0 |
| Roar Aviation Pte. Ltd. ⁽¹⁾ | Investment holding | Singapore | 100.0 | 100.0 |
| Simple Holidays Pte. Ltd. ⁽¹⁾ | Reservation service activities | Singapore | 100.0 | 100.0 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

25 Subsidiary Companies (in \$ million) (continued)

(a) Composition of the Group (continued)

| | Principal activities | Country of incorporation and place of business | Percentage of equity held by the Group 31 March | |
|---|---|--|--|-------|
| | | | 2021 | 2020 |
| Cargo Community Network Pte Ltd⁽¹⁾ and its subsidiary | Providing and marketing of cargo community system | Singapore | 51.0 | 51.0 |
| Cargo Community (Shanghai) Co. Ltd. ⁽³⁾⁺ | Marketing and support of portal services for the air cargo industry | People's Republic of China | 51.0 | 51.0 |
| Encounters Pte. Ltd. ⁽¹⁾ | Travel booking and related services through an online portal | Singapore | 100.0 | 100.0 |
| SilkAir (Singapore) Private Limited ⁽¹⁾ | Air transportation | Singapore | 100.0 | 100.0 |
| Singapore Airlines Cargo Pte Ltd ⁽¹⁾ | Inactive | Singapore | 100.0 | 100.0 |
| Singapore Aviation and General Insurance Company (Pte) Limited ⁽¹⁾ | Aviation insurance | Singapore | 100.0 | 100.0 |
| Singapore Flying College Pte Ltd ⁽¹⁾ | Training of pilots | Singapore | 100.0 | 100.0 |
| Sing-Bi Funds Private Limited ⁽¹⁾ | Investment holding | Singapore | 100.0 | 100.0 |
| Tradewinds Tours & Travel Private Limited ⁽¹⁾ | Tour wholesaling | Singapore | 100.0 | 100.0 |
| KrisShop Pte. Ltd. ⁽¹⁾ | Travel-related retail operations | Singapore | 70.0 | 70.0 |

⁽¹⁾ Audited by KPMG LLP, Singapore

⁽²⁾ Audited by member firms of KPMG International in the respective countries

⁽³⁾ Audited by Shanghai HDDY Certified Public Accountants Co., Ltd

⁽⁴⁾ Not required to be audited under the law in country of incorporation

⁽⁵⁾ Not required to be audited in the current financial year

* The company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company

+ Financial year end 31 December

Special purpose entities ("SPEs")

Details of the operating SPEs controlled and consolidated by the Group at the end of financial year are as follows:

| Name of entity | Purpose of special purpose entity | Country of incorporation |
|-------------------------|-----------------------------------|--------------------------|
| Winnie Aircraft Limited | Financing of aircraft | Mauritius |
| Falcon Aircraft Limited | Financing of aircraft | Mauritius |

The SPEs are held by Tiger Airways Holdings Pte. Ltd. and are audited by Ernst & Young LLP, Mauritius.

Although the Group does not hold shares in these companies, they are considered subsidiary companies as the activities of the SPEs are being conducted on behalf of the Group according to its specific business needs and the Group retains the majority of the residual or ownership risks related to the assets held by these SPEs. These SPEs were incorporated for the sole purpose of financing of the Group's aircraft.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

25 Subsidiary Companies (in \$ million) (continued)

(b) Interest in subsidiary company with material non-controlling interests ("NCI")

The Group has the following subsidiary company that has NCI that are material to the Group:

| | SIA Engineering Company Group of Companies 31 March | |
|--|---|-------|
| | 2021 | 2020 |
| Proportion of ownership interest held by NCI | 22.4% | 22.3% |
| (Loss)/Profit allocated to NCI during the reporting period | (10.8) | 40.0 |
| Accumulated NCI at the end of reporting period | 354.4 | 396.1 |
| Dividends paid to NCI | 12.9 | 28.8 |

(c) Summarised financial information about subsidiary company with material NCI

Summarised financial information before intercompany eliminations of the subsidiary company with material NCI are as follows:

Summarised statement of financial position

| | SIA Engineering Company Group of Companies 31 March | |
|------------------------|---|---------|
| | 2021 | 2020 |
| <u>Current</u> | | |
| Assets | 926.0 | 998.1 |
| Liabilities | (209.1) | (240.8) |
| Net current assets | 716.9 | 757.3 |
| <u>Non-current</u> | | |
| Assets | 883.8 | 1,007.4 |
| Liabilities | (56.5) | (103.7) |
| Net non-current assets | 827.3 | 903.7 |
| Net assets | 1,544.2 | 1,661.0 |

Summarised statement of comprehensive income

| | SIA Engineering Company Group of Companies | |
|----------------------------|---|-----------|
| | FY2020/21 | FY2019/20 |
| Revenue | 443.0 | 994.1 |
| Profit before tax | (35.6) | 204.5 |
| Taxation | 16.0 | (14.0) |
| Profit after tax | (19.6) | 190.5 |
| Other comprehensive income | (34.4) | 27.0 |
| Total comprehensive income | (54.0) | 217.5 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

25 Subsidiary Companies (in \$ million) (continued)

(c) Summarised financial information about subsidiary company with material NCI (continued)

Other summarised information

| | SIA Engineering Company Group of Companies | |
|--|---|-----------|
| | FY2020/21 | FY2019/20 |
| Net cash flow from operations | 165.8 | 91.1 |
| Acquisition of significant property, plant and equipment | (15.2) | (36.8) |

26 Associated Companies (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|------------------------------------|-----------------------|--------|-------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| Investment in associated companies | 845.2 | 828.9 | 773.5 | 905.3 |
| Accumulated impairment losses | (12.1) | (11.9) | (441.2) | (785.0) |
| | 833.1 | 817.0 | 332.3 | 120.3 |

During the financial year:

1. The Company injected \$212.0 million in TATA SIA Airlines Limited ("TATA-SIA"). There was no change in the Group's 49% equity stake in TATA-SIA after the capital injection.
2. The Group's shares in VAH have been transferred to Bain Capital or its nominee for nil consideration. Pursuant to the transfer, the Group recognised a loss on disposal of \$25.0 million due to realisation of reserves largely from foreign currency translation losses which had been recognised in other comprehensive income in previous financial periods.
3. Ritz-Carlton, Millenia Singapore Properties Private Limited recorded a revaluation loss of \$14.6 million from its annual revaluation exercise of its land and building. The Group's share of the revaluation loss of \$2.9 million as at 31 March 2021 is included under the share of post-acquisition capital reserve.
4. SIAEC made a provision for impairment of \$0.2 million for Line Maintenance Partnership (Thailand) Company Limited, following its registration for dissolution during the year.

The associated companies are:

| | Principal activities | Country of incorporation and place of business | Percentage of equity held by the Group 31 March | |
|---|---|---|---|------|
| | | | 2021 | 2020 |
| Held by the Company | | | | |
| TATA SIA Airlines Limited ⁽⁵⁾ | Domestic and international full service scheduled passenger airlines services | India | 49.0 | 49.0 |
| Airbus Asia Training Centre Pte. Ltd. ^{(6)(c)} | Flight training services | Singapore | 45.0 | 45.0 |
| Virgin Australia Holdings Limited ^{(2)(a)} | Air transportation | Australia | - | 20.0 |
| Ritz-Carlton, Millenia Singapore Properties Private Limited ^{(6)(c)} | Hotel ownership and management | Singapore | 20.0 | 20.0 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

26 Associated Companies (in \$ million) (continued)

| Principal activities | Country of incorporation and place of business | Percentage of equity held by the Group | | |
|---|--|--|------|------|
| | | 31 March 2021 | 2020 | |
| <u>Held by SIAEC</u> | | | | |
| Boeing Asia Pacific Aviation Services Pte. Ltd. ^{(4)(c)} | Provide engineering, material management and fleet support solutions | Singapore | 38.0 | 38.1 |
| Eagle Services Asia Private Limited ^{(3)(c)} | Repair and overhaul of aircraft engines | Singapore | 38.0 | 38.1 |
| Fuel Accessory Service Technologies Pte Ltd ^{(3)(b)} | Repair and overhaul of engine fuel components and accessories | Singapore | 38.0 | 38.1 |
| GE Aviation, Overhaul Services – Singapore Pte. Ltd ^{(13)(c)} | Repair and servicing of aircraft and spacecraft (including aircraft engines and other parts) | Singapore | 38.0 | 38.1 |
| Line Maintenance Partnership (Thailand) Company Limited ^{(13)(c)} | Provide aircraft maintenance services, including technical and non-technical handling at the airport | Thailand | 38.0 | 38.1 |
| Moog Aircraft Services Asia Pte. Ltd. ⁽⁶⁾ | Repair and overhaul services for flight control systems | Singapore | 38.0 | 38.1 |
| PT JAS Aero-Engineering Services ^{(9)(c)} | Provide aircraft maintenance services, including technical and non-technical handling at the airport | Indonesia | 38.0 | 38.1 |
| Southern Airports Aircraft Maintenance Services Company Limited ^{(5)(c)} | Provide aircraft maintenance services, including technical and non-technical handling at the airport | Vietnam | 38.0 | 38.1 |
| Component Aerospace Singapore Pte. Ltd. ^{(3)(b)} | Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts | Singapore | 36.0 | 36.1 |
| JAMCO Aero Design & Engineering Private Limited ⁽¹²⁾ | Providing turnkey solutions for aircraft interior modifications | Singapore | 34.9 | 35.0 |
| Panasonic Avionic Services Singapore Pte. Ltd. ⁽¹⁾ | Provide line maintenance and repair services of in-flight entertainment systems | Singapore | 33.0 | 33.0 |
| Goodrich Aerostructures Service Centre-Asia Pte. Ltd. ^{(3)(c)} | Repair and overhaul of aircraft nacelles, thrust reserves and pylons | Singapore | 31.0 | 31.1 |
| Pan Asia Pacific Aviation Services Limited ⁽⁸⁾ | Provide aircraft maintenance services, including technical and non-technical handling at the airport | Hong Kong | 31.0 | 31.1 |
| Safran Electronics & Defense Services Asia Pte. Ltd. ^{(10)(c)} | Provide avionics maintenance, repair and overhaul services | Singapore | 31.0 | 31.1 |
| Safran Landing Systems Services Singapore Pte. Ltd. ^{(10)(c)} | Repair and overhaul of Boeing and Airbus series landing gears | Singapore | 31.0 | 31.1 |
| Asian Surface Technologies Pte Ltd ^{(7)(c)} | Repair and overhaul of aircraft engine fan blades | Singapore | 30.4 | 30.5 |
| Turbine Coating Services Pte Ltd ^{(3)(b)*} | Repair and overhaul of aircraft engine turbine airfoils | Singapore | 19.0 | 19.0 |
| <u>Held by Scoot Tigerair</u> | | | | |
| Air Black Box Asia Pacific Pte. Ltd. ^{(11)(c)**} | Provision of support services to air transportation | Singapore | 13.0 | 13.0 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

26 Associated Companies (in \$ million) (continued)

- (1) Audited by KPMG LLP, Singapore
 (2) Audited by member firms of KPMG International
 (3) Audited by PricewaterhouseCoopers LLP, Singapore
 (4) Audited by Deloitte & Touche, Singapore
 (5) Audited by member firms of Deloitte & Touche
 (6) Audited by Ernst & Young LLP, Singapore
 (7) Audited by RSM Chio Lim, Singapore
 (8) Audited by BDO Limited, Hong Kong
 (9) Audited by Ernst & Young LLP, Indonesia
 (10) Audited by Mazars LLP, Singapore
 (11) Audited by Wong, Lee & Associates LLP
 (12) Audited by Grant Thornton LLP, Singapore
 (13) Not required to be audited in the current financial year
 (a) Financial year end 30 June
 (b) Financial year end 30 November
 (c) Financial year end 31 December
 * The Group has significant influence in these entities through its holdings in SIAEC
 ** The Group has significant influence by virtue of the board representation

The carrying amounts of the investment in associated companies are as follows:

| | The Group 31 March | |
|---|-----------------------|-------|
| | 2021 | 2020 |
| TATA-SIA | 137.8 | 77.8 |
| Eagle Services Asia Private Limited ("ESA") | 224.5 | 228.4 |
| Other associated companies | 470.8 | 510.8 |
| | 833.1 | 817.0 |

The activities of the associated companies are strategic to the Group's activities.

The Group has two (2020: three) associated companies that are material and a number of associated companies that are individually immaterial to the Group. The following summarises the financial information of each of the Group's material associated companies based on their respective (consolidated) financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisitions and differences in the Group's accounting policies.

Summarised statement of financial position

| | TATA-SIA 31 March | | ESA 31 March | |
|-------------------------|----------------------|-----------|-----------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| Current assets | 379.6 | 225.9 | 732.8 | 657.5 |
| Non-current assets | 2,062.0 | 1,638.6 | 148.4 | 162.2 |
| Total assets | 2,441.6 | 1,864.5 | 881.2 | 819.7 |
| Current liabilities | (248.9) | (191.4) | (394.4) | (331.3) |
| Non-current liabilities | (1,911.5) | (1,514.3) | (28.6) | (22.2) |
| Total liabilities | (2,160.4) | (1,705.7) | (423.0) | (353.5) |
| Net assets | 281.2 | 158.8 | 458.2 | 466.2 |
| Share of net assets | 137.8 | 77.8 | 224.5 | 228.4 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

26 Associated Companies (in \$ million) (continued)

Summarised statement of comprehensive income

| | TATA-SIA | | ESA | |
|----------------------------|-----------|-----------|-----------|-----------|
| | FY2020/21 | FY2019/20 | FY2020/21 | FY2019/20 |
| (Loss)/Profit after tax | (305.7) | (349.0) | 18.0 | 86.1 |
| Total comprehensive income | (305.7) | (349.0) | 18.0 | 86.1 |

No dividends (FY2019/20: \$13.3 million) were received from ESA during the financial year.

Aggregate information about the Group's share of the results of the associated companies that are not individually material is as follows:

Summarised statement of comprehensive income

| | Immaterial associates | |
|----------------------------|-----------------------|-----------|
| | FY2020/21 | FY2019/20 |
| Profit after tax | 14.2 | 60.2 |
| Other comprehensive income | (2.9) | 13.1 |
| Total comprehensive income | 11.3 | 73.3 |

27 Joint Venture Companies (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|---------------------------------------|-----------------------|-------|-------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Investment in joint venture companies | 200.2 | 191.5 | 32.3 | 32.3 |

During the financial year, NokScoot entered into liquidation on 26 June 2020. The cost of investment was written down to zero in the previous financial year.

The joint venture companies are:

| | | | Percentage of equity held by the Group 31 March | |
|--|---|--|--|------|
| | Principal activities | Country of incorporation and place of business | 2021 | 2020 |
| <u>Held by SIAEC</u> | | | | |
| Singapore Aero Engine Services Pte Ltd ⁽¹⁾ | Repair and overhaul of aircraft engines | Singapore | 38.8 | 38.9 |
| <u>Held by Scoot Tigerair</u> | | | | |
| NokScoot Airlines Co., Ltd. ⁽²⁾ | Air transportation | Thailand | 49.0 | 49.0 |
| <u>Held by the Company</u> | | | | |
| Singapore CAE Flight Training Pte. Ltd. ⁽³⁾ | Flight training services | Singapore | 50.0 | 50.0 |

⁽¹⁾ Audited by KPMG LLP, Singapore, and financial year end of 31 December.

⁽²⁾ Audited by Deloitte & Touche Tohmatsu Jaiyos Audit Co. Ltd, Thailand and financial year end of 31 December.

⁽³⁾ Audited by PricewaterhouseCoopers LLP, Singapore, and financial year end of 31 March.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

27 Joint Venture Companies (in \$ million) (continued)

The Group jointly controls all the joint venture companies with other partners under contractual agreements that require unanimous consent for all major decisions over the relevant activities; they are all equity accounted.

The carrying amounts of the investments are as follows:

| | The Group 31 March | |
|--|-------------------------------|-------------|
| | 2021 | 2020 |
| Singapore Aero Engine Services Pte Ltd ("SAESL") | 170.2 | 159.2 |
| Other joint venture companies | 30.0 | 32.3 |
| | 200.2 | 191.5 |

The activities of SAESL are strategic to the Group's activities.

Dividends of approximately \$2.9 million (FY2019/20: \$38.4 million) were received from SAESL during the financial year.

Summarised financial information in respect of SAESL, which is material to the Group, is as follows:

Summarised statement of financial position

| | SAESL 31 March | |
|------------------------------|---------------------------|-------------|
| | 2021 | 2020 |
| Cash and short-term deposits | 24.5 | 23.4 |
| Other current assets | 721.9 | 957.0 |
| Total current assets | 746.4 | 980.4 |
| Non-current assets | 292.4 | 325.0 |
| Total assets | 1,038.8 | 1,305.4 |
| Current liabilities | (585.4) | (680.8) |
| Non-current liabilities | (113.0) | (306.2) |
| Total liabilities | (698.4) | (987.0) |
| Net assets | 340.4 | 318.4 |

Summarised statement of comprehensive income

| | SAESL | |
|-------------------------------|------------------|------------------|
| | FY2020/21 | FY2019/20 |
| Revenue | 1,677.9 | 2,914.5 |
| Depreciation and amortisation | (37.6) | (30.6) |
| Interest income | 0.1 | 0.1 |
| Interest expense | (7.1) | (10.3) |
| Profit before tax | 33.6 | 94.9 |
| Taxation | (5.3) | (5.8) |
| Profit after tax | 28.3 | 89.1 |
| Other comprehensive income | 18.2 | (19.7) |
| Total comprehensive income | 46.5 | 69.4 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

27 Joint Venture Companies (in \$ million) (continued)

The summarised financial information presented is extracted from the financial statements of SAESL prepared in accordance with IFRS.

Aggregate information about the Group's investment in the other joint venture companies that are not individually material is as follows:

The Group's share of the assets and liabilities comprises:

| | The Group 31 March | |
|--------------------------|-----------------------|---------|
| | 2021 | 2020 |
| Current assets | 3.8 | 50.7 |
| Non-current assets | 32.2 | 103.3 |
| Total assets | 36.0 | 154.0 |
| Current liabilities | (1.1) | (98.8) |
| Non-current liabilities | (4.9) | (76.5) |
| Total liabilities | (6.0) | (175.3) |
| Net assets/(liabilities) | 30.0 | (21.3) |

The Group's share of the results is as follows:

| | The Group | |
|----------------------------|-----------|-----------|
| | FY2020/21 | FY2019/20 |
| (Loss)/Profit after tax | (0.2) | 1.8 |
| Other comprehensive income | (2.0) | 1.6 |
| Total comprehensive income | (2.2) | 3.4 |

In the previous financial year, the Group did not recognise losses totalling \$53.6 million in relation to its interests in one of its joint venture companies because the Group has no obligation in respect of these losses. The joint venture company entered into liquidation during the financial year.

28 Long-Term Investments (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|------------------------|-----------------------|------|-------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| <u>Quoted</u> | | | | |
| Non-equity investments | 2.5 | 17.6 | 2.5 | 17.6 |
| <u>Unquoted</u> | | | | |
| Equity investments | 47.4 | 47.6 | 44.1 | 37.2 |
| | 49.9 | 65.2 | 46.6 | 54.8 |

The Group's non-equity investments comprised investments in corporate bonds.

The interest rates for quoted non-equity investments range from 3.08% to 3.22% (FY2019/20: 3.08% to 3.25%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

29 Other Long-Term Assets (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|---|-----------------------|-------|-------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Deposits | 108.6 | 119.8 | - | - |
| Prepayment | 8.7 | 10.6 | - | - |
| Amount owing by a joint venture company | - | 7.8 | - | 7.8 |
| Other receivables | 354.1 | 170.3 | 321.3 | 122.4 |
| Derivative assets (refer to note 42) | 174.6 | 37.2 | 174.6 | 37.2 |
| | 646.0 | 345.7 | 495.9 | 167.4 |

The Group's other receivables are stated at amortised cost and are expected to be received over a period of two to eight years (2020: two to nine years).

30 Inventories (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|---|-----------------------|-------|-------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Technical stocks and stores | 158.8 | 199.7 | 126.6 | 152.3 |
| Catering and general stocks | 36.1 | 39.6 | 18.7 | 16.1 |
| Total inventories at lower of cost and net realisable value | 194.9 | 239.3 | 145.3 | 168.4 |

The cost of inventories recognised as an expense amounted to \$78.8 million (FY2019/20: \$151.0 million).

31 Trade Debtors (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|---------------------------|-----------------------|-------|-------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Trade debtors | 901.2 | 672.7 | 753.6 | 435.3 |
| Contract assets | 33.5 | 114.4 | - | - |
| Amounts owing by: | | | | |
| - associated companies | 3.1 | 7.6 | 0.3 | 0.7 |
| - joint venture companies | 1.7 | 25.8 | - | 4.5 |
| | 939.5 | 820.5 | 753.9 | 440.5 |
| Amounts owing by: | | | | |
| - subsidiary companies | - | - | 12.5 | 200.4 |
| | 939.5 | 820.5 | 766.4 | 640.9 |

Trade debtors are non-interest bearing. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless the Group writes off the amount ascertained to be uncollectible. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days ageing of debtor balances) are considered indicators that the trade debtor is impaired. Individual trade debtor is written off when Management deems the amount not to be collectible.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

31 Trade Debtors (in \$ million) (continued)

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade debtors when the rights become unconditional. This usually occurs when the Group invoices the customers.

Amounts owing by subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and repayable on demand. The amounts are stated at net of accumulated impairment losses.

The table below is an analysis of trade debtors as at 31 March:

| | The Group 31 March | | The Company 31 March | |
|---|-----------------------|--------|-------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| Not past due and not impaired | 780.9 | 748.0 | 639.0 | 609.5 |
| Past due but not impaired | 158.6 | 71.5 | 127.4 | 30.3 |
| | 939.5 | 819.5 | 766.4 | 639.8 |
| Impaired trade debtors - collectively assessed | 8.4 | 5.1 | 3.2 | 3.1 |
| Less: Accumulated impairment losses | (8.4) | (4.1) | (3.2) | (2.0) |
| | - | 1.0 | - | 1.1 |
| Impaired trade debtors - individually assessed | | | | |
| Customers in bankruptcy or other financial reorganisation | 2.7 | 3.6 | 0.1 | - |
| Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan | 1.2 | 5.2 | 1.1 | 5.3 |
| Less: Accumulated impairment losses | (3.9) | (8.8) | (1.2) | (5.3) |
| | - | - | - | - |
| Impaired amounts owing by associated companies - individually assessed | 1.9 | 3.6 | - | - |
| Impaired amounts owing by joint venture companies - individually assessed | 79.1 | 61.6 | 75.3 | 57.5 |
| Less: Accumulated impairment losses | (81.0) | (65.2) | (75.3) | (57.5) |
| | - | - | - | - |
| Total trade debtors, net | 939.5 | 820.5 | 766.4 | 640.9 |

Included in trade and other debtors are amounts owing by related parties of \$8.3 million (2020: \$41.5 million) and \$6.2 million (2020: \$35.1 million) for the Group and Company respectively.

Trade debtors are stated after accumulated impairment losses. An analysis of the accumulated impairment losses is as follows:

| | The Group 31 March | | The Company 31 March | |
|---|-----------------------|-------|-------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Balance at 1 April | 78.1 | 9.8 | 64.8 | 7.2 |
| Provided during the year for trade debtors | 17.2 | 69.1 | 15.9 | 57.9 |
| Written off during the year | (1.8) | (0.8) | (1.0) | (0.3) |
| Disposal of a subsidiary company | (0.2) | - | - | - |
| Balance at 31 March | 93.3 | 78.1 | 79.7 | 64.8 |
| Bad debts written off directly to profit and loss account, net of debts recovered | 7.5 | 1.4 | 5.4 | 0.3 |

As at 31 March 2021, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 30.2% (2020: 47.3%), AUD – 1.5% (2020: 2.8%), EUR – 4.2% (2020: 3.2%), GBP – 3.2% (2020: 5.1%) and JPY – 1.5% (2020: 0.9%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

32 Deposits and Other Debtors (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|---------------|-----------------------|-------|-------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Deposits | 20.9 | 25.0 | 11.2 | 11.3 |
| Other debtors | 96.4 | 305.8 | 57.3 | 286.4 |
| | 117.3 | 330.8 | 68.5 | 297.7 |

33 Investments (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|------------------------|-----------------------|-------|-------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| <u>Quoted</u> | | | | |
| Equity investments | 3.7 | 0.1 | – | – |
| Non-equity investments | 268.1 | 190.7 | 216.5 | 142.6 |
| <u>Unquoted</u> | | | | |
| Non-equity investments | – | 232.7 | – | 232.7 |
| | 271.8 | 423.5 | 216.5 | 375.3 |

The Group's non-equity investments comprised investments in government securities, corporate bonds, investment funds and money market funds. These investments are held to manage the Group's liquidity needs.

The interest rates for quoted and unquoted non-equity investments range from 0% to 5.50% (FY2019/20: 0% to 5.50%) and nil (FY2019/20: 1.00%) per annum respectively.

34 Cash and Bank Balances (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|------------------------|-----------------------|---------|-------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| Short-term deposits | 5,701.9 | 1,283.5 | 5,681.3 | 1,260.6 |
| Cash and bank balances | 2,081.1 | 1,401.8 | 1,830.8 | 1,261.3 |
| | 7,783.0 | 2,685.3 | 7,512.1 | 2,521.9 |

As at 31 March 2021, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 24.0% (2020: 20.5%), EUR – 2.1% (2020: 8.8%), GBP – 1.2% (2020: 0.1%) and JPY – 1.0% (2020: 0.6%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.17% to 0.65% (FY2019/20: 0.80% to 2.55%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 0.37% (FY2019/20: 1.46%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

35 Trade and Other Creditors (in \$ million)

| | The Group 31 March | | The Company 31 March | |
|--|-----------------------|---------|-------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| Trade creditors | 1,676.4 | 2,924.6 | 1,101.2 | 2,205.1 |
| Promissory notes | 338.4 | – | 338.4 | – |
| Accrued interest | 71.7 | 46.2 | 69.3 | 43.4 |
| Contract liabilities | 11.3 | 16.4 | – | – |
| Amounts owing to associated companies | 4.7 | 2.8 | 1.8 | 1.1 |
| Amounts owing to joint venture companies | 14.7 | 26.0 | 0.6 | 0.9 |
| | 2,117.2 | 3,016.0 | 1,511.3 | 2,250.5 |
| Funds from subsidiary companies | – | – | 807.7 | 830.2 |
| Amounts owing to subsidiary companies | – | – | 723.0 | 191.3 |
| | – | – | 1,530.7 | 1,021.5 |

Trade and other creditors (other than promissory notes) are generally non-interest bearing. As at 31 March 2021, 7.7% (2020: 11.6%) of trade and other creditors were held in USD by the Group. Included in trade and other creditors are amounts owing to related parties of \$103.9 million (2020: \$175.6 million) and \$97.2 million (2020: \$142.5 million) for the Group and Company respectively.

The promissory notes bear interest of 1.75% per annum (FY2019/20: nil) and are denominated in USD.

Funds from subsidiary companies are unsecured and have varying repayment terms. Interest on funds from subsidiary companies are computed using prevailing market rates which range from 0.05% to 0.95% (FY2019/20: 0.60% to 2.33%) per annum for SGD funds, and 0.10% to 0.75% (FY2019/20: 0.25% to 2.62%) per annum for USD funds.

As at 31 March 2021, 37.5% (2020: 41.0%) of the funds from subsidiary companies were denominated in USD.

Amounts owing to related parties, subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and repayable on demand.

36 Sales in Advance of Carriage and Deferred Revenue (in \$ million)

Sales in advance of carriage and deferred revenue are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer. The significant changes in these liabilities during the year are as follows:

| | The Group | | The Company | |
|--|-----------|-----------|-------------|-----------|
| | FY2020/21 | FY2019/20 | FY2020/21 | FY2019/20 |
| Revenue recognised that was included in the balance at the beginning of the year | | | | |
| - Sales in advance of carriage | 478.7 | 2,715.4 | 404.8 | 2,479.8 |
| - Deferred revenue | 77.7 | 610.9 | 77.7 | 610.9 |
| Movements due to cash (refunded)/received, excluding amounts recognised as revenue during the year | | | | |
| - Sales in advance of carriage | (994.6) | 2,041.4 | (979.1) | 1,888.3 |
| - Deferred revenue | 279.7 | 755.8 | 279.7 | 755.8 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

36 Sales in Advance of Carriage and Deferred Revenue (in \$ million) (continued)

Deferred revenue relates to KrisFlyer miles expected to be redeemed. The Group expects the majority of these miles to be redeemed by the end of their validity dates, which have been extended due to the Covid-19 situation.

All tickets sold at any given point of time typically have travel dates extending up to 12 months. However, certain modifications have been made to extend the validity of some tickets due to the Covid-19 situation. As a result, the balance of the sales in advance of carriage liability represents activity that will typically be recognised in the next 12 months.

37 Analysis of Capital Expenditure Cash Flow (in \$ million)

| | The Group | |
|---|-----------|-----------|
| | FY2020/21 | FY2019/20 |
| Purchase of property, plant and equipment | 2,855.0 | 5,211.8 |
| Property, plant and equipment acquired under credit terms | (100.7) | (44.9) |
| Interest capitalised | (58.8) | (63.4) |
| Cash invested in capital expenditure | 2,695.5 | 5,103.5 |
| Purchase of intangible assets | 74.1 | 91.6 |
| Intangible assets acquired under credit terms | - | - |
| Cash invested in purchase of intangible assets | 74.1 | 91.6 |

38 Capital Expenditure Commitments (in \$ million)

The Group and the Company have commitments for capital expenditure. Such commitments aggregated \$16,821.8 million (2020: \$19,895.4 million) for the Group and \$13,423.3 million (2020: \$14,406.5 million) for the Company. The commitments relate principally to the acquisition of aircraft fleet and related equipment.

In addition, the Group's share of associated companies' and joint venture companies' commitments for capital expenditure totaled \$644.7 million (2020: \$1,720.6 million) and \$15.3 million (2020: \$19.0 million) respectively.

39 Leases (in \$ million)

(a) As lessee

Aircraft

The Company leases three 777-300ERs, three A330-300s, four A380-800s, six A350-900s, one 787-10 and eight 737-800s at fixed rental rates. The lease of six A350-900s and one 787-10 were entered into during the year through sale and leaseback arrangements, recording gross proceeds of \$1,230.5 million. The leases of eight 737-800s were novated from SilkAir during the year. The original lease terms range from eight to thirteen years.

For flexibility in fleet planning, most leases include extension options. The extension options provide for lease renewals up to a maximum of five years. In addition, leases for the A330-300s, A350-900s and 787-10s include early termination options that allow termination of the leases up to two years prior to original lease expiry. Sub-leasing is allowed under all the lease arrangements.

SilkAir leases two A319-100s, three A320-200s, and one 737-800 at fixed rental rates. The original lease terms for the two A319-100s range from 11.2 to 11.5 years, which SilkAir holds options to extend the leases up to a maximum of 3 years. The original lease terms for the three A320-200s range from 6.7 to 11.8 years and the Company holds options to extend the leases up to a maximum of 3 years. The original lease term for the 737-800 is for 10.1 years, and SilkAir holds options to extend the lease up to a maximum of 4 years. Sub-leasing is allowed under all the lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

39 Leases (in \$ million) (continued)

(a) As lessee (continued)

As of 31 March 2021, Budget Aviation Holdings ("BAH") Group has leased 24 A320-200s and two A320neos. The leases of two A320neo aircraft were entered into during the prior financial year through sale and lease-back agreement to mitigate the BAH Group's exposure to residual value risk of the aircraft. The original lease terms on the aircraft are for 12 years and there are options to extend the leases up to 3 to 4 months for certain aircraft. Sub-leasing is allowed under all the lease arrangements, subject to certain terms and conditions stated in the agreements.

BAH Group had also entered into lease agreements for 10 A321neo aircraft. The lease terms on the aircraft are for 12 years. These leases have not commenced as of 31 March 2021. It is estimated that these committed leases would result in an increase in lease liabilities of \$593.3 million (2020: \$626.5 million).

Spare engines

The Company has lease agreements for four GE90-115B engines, six Trent 1000-J engines and six Trent TXWB-84 with fixed rental rates. The original lease term for the GE90-115B engines is approximately six years with extension options of 12 months. The original lease terms for the T1000-J and Trent TXWB-84 engines are ten years with extension options of up to 36 months. The four GE90-115B engine leases are due to expire on 30 April 2021.

BAH Group leases one spare engine. The lease term on the engine is 12 years. Sub-leasing is allowed under all the lease arrangements.

Property and equipment

The Group has entered into lease agreements for office and computer equipment, leasehold land and buildings. These non-cancellable leases have lease terms of between one and 60 years.

Extension/termination options

To the extent the future lease payments can be reliably estimated, the Group has determined that in relation to aircraft and spare engines, should the extension options be exercised, it would result in an increase in lease liabilities of \$245.0 million (2020: \$244.8 million), while the exercise of the termination options would result in a decrease in lease liabilities of \$20.9 million (2020: \$20.9 million).

(b) As lessor

Finance lease

BAH Group sub-leased two A320-200 aircraft to an external party. The sub-lease term for the aircraft is between eight and nine years.

Future minimum lease receivables under the finance leases are as follows:

| | The Group | |
|--------------------------------------|-----------|-------|
| | 2021 | 2020 |
| Within 1 year | 9.0 | 9.7 |
| 1 - 2 years | 9.0 | 9.7 |
| 2 - 3 years | 3.7 | 9.7 |
| 3 - 4 years | - | 4.0 |
| Total undiscounted lease receivables | 21.7 | 33.1 |
| Unearned finance income | (0.8) | (2.4) |
| Net investment in the lease | 20.9 | 30.7 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

39 Leases (in \$ million) (continued)

(b) As lessor (continued)

Operating lease

The Company leased seven 777 aircraft for lease terms ranging from four to eight years to NokScoot. The lease rental is fixed throughout the lease term and is non-cancellable. Subsequent to the liquidation of NokScoot (refer to note 27), the aircraft leases were terminated during the financial year.

Future minimum lease receivables under the non-cancellable operating leases are as follows:

| | The Group and the Company | |
|---------------|---------------------------|-------|
| | 2021 | 2020 |
| Within 1 year | - | 66.0 |
| 1 - 2 years | - | 65.5 |
| 2 - 3 years | - | 46.7 |
| 3 - 4 years | - | 8.9 |
| | - | 187.1 |

40 Contingent Liabilities (in \$ million)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions

In 2006 and thereafter, SIA Cargo and the Company were among several airlines that received notice of investigations by competition authorities in the United States, European Union, Australia, Canada, New Zealand, South Africa, South Korea and Switzerland as to whether surcharges, rates or other competitive aspects of air cargo service were lawfully determined (the "air cargo issues").

On 9 November 2010, the European Commission issued an adverse decision against 13 air cargo airlines, including SIA Cargo and the Company, in respect of fuel surcharges, security surcharges and commissions on surcharges. A fine of EUR74.8 million (\$135.7 million) was imposed on SIA Cargo and the Company. SIA Cargo paid the fine in February 2011 in accordance with European Union laws. This amount was reflected as an exceptional item in the Group's accounts in FY2010/11. SIA Cargo and the Company filed an appeal to the European General Court seeking annulment of the decision. In December 2015, the European General Court annulled the decision of the European Commission in its entirety vis-à-vis SIA Cargo and the Company. In February 2016, EUR76.4 million (\$119.1 million) comprising the fine amount and returns thereon was refunded to SIA Cargo. This refund was recognised as a non-operating item in the Group's FY2015/16 accounts. In March 2017, the European Commission re-adopted a decision in respect of the same case against the air cargo airlines, imposing a fine of EUR74.8 million (\$111.8 million) against SIA Cargo and the Company. This amount was recognised as a non-operating item in the Group's accounts in FY2016/17. SIA Cargo and the Company have filed an appeal to the European General Court seeking annulment of the re-adopted decision. The European General Court has yet to issue its decision in respect of the appeal.

In January 2014, the Swiss Competition Commission announced a fine against SIA Cargo and the Company of CHF1.7 million (\$2.3 million) in respect of the air cargo issues. This amount was reflected as an exceptional item in the Group's accounts in FY2013/14. SIA Cargo and the Company have filed an appeal to the Swiss Federal Administrative Tribunal seeking annulment of the decision.

The proceedings by competition authorities in the United States, South Korea, South Africa, Australia and New Zealand were resolved in previous financial periods.

After the investigations commenced, civil damage lawsuits were filed in the United States, Canada, Australia, South Korea, England, the Netherlands, Norway and Germany by private parties against several airlines, including SIA Cargo and the Company. Other lawsuits have been threatened by customers of SIA Cargo or shippers that purportedly contracted with SIA Cargo's customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

40 Contingent Liabilities (in \$ million) (continued)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions (continued)

The plaintiffs in the South Korea proceedings withdrew their complaint in July 2011 and the proceedings were accordingly dismissed without prejudice. In January 2014, a shipper from South Korea which purportedly contracted with SIA Cargo's customers served a claim against SIA Cargo and other airlines. In December 2019, without admitting any liability, SIA Cargo entered into a settlement with the shipper, thereby resolving the claim against SIA Cargo.

In September 2016, one of SIA Cargo's customers filed a claim against SIA Cargo and the Company in the United States after opting out of SIA Cargo's and the Company's class action settlement.

In June 2017, without admitting any liability, SIA Cargo and the Company entered into a settlement of the above civil damages claim in the United States. At the same time, SIA Cargo and the Company settled the civil damages lawsuit filed in Germany, which was related to the opt-out claim in the United States.

In December 2018, without admitting any liability, SIA Cargo and the Company entered into a settlement with four out of the five claimant groups in the civil damages claim filed in England. In January 2019, the main defendant in the fifth claimant group proceedings discontinued its contribution claim against SIA Cargo and the Company. The entire civil damages claim filed in England has thus been resolved for SIA Cargo and the Company.

Without admitting any liability, SIA Cargo and the Company have settled with class and collective action plaintiffs in the United States, Australia, Canada and England, as the case may be, to resolve all liabilities of SIA Cargo and the Company as concerns such lawsuits filed in the relevant jurisdictions.

In addition, without admitting any liability, in 2012, 2013 and 2015, SIA Cargo reached settlements with certain customers to resolve all pending and potential future civil damage claims regarding the air cargo issues for those customers. The settlements in 2012, 2013, 2015 and 2017 have been reflected in the Group's financial statements in the previous financial years. The individual terms of all such settlements are required to be kept confidential.

Apart from the class actions in Canada, the United States and Australia, the opt-out claim in the United States, the lawsuit in Germany and the civil damages claims in England and South Korea, the filed cases remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

Apart from the items recorded as non-operating items noted above, it is premature to make a provision in the financial statements for the other pending investigations, court proceedings, civil suits, or threatened claims as their respective outcomes are uncertain.

(b) Passengers: Civil Class Actions

The Company and several other airlines have been named in a civil class action lawsuit in Canada alleging an unlawful agreement to fix surcharges and fares on transpacific flights. The case is currently in the procedural stage and has not been tried thus far on its substantive legal merits. As the lawsuit has neither been tried nor alleged damages quantified, it is premature to make a provision in the financial statements.

The passenger civil class action lawsuit filed in the United States against the Company was resolved in a previous financial period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

41 Financial Instruments (in \$ million)

Classification and fair values of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in note 2 describe how the classes of financial instruments are measured, and how revenue and expenses, including fair value gains and losses, are recognised. The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as per the following tables.

Financial assets and financial liabilities that are classified as measured at amortised cost with carrying amounts being a reasonable approximation of their fair values are not presented in these tables. These financial assets include trade debtors, deposits and other debtors, amounts owing by subsidiary companies and cash and bank balances. These financial liabilities include trade and other creditors, amounts owing to subsidiary companies and loans.

| 31 March 2021 The Group | Carrying amount | | | Fair value | | | |
|------------------------------|-------------------|-------|-------|------------|---------|---------|---------|
| | Amortised cost | FVTPL | FVOCI | Total | Level 1 | Level 2 | Level 3 |
| <u>Financial assets</u> | | | | | | | |
| Long-term investments | | | | | | | |
| Quoted | | | | | | | |
| Non-equity investments | 2.5 | - | - | 2.5 | 2.6 | - | - |
| Unquoted | | | | | | | |
| Equity investments | - | 41.0 | 6.4 | 47.4 | - | - | 47.4 |
| Other long-term receivables | 462.7 | - | - | 462.7 | - | - | 460.0 |
| Derivative assets* | - | 331.4 | - | 331.4 | - | 331.4 | - |
| Investments | | | | | | | |
| Quoted | | | | | | | |
| Equity investments | - | 3.7 | - | 3.7 | 3.7 | - | - |
| Non-equity investments* | - | 51.6 | - | 51.6 | 51.6 | - | - |
| Non-equity investments | 216.5 | - | - | 216.5 | 216.6 | - | - |
| | 681.7 | 427.7 | 6.4 | 1,115.8 | 274.5 | 331.4 | 507.4 |
| <u>Financial liabilities</u> | | | | | | | |
| Derivative liabilities* | - | 415.2 | - | 415.2 | - | 415.2 | - |
| Notes payable | 5,045.7 | - | - | 5,045.7 | 5,165.1 | - | - |
| Convertible bonds | 767.7 | - | - | 767.7 | 1,028.2 | - | - |
| | 5,813.4 | 415.2 | - | 6,228.6 | 6,193.3 | 415.2 | - |

* Mandatorily measured at FVTPL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

41 Financial Instruments (in \$ million) (continued)

Classification and fair values of financial instruments (continued)

| 31 March 2021 The Company | Carrying amount | | | | Fair value | | |
|------------------------------|-----------------|---------|-------|---------|------------|---------|---------|
| | Amortised cost | FVTPL | FVOCI | Total | Level 1 | Level 2 | Level 3 |
| <u>Financial assets</u> | | | | | | | |
| Long-term investments | | | | | | | |
| Quoted | | | | | | | |
| Non-equity investments | 2.5 | - | - | 2.5 | 2.6 | - | - |
| Unquoted | | | | | | | |
| Equity investments | - | 37.7 | 6.4 | 44.1 | - | - | 44.1 |
| Other long-term receivables | 321.3 | - | - | 321.3 | - | - | 321.3 |
| Derivative assets* | - | 331.4 | - | 331.4 | - | 331.4 | - |
| Investments | | | | | | | |
| Quoted | | | | | | | |
| Non-equity investments | 216.5 | - | - | 216.5 | 216.6 | - | - |
| | 540.3 | 369.1 | 6.4 | 915.8 | 219.2 | 331.4 | 365.4 |
| <u>Financial liabilities</u> | | | | | | | |
| Derivative liabilities* | - | 398.7 | - | 398.7 | - | 398.7 | - |
| Notes payable | 5,045.7 | - | - | 5,045.7 | 5,165.1 | - | - |
| Convertible bonds | 767.7 | - | - | 767.7 | 1,028.2 | - | - |
| | 5,813.4 | 398.7 | - | 6,212.1 | 6,193.3 | 398.7 | - |
| 31 March 2020 The Group | Carrying amount | | | | Fair value | | |
| | Amortised cost | FVTPL | FVOCI | Total | Level 1 | Level 2 | Level 3 |
| <u>Financial assets</u> | | | | | | | |
| Long-term investments | | | | | | | |
| Quoted | | | | | | | |
| Non-equity investments | 17.6 | - | - | 17.6 | 17.7 | - | - |
| Unquoted | | | | | | | |
| Equity investments | - | 41.4 | 6.2 | 47.6 | - | - | 47.6 |
| Other long-term receivables | 297.9 | - | - | 297.9 | - | - | 294.0 |
| Derivative assets* | - | 206.5 | - | 206.5 | - | 206.5 | - |
| Investments | | | | | | | |
| Quoted | | | | | | | |
| Equity investments* | - | 0.1 | - | 0.1 | 0.1 | - | - |
| Non-equity investments* | - | 48.1 | - | 48.1 | 48.1 | - | - |
| Non-equity investments | 142.6 | - | - | 142.6 | 140.3 | - | - |
| Unquoted | | | | | | | |
| Non-equity investments* | - | 232.7 | - | 232.7 | - | 232.7 | - |
| | 458.1 | 528.8 | 6.2 | 993.1 | 206.2 | 439.2 | 341.6 |
| <u>Financial liabilities</u> | | | | | | | |
| Derivative liabilities* | - | 3,418.3 | - | 3,418.3 | - | 3,418.3 | - |
| Notes payable | 4,377.6 | - | - | 4,377.6 | 4,329.7 | - | - |
| | 4,377.6 | 3,418.3 | - | 7,795.9 | 4,329.7 | 3,418.3 | - |

* Mandatorily measured at FVTPL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

41 Financial Instruments (in \$ million) (continued)

Classification and fair values of financial instruments (continued)

| 31 March 2020 The Company | Carrying amount | | | Fair value | | | |
|------------------------------|-------------------|---------|-------|------------|---------|---------|---------|
| | Amortised cost | FVTPL | FVOCI | Total | Level 1 | Level 2 | Level 3 |
| <u>Financial assets</u> | | | | | | | |
| Long-term investments | | | | | | | |
| Quoted | | | | | | | |
| Non-equity investments | 17.6 | - | - | 17.6 | 17.7 | - | - |
| Unquoted | | | | | | | |
| Equity investments | - | 31.0 | 6.2 | 37.2 | - | - | 37.2 |
| Other long-term receivables | 130.2 | - | - | 130.2 | - | - | 130.2 |
| Derivative assets* | - | 206.5 | - | 206.5 | - | 206.5 | - |
| Investments | | | | | | | |
| Quoted | | | | | | | |
| Non-equity investments | 142.6 | - | - | 142.6 | 140.3 | - | - |
| Unquoted | | | | | | | |
| Non-equity investments* | - | 232.7 | - | 232.7 | - | 232.7 | - |
| | 290.4 | 470.2 | 6.2 | 766.8 | 158.0 | 439.2 | 167.4 |
| <u>Financial liabilities</u> | | | | | | | |
| Derivative liabilities* | - | 3,397.7 | - | 3,397.7 | - | 3,397.7 | - |
| Notes payable | 4,377.6 | - | - | 4,377.6 | 4,329.7 | - | - |
| | 4,377.6 | 3,397.7 | - | 7,775.3 | 4,329.7 | 3,397.7 | - |

* Mandatorily measured at FVTPL

Financial instruments carried at fair value

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 – Unobservable inputs for the asset or liability

There has been no transfer between Level 1 and Level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

41 Financial Instruments (in \$ million) (continued)

Financial instruments carried at fair value (continued)

Determination of fair value

The fair values of the financial instruments are determined as follows:

- Jet fuel swap contracts – mark-to-market valuations, adjusted for bilateral counterparty credit risks.
- InterContinental Exchange (“ICE”) Brent swap and Brent-MOPS crack swap contracts – by reference to available market information and the marked-to-market values of these swap contracts, adjusted for bilateral counterparty credit risks. As the Group hedges with ICE Brent and Brent-MOPS crack contracts, the ICE Brent futures contract price and its differential relative to MOPS price are used as the mark-to-market prices.
- Forward currency contracts – by reference to current forward prices for contracts with similar maturity profiles, adjusted for bilateral counterparty credit risks.
- Interest rate swap contracts – by discounting the future cash flows of swap contracts at market interest rate, adjusted for bilateral counterparty credit risks.
- Cross currency swap contracts – by reference to market prices for existing cash flow profiles pre-agreed with counterparties at trade inception, adjusted for bilateral counterparty credit risks.
- Quoted investments – by reference to stock exchange quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques that are commonly used by market participants.
- Other long-term receivables – by discounting expected future cash flows at market incremental lending rate for similar types of lending at the end of the reporting period.
- Notes payable – by reference to stock exchange quoted market bid prices at the close of business at the end of the reporting period.
- Convertible bonds – by reference to stock exchange quoted market bid prices at the close of business at the end of the reporting period.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (“ISDA”) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group also enters into netting arrangements with International Air Transport Association (“IATA”) which is enforceable in the normal course of operations and also following an event of default, insolvency or bankruptcy of the Group or the counterparties. The Group settles these balances on a net basis during the normal course of operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

41 Financial Instruments (in \$ million) (continued)

Master netting or similar agreements (continued)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

| The Group | Effects of offsetting in the statements of financial position | | Related amounts not offset | | |
|---------------------------------------|---|---|---|--|------------|
| | Gross amounts | Gross amounts set-off in the statements of financial position | Net amounts presented in the statements of financial position | Amounts subject to master netting arrangements | Net amount |
| <u>31 March 2021</u> | | | | | |
| Derivative assets | 331.4 | – | 331.4 | (246.8) | 84.6 |
| Trade debtors | 939.9 | (0.4) | 939.5 | – | 939.5 |
| | 1,271.3 | (0.4) | 1,270.9 | (246.8) | 1,024.1 |
| Derivative liabilities | 415.2 | – | 415.2 | (246.8) | 168.4 |
| Trade and other creditors | 2,117.6 | (0.4) | 2,117.2 | – | 2,117.2 |
| | 2,532.8 | (0.4) | 2,532.4 | (246.8) | 2,285.6 |
| <u>31 March 2020</u> | | | | | |
| Derivative assets | 206.5 | – | 206.5 | (38.0) | 168.5 |
| Trade debtors | 849.8 | (29.3) | 820.5 | – | 820.5 |
| | 1,056.3 | (29.3) | 1,027.0 | (38.0) | 989.0 |
| Derivative liabilities | 3,418.3 | – | 3,418.3 | (38.0) | 3,380.3 |
| Trade and other creditors | 3,045.3 | (29.3) | 3,016.0 | – | 3,016.0 |
| | 6,463.6 | (29.3) | 6,434.3 | (38.0) | 6,396.3 |
| <u>The Company</u> | | | | | |
| <u>31 March 2021</u> | | | | | |
| Derivative assets | 331.4 | – | 331.4 | (246.8) | 84.6 |
| Trade debtors | 754.3 | (0.4) | 753.9 | – | 753.9 |
| Amounts owing by subsidiary companies | 739.0 | (726.5) | 12.5 | – | 12.5 |
| | 1,824.7 | (726.9) | 1,097.8 | (246.8) | 851.0 |
| Derivative liabilities | 398.7 | – | 398.7 | (246.8) | 151.9 |
| Trade and other creditors | 1,511.7 | (0.4) | 1,511.3 | – | 1,511.3 |
| Amounts owing to subsidiary companies | 2,257.2 | (726.5) | 1,530.7 | – | 1,530.7 |
| | 4,167.6 | (726.9) | 3,440.7 | (246.8) | 3,193.9 |
| <u>31 March 2020</u> | | | | | |
| Derivative assets | 206.5 | – | 206.5 | (38.0) | 168.5 |
| Trade debtors | 469.8 | (29.3) | 440.5 | – | 440.5 |
| Amounts owing by subsidiary companies | 605.2 | (404.8) | 200.4 | – | 200.4 |
| | 1,281.5 | (434.1) | 847.4 | (38.0) | 809.4 |
| Derivative liabilities | 3,397.7 | – | 3,397.7 | (38.0) | 3,359.7 |
| Trade and other creditors | 2,279.8 | (29.3) | 2,250.5 | – | 2,250.5 |
| Amounts owing to subsidiary companies | 1,426.3 | (404.8) | 1,021.5 | – | 1,021.5 |
| | 7,103.8 | (434.1) | 6,669.7 | (38.0) | 6,631.7 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42 Financial Risk Management Objectives and Policies (in \$ million)

The Group operates globally and generates revenue in various currencies. The Group's airline operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of its investments. The Group's overall risk management approach is to moderate the effects of such volatility on its financial performance through the use of derivatives to hedge specific exposures.

As derivatives are used for the purpose of risk management, they do not expose the Group to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, revenues or expenses being hedged. Moreover, counterparty credit risk is generally restricted to any hedging gain from time to time, and not the principal amount hedged. Therefore, the possibility of a material loss arising in the event of non-performance by a counterparty is considered to be unlikely.

Financial risk management policies are periodically reviewed and approved by the Board Executive Committee ("BEC").

Derivative financial instruments included in the statements of financial position are as follows:

| | The Group 31 March | | The Company 31 March | |
|-------------------------------|-----------------------|---------|-------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| <u>Derivative assets</u> | | | | |
| Current | | | | |
| Currency hedging contracts | 0.6 | 166.8 | 0.6 | 166.8 |
| Fuel hedging contracts | 151.6 | – | 151.6 | – |
| Cross currency swap contracts | 4.6 | 2.5 | 4.6 | 2.5 |
| | 156.8 | 169.3 | 156.8 | 169.3 |
| Non-current | | | | |
| Currency hedging contracts | – | 11.6 | – | 11.6 |
| Fuel hedging contracts | 59.5 | – | 59.5 | – |
| Cross currency swap contracts | 9.0 | 0.1 | 9.0 | 0.1 |
| Interest rate swap contracts | 106.1 | 25.5 | 106.1 | 25.5 |
| | 174.6 | 37.2 | 174.6 | 37.2 |
| | 331.4 | 206.5 | 331.4 | 206.5 |
| <u>Derivative liabilities</u> | | | | |
| Current | | | | |
| Currency hedging contracts | 3.7 | 5.2 | 3.7 | 5.2 |
| Fuel hedging contracts | 61.0 | 1,510.0 | 61.0 | 1,510.0 |
| Cross currency swap contracts | 0.4 | 0.9 | 0.4 | 0.9 |
| Interest rate swap contracts | 65.3 | 54.7 | 58.9 | 49.1 |
| | 130.4 | 1,570.8 | 124.0 | 1,565.2 |
| Non-current | | | | |
| Fuel hedging contracts | 242.1 | 1,759.1 | 242.1 | 1,759.1 |
| Cross currency swap contracts | – | 15.0 | – | 15.0 |
| Interest rate swap contracts | 42.7 | 73.4 | 32.6 | 58.4 |
| | 284.8 | 1,847.5 | 274.7 | 1,832.5 |
| | 415.2 | 3,418.3 | 398.7 | 3,397.7 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42 Financial Risk Management Objectives and Policies (in \$ million) (continued)

(a) Jet fuel price risk

The Group's earnings are affected by changes in the price of jet fuel. The Group's strategy for managing the risk on fuel price, as defined by the BEC, aims to provide the Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps, options and collars with approved counterparties and within approved credit limits to hedge approved range of anticipated jet fuel purchases over a specified time frame.

Cash flow hedges

The Group manages this fuel price risk by using swap, option and collar contracts and hedging up to 20 quarters forward using jet fuel swap, option and collar contracts, ICE Brent swap contracts and Brent-MOPS crack swap contracts.

The Group has applied cash flow hedge accounting to the derivatives which are considered to be highly effective hedging instruments. A net fair value loss before tax of \$183.6 million (2020: \$2,577.9 million), with a related deferred tax credit of \$31.2 million (2020: \$438.2 million), was included in the fair value reserve in respect of these contracts.

Due to the significant capacity cuts brought about by the Covid-19 pandemic and the expected impact on the near-term forecasted jet fuel purchases, the SIA Group is now in an overhedged position. Where the occurrences of these forecasted jet fuel purchases are no longer highly probable, hedge accounting has been discontinued. For discontinued hedges, where the forecast jet fuel purchases are no longer expected to occur, a loss of \$497.3 million (2020: \$709.8 million) previously recognised in the fair value reserve was reclassified to the profit or loss (refer to note 3(g)). Fair value gains of all discontinued hedges subsequent to the discontinuation of hedge accounting, until the earlier of the maturity of the underlying derivatives or end of the reporting period, amounting to \$283.3 million (2020: nil) were recognised in profit or loss. The cumulative impact of the losses recognised in profit or loss as described above of \$214.0 million (FY19/20: \$709.8 million) has been disclosed in the profit and loss account as "Fuel hedging ineffectiveness". For discontinued hedges where the forecast jet fuel purchases are no longer highly probable, but still expected to occur, a loss of \$47.4 million (2020: \$585.3 million) previously recognised remained in the fair value reserve as at 31 March 2021.

The table below sets out the movements for fuel hedges:

| | The Group | | The Company | |
|--|------------------|-----------|------------------|-----------|
| | FY2020/21 | FY2019/20 | FY2020/21 | FY2019/20 |
| Change in fair value of hedging instrument | 2,843.0 | (3,974.9) | 2,843.0 | (3,974.9) |
| Change in fair value of hedged item | (2,820.5) | 4,072.2 | (2,820.5) | 4,072.2 |

As at 31 March 2021, the Group had entered into longer dated Brent hedges with maturities extending to FY2024/25 that cover up to 55.6% of the Group's projected annual fuel consumption, at average prices ranging from USD57 to USD62 per barrel.

Jet fuel price sensitivity analysis

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one USD per barrel of jet fuel affects the Group's and the Company's annual fuel costs by \$13.5 million and \$12.9 million (FY2019/20: \$58.9 million and \$48.6 million) respectively.

The fuel hedging sensitivity analysis is based on contracts that are outstanding as at the end of the reporting period and assumes that a portion of jet fuel, Brent and crack hedges are ineffective. Under these assumptions, an increase or decrease in jet fuel prices, each by one USD per barrel, will have the before tax effects as set out in the table below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42 Financial Risk Management Objectives and Policies (in \$ million) (continued)

(a) Jet fuel price risk (continued)

Sensitivity analysis on outstanding fuel hedging contracts:

| | The Group 31 March | | | |
|--------------------------------|--------------------------------|--|--------------------------------|--|
| | 2021 | | 2020 | |
| | Effect on equity ^{R1} | Effect on profit before taxation ^{R2} | Effect on equity ^{R1} | Effect on profit before taxation ^{R2} |
| Increase in one USD per barrel | 119.0 | 2.9 | 165.8 | 18.9 |
| Decrease in one USD per barrel | (119.0) | (2.9) | (165.8) | (18.9) |

| | The Company 31 March | | | |
|--------------------------------|--------------------------------|--|--------------------------------|--|
| | 2021 | | 2020 | |
| | Effect on equity ^{R1} | Effect on profit before taxation ^{R2} | Effect on equity ^{R1} | Effect on profit before taxation ^{R2} |
| Increase in one USD per barrel | 96.3 | 2.5 | 133.9 | 15.6 |
| Decrease in one USD per barrel | (96.3) | (2.5) | (133.9) | (15.6) |

^{R1} Sensitivity analysis on outstanding fuel hedging contracts.

^{R2} Sensitivity analysis on outstanding fuel derivative contracts which have been de-designated from a hedge relationship.

(b) Foreign currency risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For the financial year ended 31 March 2021, these accounted for 71.1% of total revenue (FY2019/20: 65.7%) and 37.3% of total operating expenses (FY2019/20: 53.4%). The Group's largest exposures are from United States Dollar, Euro, UK Sterling Pound, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan and Indonesian Rupiah. The Group generates a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in USD.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for USD or SGD. The Group also uses foreign currency forward and option contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell currencies at predetermined forward rates, buying either USD or SGD depending on forecast requirements, with settlement dates up to 24 months. The Company uses cross currency swap contracts to hedge a portion of its fixed future foreign exchange exposure in JPY and EUR into SGD predetermined costs. The Group uses these currency hedging contracts purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements. The Group also uses short-term deposits in foreign currencies to hedge a portion of the forecast USD capital expenditure in the next 12 months.

Cash flow hedges

a) Net operating and other exposures

The Group held cash flow hedges to manage net operating exposures to foreign currencies. As at 31 March 2021, the carrying amounts of these hedges consisted of \$0.6 million (2020: \$106.5 million) derivative assets and \$1.2 million (2020: \$5.2 million) derivative liabilities for the Group and the Company. During the financial year, the amount reclassified from the cash flow hedge reserve to profit or loss (classified under 'Other operating expenses') is a loss of \$6.2 million (2020: gain of \$16.1 million) for the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42 Financial Risk Management Objectives and Policies (in \$ million) (continued)

(b) Foreign currency risk (continued)

Cash flow hedges (continued)

a) Net operating and other exposures (continued)

The Group also held cross currency swap contracts to hedge foreign currency risk of expected future JPY and EUR surpluses until November 2029. As at 31 March 2021, a net fair value gain of \$13.2 million (2020: net fair value loss of \$16.3 million), with a related deferred tax credit of \$0.1 million (2020: \$0.5 million), was included in the fair value reserve with respect to these contracts.

As at 31 March 2021, the Group held EUR and JPY secured loans amounting to \$1,227.4 million (2020: \$1,372.3 million) where the fixed repayments are hedged against the Group's EUR and JPY surpluses. A fair value loss of \$36.5 million (2020: \$50.8 million) was included in the fair value reserve in respect of the above cash flow hedges as at 31 March 2021.

Foreign currency hedging effectiveness

The effectiveness of the foreign currency hedges has been determined based on forecast foreign currency receipts using projections approved by Management covering a five-year period. Due to the significant capacity cuts brought about by the Covid-19 pandemic and the expected impact on the near-term forecasted foreign currency receipts, a portion of these forecasted receipts, for which hedge accounting had been applied previously, are no longer expected to occur. As a result, hedge accounting has been discontinued for these hedging relationships with foreign currency gain amounting to \$5.3 million (FY2019/20: \$30.0 million) and \$3.3 million (FY2019/20: \$25.5 million) for the Group and the Company respectively, recognised in profit or loss.

b) Capital expenditure exposures

The Group designates foreign currency forward contracts as cash flow hedges to manage the exposure to USD-denominated capital expenditure commitments. As at 31 March 2021, the total nominal amount of these cash flow hedges over the next two years was USD200.1 million with a hedged rate range of SGD/USD 1.34 – 1.40 for the Group and the Company (2020: USD921.7 million for the Group and USD900.6 million for the Company at hedged rate range of SGD/USD 1.29 – 1.40).

As at 31 March 2021, a fair value loss of \$2.5 million (2020: fair value gain of \$71.9 million) was included in the fair value reserve in respect of the above cash flow hedges.

The table below sets out the derivative positions and movements for these cash flow hedges:

| | The Group and the Company | |
|--|---------------------------|--------|
| | 31 March | |
| | 2021 | 2020 |
| Derivative assets | - | 71.9 |
| Derivative liabilities | (2.5) | - |
| | | |
| | The Group and the Company | |
| | FY2020/21 | |
| | FY2019/20 | |
| Change in fair value of hedging instrument | (42.1) | 85.5 |
| Change in fair value of hedged item | 42.1 | (85.5) |

For the financial year ended 31 March 2021 and 31 March 2020, there was no realised foreign currency hedging gain/(loss) reclassified to profit or loss as it had been capitalised in the carrying value of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42 Financial Risk Management Objectives and Policies (in \$ million) (continued)

(b) Foreign currency risk (continued)

Fair value hedges

The Group entered into fair value hedges to manage the exposure to USD-denominated aircraft residual value. Underlying currency movements on aircraft designated in a fair value hedge are included within "Property, plant and equipment" in the statements of financial position. The hedging instrument is included within "Lease liabilities". The effective portion of changes in the fair value of both the hedged item and hedging instrument are offset within "Other operating expenses" and no ineffectiveness arose on fair value hedges during the year.

| | The Group 31 March | | The Company 31 March | |
|------------------------------|-----------------------|---------|-------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| USD aircraft residual values | 1,886.4 | 854.2 | 1,556.0 | 490.2 |
| USD lease liabilities | (1,886.4) | (854.2) | (1,556.0) | (490.2) |

| | The Group | | The Company | |
|--|-----------|-----------|-------------|-----------|
| | FY2020/21 | FY2019/20 | FY2020/21 | FY2019/20 |
| Change in fair value of hedging instrument | 29.0 | (45.0) | 8.6 | (26.7) |
| Change in fair value of hedged item | (29.0) | 45.0 | (8.6) | 26.7 |

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on contracts that are outstanding as at the end of the reporting period and assumes that a portion of the cash flow hedges are ineffective.

The following table details the sensitivity of a 1% strengthening of SGD against the respective foreign currencies. The sensitivity analysis includes only outstanding foreign currency hedging contracts and significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates.

Sensitivity analysis:

| | The Group 31 March | | | |
|-----|-----------------------------------|--|-----------------------------------|--|
| | 2021 | | 2020 | |
| | Effect on equity ^{R1} | Effect on profit before taxation ^{R2} | Effect on equity ^{R1} | Effect on profit before taxation ^{R2} |
| AUD | – | (0.4) | 2.3 | 0.7 |
| EUR | 10.8 | 7.6 | 11.7 | 0.6 |
| GBP | – | (1.1) | 1.0 | 0.1 |
| JPY | 5.9 | (0.4) | 6.9 | 1.0 |
| CNY | – | 0.2 | 1.8 | 0.5 |
| USD | (1.6) | (9.8) | (0.4) | 1.4 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42 Financial Risk Management Objectives and Policies (in \$ million) (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis: (continued)

| | The Company 31 March | | | |
|-----|-----------------------------------|--|-----------------------------------|--|
| | 2021 | | 2020 | |
| | Effect on equity ^{R1} | Effect on profit before taxation ^{R2} | Effect on equity ^{R1} | Effect on profit before taxation ^{R2} |
| AUD | – | (0.5) | 2.1 | 0.6 |
| EUR | 10.8 | 7.7 | 11.7 | 0.6 |
| GBP | – | (1.1) | 1.0 | 0.1 |
| JPY | 5.9 | (0.4) | 6.9 | 0.9 |
| CNY | – | 0.2 | 1.3 | 0.2 |
| USD | (2.0) | (14.6) | 1.0 | (2.0) |

^{R1} Sensitivity analysis on outstanding foreign currency hedging contracts and fuel hedging contracts denominated in foreign currency.

^{R2} Sensitivity analysis on significant outstanding foreign currency denominated monetary items and outstanding foreign currency and fuel derivative contracts denominated in foreign currency which have been de-designated from a hedge relationship.

If the relevant foreign currency strengthens by 1% against SGD, equity and profit before taxation would change by the same amounts in the opposite direction.

(c) Interest rate risk

The Group's earnings are also affected by changes in interest rates due to the impact such changes have on interest income and expense from short-term deposits and other interest-bearing financial assets and liabilities. The Group enters into interest rate swap contracts to manage interest rate costs on its financial assets and liabilities, with the prior approval of the BEC or Boards of subsidiary companies.

Cash flow hedges

During the financial year, the Group entered into interest rate swap contracts to hedge the interest rate exposure on underlying loans. As at 31 March 2021, the total nominal amount of these cash flow hedges was \$4,976.3 million (2020: \$3,678.4 million) with a hedged rate range of 0.34% to 2.92% (2020: 0.34% to 2.92%) for the Group and \$4,628.3 million (2020: \$3,198.4 million) with a hedged rate range of 0.34% to 2.86% (2020: 0.34% to 2.86%) for the Company.

The terms of the interest rate swap contracts have been negotiated to match the terms of the loans and, accordingly, the fair value hedges are assessed to be highly effective. As at 31 March 2021, a net fair value loss of \$1.9 million (2020: \$102.6 million) with related deferred tax credit of \$0.4 million (2020: \$17.4 million) was included in the fair value reserve in respect of these contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42 Financial Risk Management Objectives and Policies (in \$ million) (continued)

(c) Interest rate risk (continued)

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the end of the reporting period.

Under these assumptions, an increase or decrease in market interest rates of 10 basis points for all currencies in which the Group has derivative financial instruments and variable rate assets and liabilities at 31 March 2021 will have the effects as set out in the table below.

Sensitivity analysis:

| | The Group 31 March | | | |
|--|-----------------------------------|--|-----------------------------------|--|
| | 2021 | | 2020 | |
| | Effect on equity ^{R1} | Effect on profit before taxation ^{R2} | Effect on equity ^{R1} | Effect on profit before taxation ^{R2} |
| Increase in 10 basis points in market interest rates | 22.7 | 8.0 | 15.0 | 2.7 |
| Decrease in 10 basis points in market interest rates | (22.7) | (8.0) | (15.0) | (2.7) |

| | The Company 31 March | | | |
|--|-----------------------------------|--|-----------------------------------|--|
| | 2021 | | 2020 | |
| | Effect on equity ^{R1} | Effect on profit before taxation ^{R2} | Effect on equity ^{R1} | Effect on profit before taxation ^{R2} |
| Increase in 10 basis points in market interest rates | 21.5 | 6.9 | 13.4 | 1.8 |
| Decrease in 10 basis points in market interest rates | (21.5) | (6.9) | (13.4) | (1.8) |

^{R1} Sensitivity analysis on derivative financial instruments.

^{R2} Sensitivity analysis on variable rate assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42 Financial Risk Management Objectives and Policies (in \$ million) (continued)

(d) Market rate risk

At 31 March 2021, the Group and the Company own investments of \$321.7 million (2020: \$488.7 million) and \$263.1 million (2020: \$430.1 million) respectively, out of which \$102.7 million (2020: \$328.6 million) and \$44.0 million (2020: \$269.9 million) are subject to market risk, being the potential loss resulting from a decrease in market prices.

Market price sensitivity analysis

If prices for these investments increase or decrease by 1% with all other variables being held constant, the before tax effects on equity and effects on profit before taxation are set out in the table below.

Sensitivity analysis on investments:

| | The Group 31 March | | | |
|---------------------------------|-----------------------|----------------------------------|------------------|----------------------------------|
| | 2021 | | 2020 | |
| | Effect on equity | Effect on profit before taxation | Effect on equity | Effect on profit before taxation |
| Increase in 1% of quoted prices | 0.1 | 1.0 | 0.1 | 3.2 |
| Decrease in 1% of quoted prices | (0.1) | (1.0) | (0.1) | (3.2) |

| | The Company 31 March | | | |
|---------------------------------|-------------------------|----------------------------------|------------------|----------------------------------|
| | 2021 | | 2020 | |
| | Effect on equity | Effect on profit before taxation | Effect on equity | Effect on profit before taxation |
| Increase in 1% of quoted prices | 0.1 | 0.4 | 0.1 | 2.6 |
| Decrease in 1% of quoted prices | (0.1) | (0.4) | (0.1) | (2.6) |

(e) Liquidity risk

At 31 March 2021, the Group had at its disposal, cash and short-term deposits amounting to \$7,783.0 million (2020: \$2,685.3 million). In addition, the Group had committed unsecured credit facilities of about \$2,128.0 million (2020: \$1,771.9 million) available for utilisation as at 31 March 2021. The Group also has a Medium Term Note Programme and Medium Term Bond Programme under which it may issue notes up to \$12,000.0 million (2020: \$7,000.0 million) and as of 31 March 2021, \$6,947.4 million (2020: \$2,620.0 million) remained unutilised. Under these uncommitted Programmes, notes issued by the Company may have varying maturities as contracted with the relevant financial institutions.

The Group's holdings of cash and short-term deposits, together with committed funding facilities and proceeds from issue of additional MCBs (refer to note 14), are expected to be sufficient to cover the cost of all firm aircraft deliveries due in the next financial year. It is expected that any shortfall would be met by bank borrowings or public market funding. Due to the necessity to plan aircraft orders well in advance of delivery, it is not economical for the Group to have committed funding in place at present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. The Group's policies in this regard are in line with the funding policies of other major airlines.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42 Financial Risk Management Objectives and Policies (in \$ million) (continued)

(e) Liquidity risk (continued)

The maturity profile of the financial liabilities of the Group and the Company is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

| 31 March 2021 | Within 1 year | 1 - 2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years | More than 5 years | Total |
|--|---------------|-------------|-------------|-------------|-------------|-------------------|----------|
| The Group | | | | | | | |
| Notes payable | 356.9 | 153.8 | 1,503.8 | 406.8 | 790.2 | 2,652.8 | 5,864.3 |
| Convertible bonds | 13.8 | 13.8 | 13.8 | 13.8 | 863.8 | - | 919.0 |
| Loans | 742.6 | 638.5 | 647.4 | 658.8 | 671.9 | 2,651.1 | 6,010.3 |
| Lease liabilities | 581.5 | 525.5 | 463.4 | 380.7 | 275.4 | 1,143.5 | 3,370.0 |
| Maintenance reserve | 1.8 | - | - | - | - | - | 1.8 |
| Trade and other creditors | 2,117.2 | - | - | - | - | - | 2,117.2 |
| Derivative financial instruments: | | | | | | | |
| Currency hedging contracts | 3.7 | - | - | - | - | - | 3.7 |
| Fuel hedging contracts | 61.4 | 61.7 | 146.7 | 58.1 | - | - | 327.9 |
| Cross currency swap contracts | 0.4 | - | - | - | - | 3.6 | 4.0 |
| Interest rate swap contracts (net-settled) | 64.5 | 46.3 | 23.6 | 1.2 | (13.9) | (117.1) | 4.6 |
| | 3,943.8 | 1,439.6 | 2,798.7 | 1,519.4 | 2,587.4 | 6,333.9 | 18,622.8 |
| The Company | | | | | | | |
| Notes payable | 356.9 | 153.8 | 1,503.8 | 406.8 | 790.2 | 2,652.8 | 5,864.3 |
| Convertible bonds | 13.8 | 13.8 | 13.8 | 13.8 | 863.8 | - | 919.0 |
| Loans | 674.1 | 584.4 | 595.6 | 606.9 | 620.4 | 2,527.0 | 5,608.4 |
| Lease liabilities | 392.5 | 355.3 | 336.2 | 304.8 | 248.4 | 1,056.6 | 2,693.8 |
| Maintenance reserve | 1.8 | - | - | - | - | - | 1.8 |
| Trade and other creditors | 1,511.3 | - | - | - | - | - | 1,511.3 |
| Amounts owing to subsidiary companies | 1,530.7 | - | - | - | - | - | 1,530.7 |
| Derivative financial instruments: | | | | | | | |
| Currency hedging contracts | 3.7 | - | - | - | - | - | 3.7 |
| Fuel hedging contracts | 61.4 | 61.7 | 146.7 | 58.1 | - | - | 327.9 |
| Cross currency swap contracts | 0.4 | - | - | - | - | 3.6 | 4.0 |
| Interest rate swap contracts (net-settled) | 58.1 | 41.3 | 20.5 | (0.3) | (14.5) | (117.1) | (12.0) |
| | 4,604.7 | 1,210.3 | 2,616.6 | 1,390.1 | 2,508.3 | 6,122.9 | 18,452.9 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42 Financial Risk Management Objectives and Policies (in \$ million) (continued)

(e) Liquidity risk (continued)

| 31 March 2020 | Within 1 year | 1 - 2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years | More than 5 years | Total |
|--|---------------|-------------|-------------|-------------|-------------|-------------------|----------|
| The Group | | | | | | | |
| Notes payable | 630.4 | 318.9 | 115.8 | 1,465.9 | 368.7 | 2,134.7 | 5,034.4 |
| Loans | 2,130.1 | 367.1 | 384.0 | 399.9 | 412.0 | 1,919.9 | 5,613.0 |
| Lease liabilities | 566.8 | 439.3 | 378.5 | 325.0 | 240.4 | 247.4 | 2,197.4 |
| Maintenance reserve | - | - | 12.1 | 16.1 | - | - | 28.2 |
| Trade and other creditors | 3,016.0 | - | - | - | - | - | 3,016.0 |
| Derivative financial instruments: | | | | | | | |
| Currency hedging contracts | 5.2 | - | - | - | - | - | 5.2 |
| Fuel hedging contracts | 1,510.0 | 702.2 | 501.2 | 460.0 | 193.0 | - | 3,366.4 |
| Cross currency swap contracts | 0.6 | 0.4 | - | 0.2 | 1.0 | 16.1 | 18.3 |
| Interest rate swap contracts (net-settled) | 54.2 | 44.8 | 31.9 | 21.7 | 14.3 | (56.3) | 110.6 |
| | 7,913.3 | 1,872.7 | 1,423.5 | 2,688.8 | 1,229.4 | 4,261.8 | 19,389.5 |
| The Company | | | | | | | |
| Notes payable | 630.4 | 318.9 | 115.8 | 1,465.9 | 368.7 | 2,134.7 | 5,034.4 |
| Loans | 2,057.9 | 303.5 | 326.3 | 345.0 | 358.6 | 1,743.6 | 5,134.9 |
| Lease liabilities | 314.6 | 208.8 | 166.5 | 141.8 | 121.5 | 119.1 | 1,072.3 |
| Maintenance reserve | - | - | 12.1 | 16.1 | - | - | 28.2 |
| Trade and other creditors | 2,250.5 | - | - | - | - | - | 2,250.5 |
| Amounts owing to subsidiary companies | 1,021.5 | - | - | - | - | - | 1,021.5 |
| Derivative financial instruments: | | | | | | | |
| Currency hedging contracts | 5.2 | - | - | - | - | - | 5.2 |
| Fuel hedging contracts | 1,510.0 | 702.2 | 501.2 | 460.0 | 193.0 | - | 3,366.4 |
| Cross currency swap contracts | 0.6 | 0.4 | - | 0.2 | 1.0 | 16.1 | 18.3 |
| Interest rate swap contracts (net-settled) | 48.6 | 39.9 | 28.5 | 19.2 | 12.4 | (59.0) | 89.6 |
| | 7,839.3 | 1,573.7 | 1,150.4 | 2,448.2 | 1,055.2 | 3,954.5 | 18,021.3 |

(f) Credit risk

The Group has an independent Group Debts Review Committee to review the follow up actions on outstanding receivables monthly. On a day-to-day basis, the respective Finance divisions have the primary responsibility for measuring and managing specific risk exposures.

The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset in the statement of financial position.

There are no significant concentrations of credit risk other than from counterparties of cash and bank balances and derivative instruments, where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to broad diversification. In specific instances, the contract may require special collateral.

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42 Financial Risk Management Objectives and Policies (in \$ million) (continued)

(f) Credit risk (continued)

For all other service relationships, depending on the nature and scope of the services rendered, collateral is required, credit reports or references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Collateral requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

The Group determines concentrations of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposures of balances that exceed 5% of the financial assets of the Group and the Company as at 31 March:

| | The Group | | | | The Company | | | |
|-----------------------------------|---------------------|---------|--------------------------------------|-------|---------------------|---------|--------------------------------------|-------|
| | Outstanding balance | | Percentage of total financial assets | | Outstanding balance | | Percentage of total financial assets | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Counterparty profiles | | | | | | | | |
| <u>By industry:</u> | | | | | | | | |
| Travel agencies | 322.9 | 231.0 | 3.2% | 4.7% | 311.6 | 225.9 | 2.4% | 3.2% |
| Airlines | 140.3 | 161.7 | 1.4% | 3.3% | 3,988.0 | 3,028.3 | 30.2% | 42.9% |
| Financial institutions | 7,823.2 | 2,744.2 | 78.4% | 56.5% | 7,560.2 | 2,566.5 | 57.3% | 36.3% |
| Others | 898.8 | 1,486.3 | 9.0% | 30.5% | 651.6 | 1,009.7 | 4.9% | 14.2% |
| | 9,185.2 | 4,623.2 | 92.0% | 95.0% | 12,511.4 | 6,830.4 | 94.8% | 96.6% |
| <u>By region:</u> | | | | | | | | |
| East Asia | 3,888.8 | 2,734.2 | 38.9% | 56.1% | 7,502.3 | 5,391.5 | 56.9% | 76.2% |
| Europe | 4,311.0 | 1,549.5 | 43.2% | 31.8% | 4,135.4 | 1,210.2 | 31.3% | 17.1% |
| South West Pacific | 245.3 | 124.7 | 2.5% | 2.6% | 241.6 | 116.8 | 1.8% | 1.7% |
| Americas | 170.0 | 100.0 | 1.7% | 2.1% | 69.2 | 47.1 | 0.5% | 0.7% |
| West Asia and Africa | 570.1 | 114.8 | 5.7% | 2.4% | 562.9 | 64.8 | 4.3% | 0.9% |
| | 9,185.2 | 4,623.2 | 92.0% | 95.0% | 12,511.4 | 6,830.4 | 94.8% | 96.6% |
| <u>By Moody's credit ratings:</u> | | | | | | | | |
| Investment grade (A to Aaa) | 7,809.6 | 3,032.0 | 78.2% | 62.3% | 7,543.2 | 2,867.0 | 57.2% | 40.6% |
| Investment grade (Baa) | 6.2 | 15.1 | 0.1% | 0.3% | 3.8 | 1.7 | - | - |
| Non-rated | 1,369.4 | 1,576.1 | 13.7% | 32.4% | 4,964.4 | 3,961.7 | 37.6% | 56.0% |
| | 9,185.2 | 4,623.2 | 92.0% | 95.0% | 12,511.4 | 6,830.4 | 94.8% | 96.6% |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

43 Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities (in \$ million)

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | 1 April 2020 | Proceeds | Repayments | Interest payments | Interest expense | Non-cash changes | | | | 31 March 2021 |
|-------------------|-----------------|----------|------------|----------------------|---------------------|---------------------------------|-----------|--------------------|-------------------------|------------------|
| | | | | | | Foreign exchange movement | Additions | Capital Reserve | Interest capitalised | |
| Notes payable | 4,377.6 | 1,160.6 | (500.0) | - | 0.7 | 6.8 | - | - | - | 5,045.7 |
| Convertible bonds | - | 841.5 | - | - | 0.5 | - | - | (74.3) | - | 767.7 |
| Loans | 5,446.3 | 4,561.2 | (4,344.1) | - | 4.2 | (9.1) | - | - | - | 5,658.5 |
| Lease liabilities | 1,960.6 | - | (551.6) | - | 63.4 | (41.9) | 1,434.5 | - | - | 2,865.0 |
| Accrued interest | 46.2 | - | - | (232.4) | 199.1 | - | - | - | 58.8 | 71.7 |

| | 1 April 2019 | Proceeds | Repayments | Interest payments | Interest expense | Non-cash changes | | | | 31 March 2020 |
|-------------------|-----------------|----------|------------|----------------------|---------------------|---------------------------------|-----------|--------------------|-------------------------|------------------|
| | | | | | | Foreign exchange movement | Additions | Capital Reserve | Interest capitalised | |
| Notes payable | 4,377.0 | - | - | - | 0.6 | - | - | - | - | 4,377.6 |
| Loans | 2,277.4 | 3,981.0 | (878.3) | - | 1.2 | 65.0 | - | - | - | 5,446.3 |
| Lease liabilities | 2,185.3 | - | (575.9) | - | 75.7 | 71.7 | 203.8 | - | - | 1,960.6 |
| Accrued interest | 45.4 | - | - | (206.0) | 143.4 | - | - | - | 63.4 | 46.2 |

44 Capital Management (in \$ million)

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events, such as the Covid-19 pandemic, on cash flows.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

44 Capital Management (in \$ million) (continued)

During the financial year ended 31 March 2021, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

| | The Group 31 March | | The Company 31 March | |
|-----------------------------|-----------------------|----------|-------------------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Notes payable | 5,045.7 | 4,377.6 | 5,045.7 | 4,377.6 |
| Convertible bonds | 767.7 | – | 767.7 | – |
| Loans | 5,658.5 | 5,446.3 | 5,293.7 | 5,033.8 |
| Lease liabilities | 2,865.0 | 1,960.6 | 2,291.1 | 974.3 |
| Total debt | 14,336.9 | 11,784.5 | 13,398.2 | 10,385.7 |
| Share capital | 7,180.2 | 1,856.1 | 7,180.2 | 1,856.1 |
| Mandatory convertible bonds | 3,496.1 | – | 3,496.1 | – |
| Reserves | 5,229.6 | 7,458.0 | 5,835.6 | 7,006.6 |
| Total capital | 15,905.9 | 9,314.1 | 16,511.9 | 8,862.7 |
| Gearing ratio (times) | 0.90 | 1.27 | 0.81 | 1.17 |

45 Related Party Transactions (in \$ million)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key Management Personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer and Executive Vice Presidents of the Company to be Key Management Personnel of the Company.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business during the financial year:

| | The Group | |
|--|-----------|-----------|
| | FY2020/21 | FY2019/20 |
| Purchases of services from associated companies | 126.3 | 203.9 |
| Services rendered to associated companies | (23.3) | (58.1) |
| Purchases of services from joint venture companies | 5.7 | 38.4 |
| Services rendered to joint venture companies | (35.9) | (128.1) |
| Purchases of services from related parties | 324.8 | 1,665.3 |
| Services rendered to related parties | (22.0) | (40.3) |
| Professional fees paid to a firm of which a Director is a member | 3.0 | 2.1 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

45 Related Party Transactions (in \$ million) (continued)

Key Management Personnel remuneration of the Group

| | The Group | |
|---|------------|------------|
| | FY2020/21 | FY2019/20 |
| <u>Directors</u> | | |
| Salary, bonuses, fee and other costs | 2.5 | 5.8 |
| CPF and other defined contributions | * | * |
| Share-based compensation expense | 1.4 | 2.2 |
| | 3.9 | 8.0 |
| <u>Key executives (excluding executive Directors)</u> | | |
| Salary, bonuses, fee and other costs | 1.7 | 3.4 |
| CPF and other defined contributions | * | * |
| Share-based compensation expense | 1.2 | 1.9 |
| | 2.9 | 5.3 |

* Amount less than \$0.1 million

Conditional awards granted to a Director and key executives of the Company pursuant to the Restricted Share Plan and the Performance Share Plan are as follows:

RSP 2014 Base Awards

| Name of participant | Balance as at 1 April 2020 | Base Awards granted during the financial year | Rights issue adjustment ¹ | Base Awards vested during the financial year | Balance as at 31 March 2021 | Aggregate Base Awards granted since commencement of RSP 2014 to end of financial year under review |
|---------------------|----------------------------|---|--------------------------------------|--|-----------------------------|--|
| Goh Choon Phong | 75,000 | 106,000 | 31,448 | 106,448 | 106,000 | 434,448 |
| Mak Swee Wah | 36,000 | 51,000 | 15,095 | 51,095 | 51,000 | 213,095 |
| Lee Lik Hsin | 18,200 | 38,000 | 7,631 | 25,831 | 38,000 | 100,365 |
| Tan Kai Ping | 26,000 | 38,000 | 10,902 | 36,902 | 38,000 | 147,052 |

RSP 2014 Final Awards (Pending Release)^{R1}

| Name of participant | Balance as at 1 April 2020 | Final Awards granted during the financial year ² | Rights issue adjustment ¹ | Final Awards released during the financial year | Balance as at 31 March 2021 | Aggregate ordinary shares released to participant since commencement of RSP 2014 to end of financial year under review ³ |
|---------------------|----------------------------|---|--------------------------------------|---|-----------------------------|---|
| Goh Choon Phong | 55,800 | 40,460 | 23,398 | 67,989 | 51,669 | 252,789 |
| Mak Swee Wah | 27,900 | 19,420 | 11,699 | 33,725 | 25,294 | 126,125 |
| Lee Lik Hsin | 19,833 | 9,820 | 8,317 | 23,396 | 14,574 | 46,093 |
| Tan Kai Ping | 18,139 | 14,030 | 7,606 | 22,394 | 17,381 | 82,465 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

45 Related Party Transactions (in \$ million) (continued)

Deferred RSP 2014 Awards

| Name of participant | Balance as at 1 April 2020 | Rights issue adjustment ¹ | Adjustment ⁴ | Base Awards vested during the financial year | Balance as at 31 March 2021 | Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review ³ |
|---------------------|----------------------------|--------------------------------------|-------------------------|--|-----------------------------|--|
| Goh Choon Phong | 44,600 | 18,702 | 2,230 | 32,419 | 33,113 | 82,199 |
| Mak Swee Wah | 20,820 | 8,730 | 1,050 | 15,144 | 15,456 | 41,184 |
| Lee Lik Hsin | 11,190 | 4,692 | 520 | 7,560 | 8,842 | 12,230 |
| Tan Kai Ping | 11,910 | 4,994 | 600 | 8,662 | 8,842 | 21,042 |

PSP 2014 Base Awards^{R2}

| Name of participant | Balance as at 1 April 2020 | Base Awards granted during the financial year | Rights issue adjustment ¹ | Base Awards vested during the financial year | Balance as at 31 March 2021 | Aggregate Base Awards granted since commencement of PSP 2014 to end of financial year under review | Aggregate ordinary shares released to participant since commencement of PSP 2014 to end of financial year under review ³ |
|---------------------|----------------------------|---|--------------------------------------|--|-----------------------------|--|---|
| Goh Choon Phong | 235,250 | 135,000 | 98,642 | 81,965 | 386,927 | 633,892 | 41,130 |
| Mak Swee Wah | 96,100 | 57,000 | 40,295 | 32,786 | 160,609 | 259,395 | 16,450 |
| Lee Lik Hsin | 36,483 | 43,000 | 15,298 | 14,879 | 79,902 | 94,781 | 3,720 |
| Tan Kai Ping | 40,400 | 43,000 | 16,940 | 11,922 | 88,418 | 124,340 | 5,990 |

TSA Base Awards

| Name of participant | Balance as at 1 April 2020 | Rights issue adjustment ¹ | Cancelled | Balance as at 31 March 2021 | Aggregate Base Awards granted since commencement of TSA to end of financial year under review |
|---------------------|----------------------------|--------------------------------------|-----------|-----------------------------|---|
| Goh Choon Phong | 80,295 | 33,668 | 113,963 | – | 180,046 |
| Mak Swee Wah | 37,471 | 15,712 | 53,183 | – | 84,022 |
| Lee Lik Hsin | 21,412 | 8,978 | 30,390 | – | 48,012 |
| Tan Kai Ping | 21,412 | 8,978 | 30,390 | – | 48,012 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

45 Related Party Transactions (in \$ million) (continued)

TSA Final Awards (Pending Release)^{R3}

| Name of participant | Balance as at 1 April 2020 | Rights issue adjustment ¹ | Final Awards released during the financial year | Balance as at 31 March 2021 | Aggregate ordinary shares released to participant since commencement of TSA to end of financial year under review ³ |
|---------------------|-------------------------------|---|--|--------------------------------|---|
| Goh Choon Phong | 41,500 | 17,402 | 29,451 | 29,451 | 70,951 |
| Mak Swee Wah | 15,500 | 6,500 | 11,000 | 11,000 | 26,500 |
| Lee Lik Hsin | 8,850 | 3,710 | 6,280 | 6,280 | 15,130 |
| Tan Kai Ping | 8,850 | 3,710 | 6,280 | 6,280 | 15,130 |

SSA Base Awards

| Name of participant | Balance as at 1 April 2020 | Base Awards granted during the financial year | Base Awards vested during the financial year | Balance as at 31 March 2021 | Aggregate Base Awards granted since commencement of SSA to end of financial year under review |
|---------------------|-------------------------------|--|---|--------------------------------|---|
| Goh Choon Phong | – | 186,700 | 186,700 | – | 186,700 |
| Mak Swee Wah | – | 87,100 | 87,100 | – | 87,100 |
| Lee Lik Hsin | – | 34,800 | 34,800 | – | 34,800 |
| Tan Kai Ping | – | 49,800 | 49,800 | – | 49,800 |

SSA Base Awards Final Awards (Pending Release)^{R4}

| Name of participant | Balance as at 1 April 2020 | Final Awards granted during the financial year ² | Final Awards released during the financial year | Balance as at 31 March 2021 | Aggregate ordinary shares released to participant since commencement of SSA to end of financial year under review ³ |
|---------------------|-------------------------------|--|--|--------------------------------|---|
| Goh Choon Phong | – | 186,700 | 93,350 | 93,350 | 93,350 |
| Mak Swee Wah | – | 87,100 | 43,550 | 43,550 | 43,550 |
| Lee Lik Hsin | – | 34,800 | 17,400 | 17,400 | 17,400 |
| Tan Kai Ping | – | 49,800 | 24,900 | 24,900 | 24,900 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

45 Related Party Transactions (in \$ million) (continued)

- ^{R1} The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the performance periods relating to the relevant awards.
- ^{R2} The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.
- ^{R3} The actual number of TSA Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the one-year performance period relating to the relevant awards.
- ^{R4} The actual number of SSA Final Awards of fully paid ordinary shares is contingent on BCIRC assessment of Covid-19 response.
- ¹ In light of the rights issue, an adjustment has been made to the outstanding unvested awards under the RSP 2014 and PSP 2014 grants on 6 May 2020 (the Ex-Rights Date) to offset the dilutive effect on the share price due to the rights issue and this was approved by the BCIRC upon confirmation from our auditors that the adjustment was fair and reasonable to shareholders as required under the respective plan rules.
- ² Final Awards granted during the financial year is determined by applying the achievement factor to the Base Awards that have vested during the financial year.
- ³ During the financial year, 147,504, 35,410, 63,785, 53,011 and 179,200 treasury shares were issued to a Director and key executives of the Company pursuant to the RSP, PSP, DSA, TSA and SSA respectively.
- ⁴ Adjustment at the end of performance period for accumulated dividend yield.

46 Subsequent Events

- Further to the fund-raising efforts during the financial year, the Company raised another \$760.8 million in April 2021 through the completion of sale-and-leaseback transactions for an additional four aircraft, comprising one Airbus A350-900 and three Boeing 787-10s.
- On 19 May 2021, the Company announced that it will undertake an issuance of Additional MCBs to raise gross proceeds of approximately \$6.2 billion. The issuance will allow the Group to maintain a strong equity base that provides it with the financial foundation to navigate the crisis. It will also enable the Group to make the necessary investments to secure its industry-leading position.

REGISTERED OFFICE OF THE ISSUER

SG Issuer
16, Boulevard Royal
L-2449 Luxembourg
Luxembourg

REGISTERED OFFICE OF THE GUARANTOR

Société Générale
29, boulevard Haussmann
75009 Paris
France

ISSUER'S AUDITORS

Ernst & Young Société Anonyme
35E, avenue John F. Kennedy
L-1855 Luxembourg
Luxembourg

**Ernst & Young et
Autres**
Tour First
TSA 14444
92037 Paris-La
Défense Cedex
France

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense
Cedex
France

GUARANTOR'S AUDITORS

WARRANT AGENT

THE CENTRAL DEPOSITORY (PTE) LIMITED

11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589

LEGAL ADVISERS TO THE ISSUER

(as to Singapore law)

ALLEN & GLEDHILL LLP
One Marina Boulevard #28-00
Singapore 018989