

News Release

ST Engineering's Electronics Arm Acquires 51% equity stake in SP Telecommunications Pte Ltd

Singapore, 18 January 2017 - Singapore Technologies Engineering Ltd (ST Engineering) today announced that its electronics arm, Singapore Technologies Electronics Limited (ST Electronics), has entered into a conditional share purchase agreement to acquire a 51% equity interest in SP Telecommunications Pte Ltd (SPTel) from Singapore Power Limited (SP) (Proposed Transaction) for a purchase consideration estimated at S\$54m, to be finalised post-closing, subject to a maximum of S\$60m (Purchase Consideration). SP will retain a 49% equity interest in SPTel.

SPTel owns, builds and operates communication and infrastructure services in Singapore. It owns an extensive network of fibre optic back-haul infrastructure and facilities.

Details of the Proposed Transaction

The Purchase Consideration will be funded internally by ST Electronics and will be satisfied fully in cash on closing, and was arrived at, after arm's length negotiations between the parties, taking into account SPTel's net assets, current financial performance and future growth prospects. The unaudited consolidated net tangible assets (NTA) of SPTel as at 31 October 2016 is S\$100m.

Subject to regulatory approvals, the Proposed Transaction is anticipated to close by second quarter of 2017. On closing, ST Electronics, SP and SPTel will enter into a shareholders' agreement to regulate the respective rights and responsibilities of ST Electronics and SP as shareholders of SPTel.

Rationale for the Proposed Transaction

The Proposed Transaction is in line with ST Electronics' strategy to build a more comprehensive suite of Info-Communications Technology (ICT) solutions and services in areas such as Smart City.

The combination of the ICT expertise of ST Electronics and the assets of SPTel will further enhance ST Electronics' capabilities in providing ICT solutions for enterprise customers.

Interested Person Transaction

SP is wholly-owned by Temasek Holdings (Private) Limited (Temasek), and Temasek is a controlling shareholder of ST Engineering. Accordingly, the Proposed Transaction between ST Electronics and SP is an "interested person transaction" for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST Listing Manual).

Non-Discloseable Transaction under Listing Rule 1006

All relative figures of the Proposed Transaction computed pursuant to Rule 1006 of the SGX-ST Listing Manual are less than 5% and accordingly, the Proposed Transaction constitutes a non-discloseable transaction under Chapter 10 of the SGX-ST Listing Manual.

Statement from the Audit Committee

The Audit Committee of ST Engineering has reviewed the terms and conditions of the Proposed Transaction and is of the view that the Proposed Transaction is on normal commercial terms, and is not prejudicial to the interests of ST Engineering and its minority shareholders.

Current Total of Interested Person Transactions

The estimated Purchase Consideration of S\$54m represents approximately 4% of ST Engineering's latest audited NTA of S\$1.39b as at 31 December 2015 (FY2015).

The total value of all interested person transactions conducted with Temasek (and its associates) under ST Engineering's shareholders mandate for the financial year

commencing on 1 January 2016 up to 31 December 2016 (FY2016) is S\$44.2m, and for the current financial year commencing on 1 January 2017 up to 13 January 2017 (YTD FY 2017) is S\$0.2m. There are otherwise no other transactions that have been entered into by ST Engineering with Temasek (and its associates) or with other interested persons for FY2016 and YTD FY2017 (excluding transactions which are less than S\$100,000). As the Purchase Consideration is less than 5% of ST Engineering's FY2015 audited NTA, approval of the shareholders of ST Engineering is not required.

Financial Effects

The Proposed Transaction is not expected to have any material impact on the consolidated net tangible assets per share and earnings per share of ST Engineering for the current financial year.

ST Engineering (Singapore Technologies Engineering Ltd) is an integrated engineering group providing solutions and services in the aerospace, electronics, land systems and marine sectors. Headquartered in Singapore, the Group reported revenue of S\$6.34b in FY2015 and ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index, MSCI Singapore and the SGX Sustainability Leaders Index. ST Engineering has about 23,000 employees worldwide, and over 100 subsidiaries and associated companies in 46 cities across 24 countries. Please visit www.stengg.com for more information.

ST Electronics (Singapore Technologies Electronics Limited), is the electronics arm of Singapore Technologies Engineering Ltd, one of the largest public-listed companies on the Singapore Exchange. ST Electronics is a global engineering company specialising in the design, development and integration of advanced electronics and communications systems. Our capabilities are in Rail & Intelligent Transportation; Satellite & Broadband Communications; Info Comm Technologies; Command & Control operations, Training & Simulation; Intelligent Building & Security Systems and Cybersecurity. We have a presence in over 20 countries spanning North America, Latin America, Europe, Africa, the Middle East, China, India and Southeast Asia. For more information, please visit www.stee.stengg.com.

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