

**SINGAPORE TELECOMMUNICATIONS LIMITED**  
**(Incorporated in the Republic of Singapore)**  
**Company Registration Number: 199201624D**

**PROPOSED PURCHASE OF ELECTRICITY UNDER  
POWER PURCHASE AGREEMENT WITH SEMBCORP POWER PTE LTD**

1. **Introduction.** Singapore Telecommunications Limited (“**Singtel**” or the “**Company**”, and together with its subsidiaries, the “**Singtel Group**”) wishes to announce that it has today entered into a conditional power purchase agreement (the “**PPA**”) with Sembcorp Power Pte Ltd (“**Sembcorp Power**”). Sembcorp Power is a wholly-owned subsidiary of Sembcorp Industries Ltd (“**Sembcorp Industries**”).

The entry into the PPA with Sembcorp Power follows a tender process by Singtel for the procurement of energy supply from 1 October 2023, as the existing electricity supply agreement (also with Sembcorp Power) will expire on 30 September 2023. Four electricity retailers out of six invited, with generation capacity, participated in the tender and submitted bids for fuel oil indexed<sup>1</sup> or fixed rate plans over 1-, 2-, 3-, 5- and 10- years, and these were evaluated based on contract duration, cost competitiveness, flexibility in hedging and volume requirements. Based on the tenders submitted and the evaluation factors, Sembcorp Power’s 10-year fuel oil indexed proposal was the most competitive. In particular, Sembcorp Power complied with Singtel’s critical terms for tender evaluation and its hedging and volume requirements, and also offered opportunities to tap on additional existing solar resources to support Singtel’s green journey. The 10-year proposal is preferred over the shorter-term contracts for which bids were submitted as it will provide a more stable energy price to support Singtel’s current and future energy needs over a longer duration amidst energy market instability.

2. **Principal Terms.** Under the PPA, Singtel will purchase electricity from Sembcorp Power for Singtel Group<sup>2</sup> premises in Singapore. The contract duration is for a period of 10 years from 1 October 2023 to 30 September 2033 (the “**Contract Period**”).

The principal terms of the PPA include the following:

- (a) *Shareholder approval.* The sale and purchase of electricity under the PPA is conditional upon Singtel’s shareholders’ approval being obtained (see, further, paragraphs 4 and 5 below). Such shareholders’ approval is intended to be sought at Singtel’s 31<sup>st</sup> Annual General Meeting (“**AGM**”) currently scheduled to be held on 28 July 2023.
- (b) *Pricing.* Subject to such shareholders’ approval being obtained, electricity will be sold to Singtel under a fuel oil indexed plan whereby the price will be determined based on fixed components and variable components, subject to the terms of the

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<sup>1</sup> A fuel oil indexed plan is an electricity pricing plan offered by electricity retailers that is pegged to a reference fuel price, e.g., HSFO (High Sulphur Fuel Oil), which is the reference fuel price for piped natural gas or Brent (Dated Brent), which is the reference fuel price for liquefied natural gas.

<sup>2</sup> For the purposes of the PPA, “Singtel Group” includes Singtel’s associated companies (in addition to its subsidiaries).

PPA. Singtel will be able to hedge fuel costs under the PPA. The annual contract sum is estimated at approximately S\$180 million.

- (c) *Consumption load.* The PPA provides flexibility to cater to a range of the Singtel Group's electricity consumption levels and electricity charges are payable in relation to the consumption levels in accordance with the PPA.
- (d) *Access to green energy sources.* Singtel will have the option to request Sembcorp Power to supply solar power and its associated Renewable Energy Certificates (“RECs”) at a pre-agreed price throughout the Contract Period, on terms to be mutually agreed. Singtel will also have the opportunity to request to convert its prevailing consumption from brown energy to participate in Sembcorp Power's green initiatives once these become available, on terms to be mutually agreed.
- (e) *Termination prior to expiry of Contract Period.* The PPA may be terminated by either party upon the occurrence of certain events under the PPA, such as breach of specified provisions and insolvency. A termination sum is payable in accordance with the terms of the PPA on the termination of the PPA. The quantum of the termination sum varies depending on the grounds for termination.

**3. Rationale and Benefits.** The rationale for the PPA to be entered into with Sembcorp Power, and its benefits to Singtel, include the following:

- (a) *Price competitiveness.* Sembcorp Power's proposal offers the most competitive pricing across all durations based on bids received following the tender process.
- (b) *Volume flexibility.* The PPA gives Singtel a degree of volume flexibility, while ensuring a stable price with minimal mark-ups in fixed costs expected for an electricity generation company in the long-run. This will support Singtel's current and future energy needs over a longer duration amidst energy market instability.
- (c) *Hedging flexibility.* Under the PPA, Singtel will have the flexibility to continue with its current hedging process to lock-in the fuel cost of electricity when market conditions are favourable.
- (d) *Access to green energy sources.* Sembcorp Power's proposal supports Singtel's progress towards its Scope 2 emission reduction targets. Singtel will be given opportunities to participate in Sembcorp Power's renewable energy projects, including local RECs and other green alternatives, subject to further commercial negotiations.

**4. Interested Person Transaction.** Temasek has a direct interest in 8,304,071,181 ordinary shares of Singtel and a deemed interest (through interests of subsidiaries and associated companies) in 216,401,914 ordinary shares of Singtel, representing an aggregate of approximately 51.62% of Singtel's issued ordinary shares (excluding shares held in treasury) as at 28 April 2023. Under the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), Temasek is deemed to be a “controlling

shareholder” of Singtel as it has a more than 15% interest in the issued share capital of Singtel.

Sembcorp Power is a wholly-owned subsidiary of Sembcorp Industries. Temasek has a direct interest in 871,200,328 ordinary shares of Sembcorp Industries and a deemed interest (through interests of subsidiaries and associated companies) in 10,244,275 ordinary shares of Sembcorp Industries, representing an aggregate of approximately 49.37% of Sembcorp Industries’ issued ordinary shares (excluding shares held in treasury) as at 28 April 2023. Under the Listing Manual, Sembcorp Power is considered to be an “associate” of Temasek, as Temasek has a more than 30% interest in the issued share capital of Sembcorp Power. Therefore, for the purposes of Chapter 9 of the Listing Manual, Sembcorp Power would be considered an “interested person” vis-à-vis Singtel, which is regarded as an “entity at risk” for these purposes. Accordingly, the entry into the PPA constitutes an “interested person transaction” under Chapter 9 of the Listing Manual.

Save as disclosed in this Announcement, Temasek, as majority shareholder of Singtel, does not have any other interest, direct or indirect, in the PPA.

5. **Shareholders’ Approval.** As at 31 March 2023, the latest audited consolidated net tangible assets (“NTA”) of the Singtel Group was S\$15.05 billion, 5% of which was S\$752.7 million.

As disclosed in paragraph 2(b) above, the annual contract sum under the PPA is estimated to be approximately S\$180 million. The estimated 10-year contract sum thus represents approximately 12% of the latest audited consolidated NTA of the Singtel Group. As the estimated contract sum under the PPA represents more than 5% of the latest audited consolidated NTA of the Singtel Group, approval of the shareholders of Singtel will be required for the purchase of electricity under the PPA, in accordance with Chapter 9 of the Listing Manual.

6. **Total Value of Interested Person Transactions.** For the period from the beginning of the current financial year, 1 April 2023, to 30 April 2023:

- (a) the total value of all transactions with Sembcorp Industries and its associates (as defined in the Listing Manual) (the “**Sembcorp Group**”) (excluding transactions less than S\$100,000) was approximately S\$9.9 million, which represents approximately 0.066% of the latest audited consolidated NTA of the Singtel Group; and
- (b) the total value of all interested person transactions with Temasek and its associates (as defined in the Listing Manual) (excluding (i) transactions less than S\$100,000 and (ii) transactions entered into with the Sembcorp Group) was approximately S\$1.4 million, which represents approximately 0.009% of the latest audited consolidated NTA of the Singtel Group.

Save for the above, there have been no other interested person transactions since the beginning of the current financial year, 1 April 2023, to 30 April 2023.

7. **Independent Financial Adviser.** As required under the Listing Manual, an independent financial adviser (“**IFA**”) will be appointed to provide an opinion on whether the PPA is on

normal commercial terms and is not prejudicial to the interests of Singtel and its minority shareholders. The IFA's opinion will be included in the letter to shareholders (the "**Letter to Shareholders**") to be sent to shareholders of Singtel in connection with the AGM at which shareholders' approval is intended to be sought for the purchase of electricity pursuant to the PPA.

8. **Opinion of Audit Committee.** The Audit Committee (comprising Mr Gautam Banerjee, Mrs Gail Kelly, Mr John Arthur and Ms Tan Tze Gay) will form its view as to whether the PPA is on normal commercial terms and is not prejudicial to the interests of Singtel and its minority shareholders upon receipt of the IFA's opinion referred to in paragraph 7 above. The Audit Committee's view will be set out in the Letter to Shareholders.
9. **Directors' Interests.** Mr Lee Theng Kiat, the Chairman of the Board, serves on the board of Temasek, and has recused himself from participation in discussions and decisions relating to the PPA. Save as disclosed in this Announcement and save for any Singtel shares which they may hold, none of the Directors has any interest, direct or indirect, in the PPA.
10. **Abstention.** Temasek, Sembcorp Industries and Mr Lee Theng Kiat will abstain, and will undertake to ensure that its/his associates (as defined in the Listing Manual) will abstain, from voting on the resolution to be proposed at the AGM to approve the purchase of electricity pursuant to the PPA. Mr Lee Theng Kiat will also decline to accept appointment as proxy for any shareholder of Singtel to vote in respect of the resolution, unless the shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the resolution.
11. **Letter to Shareholders.** The Letter to Shareholders containing further details of the PPA, as well as the notice convening the AGM at which shareholders' approval is intended to be sought for the purchase of electricity pursuant to the PPA, will be sent to shareholders of Singtel in due course.

**Issued by Singapore Telecommunications Limited on 25 May 2023.**