SINGAPORE TECHNOLOGIES ENGINEERING LTD
(Incorporated in the Republic of Singapore)
(UEN / Company Registration No. 199706274H)

DIVESTMENT OF EQUITY INTERESTS IN SHANGHAI AIRFRAME MRO JOINT VENTURE

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1. INTRODUCTION

The Board of Directors (the "**Board**") of Singapore Technologies Engineering Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, ST Engineering Aerospace Ltd has on 14 November 2025 entered into an agreement to dispose of all of the equity interests ("**Sale Equity**") that it holds in Shanghai Technologies Aerospace Company Limited ("**STARCO**") to China Eastern Airlines Corporation Limited ("**CEA**") (the "**Divestment**"). The Sale Equity comprises 49% of the equity interests and the corresponding paid-up registered capital of STARCO. Following the Divestment, the Group will cease to have any interest in STARCO. CEA, which owns the balance 51% stake as at the date of this Announcement, will hold 100% of STARCO post-Divestment.

STARCO is a joint venture company established in China in 2004. It provides airframe maintenance, repair and overhaul ("**MRO**") services out of facilities in Hongqiao and Pudong in Shanghai, China.

2. CONSIDERATION FOR THE SALE EQUITY

CEA will acquire the Sale Equity for cash consideration of RMB680.5 million, which is approximately S$124.6 million[1] ("**Sale Consideration**"). The Sale Consideration will be paid by CEA in two tranches, with the first tranche amount of RMB506.7 million (equivalent to approximately S$92.8 million) payable upon the completion of the Divestment, and the second tranche amount of RMB173.8 million (equivalent to approximately S$31.8 million) payable no later than 31 December 2026. The second tranche payment will be secured by a bank guarantee.

The Sale Consideration represents an implied EV/EBITDA multiple of 11.2x, based on STARCO's EBITDA for the financial year ended 31 December 2024, and was determined on a willing-buyer, willing-seller basis, taking into account the business prospects of STARCO.

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[1] Based on an exchange rate of S$1.00:RMB5.4612

3. RATIONALE FOR THE DIVESTMENT

The joint venture with CEA was established in 2004 for an initial 20-year term.

Following the extension of this agreement in 2024, the partners have agreed to conclude their partnership to focus on their own growth plans. This decision marks the end of a successful partnership that has strengthened both companies. ST Engineering appreciates its strong collaboration with CEA and looks forward to supporting CEA as a valued customer moving forward.

Over the years, the Group's Commercial Aerospace business has built on its aviation MRO presence in China and has further anchored its presence by its well-established airframe MRO facility in Guangzhou and engine MRO facility in Xiamen. More recently, it strengthened its presence with the opening of an airframe MRO facility in Ezhou, Hubei, which is currently expanding with a second hangar under construction. These strategically located facilities position the business to capture the growing MRO demand both in China and across the region.

ST Engineering's ongoing rationalisation of MRO facilities, along with the addition of newer and more modern MRO facilities, enhances its operational efficiency and strengthens the Group's competitiveness in the global MRO market. Even after factoring in the rationalisation of STARCO and taking into account the ongoing airframe MRO capacity expansion projects in Singapore, China and the U.S., the Group's total capacity remains higher than pre-COVID levels, ensuring continued ability to meet customer MRO demand.

4. NON-DISCLOSABLE TRANSACTION

As none of the relative figures in respect of the Divestment under Rule 1006 of the Listing Manual exceeds 5%, the Divestment is a non-disclosable transaction under Chapter 10 of the Listing Manual, and this announcement has been made by the Company taking into consideration Rule 703 and Rule 1008 of the Listing Manual.

5. FINANCIAL EFFECTS

The Group's share of STARCO's net profit for the year ended 31 December 2024 was about S$7.5 million. The revenue of STARCO is not consolidated into the financials of ST Engineering as STARCO is equity accounted.

The Group expects to pay down its debt upon receipt of net proceeds of approximately S$116.3 million from the divestment. This will result in interest expense savings of about S$4.2 million on an annualised basis.

The Divestment will result in a one-off gain of approximately S$48.1 million based on its carrying value for STARCO of approximately S$60.2 million. Save for the one-off gain mentioned, the Divestment is not expected to have any material impact on the consolidated net tangible assets per share and earnings per share of the Group for the current financial year.

The Divestment is expected to close in the next few months, subject to customary closing conditions.

BY ORDER OF THE BOARD

Low Meng Wai
Company Secretary
17 November 2025