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NEWS RELEASE

HYFLUX LAUNCHES 6.0% P.A.¹ PERPETUAL CAPITAL SECURITIES RETAIL OFFERING

- **Size of offer of up to S\$300 million with option to upsize offer to S\$500 million in the event of oversubscription²**
- **Public Offer of up to S\$230 million; Reserve Offer of up to S\$20 million; Placement of up to S\$50 million**
- **Public Offer and Placement opens 18 May 2016 at 9.00 a.m. and closes 25 May 2016 at 12 noon**
- **Minimum application amount of S\$2,000 in aggregate principal amount of Securities under the Public Offer and minimum application amount of S\$100,000 in aggregate principal amount of Securities under the Placement**

Singapore, 17 May 2016 – Hyflux Ltd (凯发有限公司) (“**Hyflux**”, the “**Issuer**” or the “**Group**”), a global leader in sustainable solutions, focusing on the areas of water and energy, is launching a retail offering (the “**Offer**”) of perpetual capital securities (the “**Securities**”) with an offer size of up to S\$300 million. The Securities will each carry a distribution rate of 6.0% p.a. for the first four years³, payable in arrear semi-annually.

¹ Subject to reset/step-up from and including 27 May 2020 and each successive date falling every four years thereafter.

² Provided always that the aggregate principal amount of the Securities to be issued under the Reserve Offer shall not exceed 10% of the final issue size of the Securities and in any event shall not exceed S\$20 million in aggregate principal amount of Securities.

³ 6.0% p.a. being the rate of distribution applicable for the period from, and including the Issue Date to, but excluding 27 May 2020. In respect of the period from, and including, 27 May 2020 and each successive date falling every four years thereafter (each, including 27 May 2020, a “**Reset Date**”) to, but excluding, the immediately following Reset Date, the applicable rate of distribution is the Reset Distribution Rate (as defined in the terms and conditions of the Securities (the “**Terms and Conditions**”).



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Ms Olivia Lum (林爱莲), Executive Chairman and Group CEO of Hyflux, said, “We are pleased to offer the issue of perpetual capital securities, which are non-dilutive to existing Hyflux ordinary shareholders and will allow us to build a strong war chest for our growth. Being a homegrown company, we are pleased to include retail participation in this round of fundraising, providing the general public an avenue to participate in our growth story. After evaluating various funding options, we are optimistic that the attractive returns and investment merits of the Offer, coupled with our strong value propositions and growth potential, will resonate well with investors.”

Offer Details

The Securities are perpetual capital securities with no fixed redemption date, and Hyflux may, at its option and on giving not less than 30 nor more than 60 days' irrevocable notice to the Securityholders, redeem all (and not some only) of the Securities on 27 May 2020 or any Distribution Payment Date (being on 27 May and 27 November of each year) thereafter.

In addition, Hyflux may also redeem all (and not some only) of the Securities on the occurrence of certain events further described in the Terms and Conditions. For the avoidance of doubt, the Issuer is under no obligation to redeem the Securities at any time.

Distributions are payable semi-annually in arrear on 27 May and 27 November of each year, with distribution first being payable on 27 November 2016. The 6.0% p.a. distribution rate is applicable from, and including, the Issue Date, to, but excluding 27 May 2020.



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Distributions will be payable in the period from, and including 27 May 2020, and each successive Reset Date, at the Reset Distribution Rate, which is the sum of the applicable four-year swap offer rate on the relevant Reset Determination Date (as defined in the Terms and Conditions), the initial spread of 4.2% p.a. and the step-up margin of 2.0% p.a.

The Offer comprises (i) up to S\$230 million in aggregate principal amount of Securities offered to the public in Singapore (the “**Public Offer**”), (ii) up to S\$20 million in aggregate principal amount of Securities offered to directors, management and employees of Hyflux and its subsidiaries (the “**Reserve Offer**”) and (iii) up to S\$50 million in aggregate principal amount of Securities offered to institutional and other investors which are non-U.S. persons, outside the United States in offshore transactions (in each case as defined in Regulation S under the U.S. Securities Act of 1933, as amended, respectively) in reliance on Regulation S (the “**Placement**”).

Applications for the Public Offer Securities and the Placement Securities will open at 9.00 a.m. on 18 May 2016 and close at 12 noon on 25 May 2016. The Securities are expected to be issued on 27 May 2016 and are expected to commence trading on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) at 9.00 a.m. on 30 May 2016⁴.

Applications for the Public Offer Securities may be made via the ATMs of DBS Bank (including POSB) and OCBC Bank, the internet banking websites of DBS Bank and OCBC Bank or the mobile banking interface of DBS Bank. The minimum application amount under the Public Offer is S\$2,000 in aggregate principal amount of Securities and higher investment amounts are in integral multiples of S\$1,000 thereof.

⁴ Save for the date of lodgement of the offer information statement dated 17 May 2016 (the “**OIS**”), the timetable is only indicative and is subject to change. As at the date of the OIS, Hyflux does not expect the timetable to be modified. However, Hyflux may, with the approval of the SGX-ST (if required) and the agreement of the Sole Lead Manager and Bookrunner, extend, shorten or modify the timetable as it may think fit subject to any limitation under any applicable laws.



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Multiple applications for the Public Offer Securities via the ATMs of DBS Bank (including POSB) and OCBC Bank, the internet banking websites of DBS Bank and OCBC and/or the mobile banking interface of DBS will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.

Hyflux, in consultation with the Sole Lead Manager and Bookrunner, has the option to increase the issue size of the Securities under the Public Offer and/or the Placement, subject to a maximum issue size of S\$500 million in aggregate principal amount of Securities in the event of oversubscription, and reallocate and/or determine the final allocation of the aggregate principal amount of Securities offered between the Public Offer, the Reserve Offer and the Placement, provided always that the aggregate principal amount of the Securities to be issued under the Reserve Offer shall not exceed 10.0% of the final issue size of the Securities and in any event shall not exceed S\$20 million in aggregate principal amount of Securities.

Hyflux may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice to the Trustee, the Paying Agent and the Securityholders (in accordance with the Terms and Conditions) not more than 20 nor less than five business days prior to a scheduled Distribution Payment Date, subject to the restrictions set out in the Terms and Conditions. There is no limit as to the number of times distributions and Arrears of Distribution (as defined in the Terms and Conditions) can or shall be deferred in accordance with the Terms and Conditions. Each amount of Arrears of Distribution shall bear interest in accordance with the Terms and Conditions.



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A material part of the proceeds from the Offer are presently intended to be used for the repayment of (i) the S\$100 million in aggregate principal amount of 3.50% outstanding notes due 2016 issued under Hyflux's S\$1.5 billion multicurrency debt issuance programme established on 3 July 2008 and updated on 7 January 2016 and (ii) the S\$175 million in aggregate principal amount of 4.80% outstanding perpetual capital securities, whilst the remaining will be used to pay for costs and expenses incurred in connection with the Offer and the issue of the Securities and for general corporate purposes (including the repayment and/or refinancing of existing borrowings, redemptions of outstanding perpetual capital securities, financing of working capital and/or capital expenditure requirements of Hyflux or the Group).

DBS Bank Ltd. is the sole lead manager and bookrunner (the “**Sole Lead Manager and Bookrunner**”) for the Offer.

About Hyflux

Hyflux is a global leader in sustainable solutions, focusing on the areas of water and energy. It is a one-stop provider of water solutions covering the entire water value chain, with operations and projects in Southeast Asia, China, India, the Middle East, Africa and the Americas. The Singapore-headquartered Hyflux has a market capitalisation of about S\$443 million⁵.

Through its three core business pillars – environment solutions, membrane sales and Operations & Maintenance (“**O&M**”) of water plants – Hyflux offers a comprehensive suite of water-related integrated services from research and development (“**R&D**”), membrane manufacturing, membrane and system sales, process engineering design, turnkey project management, Engineering, Procurement and Construction, O&M of integrated water and power plants, to investment in water and infrastructure projects.

⁵ As at 10 May 2016.



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With its water solutions covering the entire water value chain, the Group has over the last 27 years successfully executed over 40 projects in the PRC, Singapore and Algeria, and currently operates over 30 water, wastewater, water recycling and desalination plants worldwide.

Hyflux's track record in desalination include the Tuaspring Desalination plant – one of the only two Seawater Reverse Osmosis (“**SWRO**”) desalination plants in Singapore and Asia's first integrated water and power project; as well as some of the world's largest SWRO desalination plants including the Tianjin Dagang Desalination Plant in the PRC, and the Souk Tleta and Magtaa Desalination Plants in Algeria.

For its water recycling business, the Group successfully built the first of six NEWater plants in Singapore – the Bedok NEWater Plant as well as other water recycling plants in Singapore, the PRC and India using its proprietary Kristal® UF membranes. In the power segment, Hyflux is building the TuasOne waste-to-energy plant, Singapore's largest and most energy-efficient waste-to-energy plant, with one of the best land utilisation factors and which is slated for completion in 2019.

With regard to its membrane sales business, Hyflux has designed and installed over 1,300 membrane products and systems in over 400 locations across the globe, providing environmentally-friendly solutions to a wide range of applications in water treatment and industrial manufacturing processing.

Hyflux's team of experienced industry veterans provide round the clock O&M services and support to its global clients. In line with the Group's strategy to strengthen its recurring income streams for greater business sustainability, Hyflux has built up an O&M order book of approximately S\$2 billion as at 31 December 2015. It has also secured a contract in March 2016 to construct the Ain Sokhna Integrated Water and Power Project in Egypt valued at US\$500 million. A 25-year O&M contract will also be awarded to Hyflux for the project.



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Hyflux has recently entered the wellness industry with the introduction of a product line based on highly oxygenated water sold under the ELO brand, further expanding its consumer market portfolio. By leveraging on its expertise in water, Hyflux looks forward to bringing continuous innovation to this line of products to improve the well-being of consumers.

With the shift in global trend towards sustainable cities, Hyflux is well-positioned to capitalise on opportunities in the global water industry, leveraging on its strong track record, proven technical capabilities and ability to deliver fully-integrated solutions, as well as cutting-edge technologies developed by its membrane technology R&D centre in Singapore, one of the largest in Asia outside of Japan.

Going forward, Hyflux will continue to invest heavily in innovation and in high value-added membrane manufacturing processes. The Group is also committed to enhancing its suite of technologies in the municipal and industrial water segments to drive resource efficiency and recovery.

The Group has the capability to originate and develop assets and works very closely with its partners and financing institutions to finance these assets through optimised structures that meet both its asset-light business model, as well as the return requirements of its partners. It also continues to seize opportunities in target markets including Asia, the Middle East, Africa and the Americas.



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Additional Information on the Offer

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Securities on the Mainboard of the SGX-ST, subject to certain conditions. The Securities will be admitted to the Official List of the SGX-ST and official quotation will commence after all conditions imposed by the SGX-ST are satisfied, including the Global Certificate (as defined in the OIS) relating thereto having been issued. Approval in-principle granted by the SGX-ST and the listing and quotation of the Securities are not to be taken as an indication of the merits of the Issuer, its subsidiaries, associated companies (if any), joint ventures (if any), the Securities or the Offer.

The OIS in relation to the Offer was lodged with the Authority on 17 May 2016. A printed copy of the OIS (together with the Product Highlights Sheet dated 17 May 2016 (the "PHS")) may be obtained on request, subject to availability, during operating hours from selected branches of DBS Bank (including POSB). Copies of the OIS and the PHS are also available on the Authority's OPERA website at <<https://opera.mas.gov.sg/ExtPortal/>>. Applications under the Public Offer must be made in accordance with the terms and conditions set out in the OIS.

– End –

Important Notice

No communication and no information in respect of this transaction may be distributed to the public in any jurisdiction where a registration or approval is required. No steps have been or will be taken in any jurisdiction (other than Singapore) where such steps would be required. The issue, the subscription for or the purchase of the Securities may be subject to specific legal or regulatory restrictions in certain jurisdictions. The Issuer assumes no responsibility for any violation of any such restrictions by any person.



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*The Securities have not been and will not be registered under the Securities Act or under any securities laws of any state of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)), unless the Securities have been registered under the Securities Act or offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Securities are being offered and sold, outside the United States to non-U.S. persons in offshore transactions (in each case as defined in Regulation S) in reliance on Regulation S.*

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The information contained in this press release is qualified in its entirety by, and should be read in conjunction with, the full text of the OIS and the PHS. Anyone wishing to subscribe for the Securities should read the OIS in full and must make an application in the manner set out in the OIS. In the event of any ambiguity, discrepancy or omission between this press release and the OIS, the contents of the OIS shall apply and prevail.



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