



HYFLUX LTD

Company Registration No.: 200002722Z

(Incorporated in the Republic of Singapore)

ACQUISITION OF 50% INTEREST IN PT OASIS WATERS INTERNATIONAL

1. INTRODUCTION

Hyflux Ltd (“**Hyflux**” and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, Hyflux Consumer Products Pte. Ltd. (“**Hyflux Consumer**”), has today entered into a Joint Venture Agreement (the “**JVA**”) with PT Gunawan Sejahtera (“**Partner**”) for the proposed acquisition by Hyflux Consumer of 50% equity interest of PT Oasis Waters International (“**PT Oasis**”) from the Partner (the “**Acquisition**”).

2. RATIONALE FOR THE PROPOSED ACQUISITION

PT Oasis is a limited liability company incorporated in the Republic of Indonesia. It currently manufactures, sells, markets and distributes bottled drinking water in Indonesia, with revenues of IDR 700 billion (SGD 73 mil), growing at 36% year over year. With the growing middle class population, the Group sees increasing opportunities in the consumer segment. The existing established distribution network and customer base of PT Oasis are synergistic and complementary to the consumer segment of the Group. PT Oasis will contribute not only to the future earnings of the Group but also provide an immediate distribution platform in Indonesia for Hyflux consumer products.



3. CONSIDERATION

The total cash consideration amounting to SGD 50 million (the “**Consideration**”) arrived at on a willing buyer, willing seller basis was conducted at arm’s length, taking into account, *inter alia*, customer and distribution network, as well as profit targets. This Consideration represents 6 times multiple over Earnings before Interest, Tax, Depreciation and Amortisation of PT Oasis for the financial year ended 31 December 2014. The Consideration shall be funded through internal resources of the Group.

4. PRINCIPAL TERMS

The Consideration would be injected in tranches over the next 3 years,

- Tranche 1 of \$30 million for the 50% equity interest of PT Oasis, subject to the fulfilment of certain conditions including but not limited to regulatory approval and registrations as set out in the JVA;
- Tranche 2 of \$5 million if the net profit after tax (“**NPAT**”) of PT Oasis for FY2015 is not negative;
- Tranche 3 of \$10 million if the NPAT of PT Oasis for FY2016 is no less than 90% of IDR 80 billion (equivalent to SGD 8 million); and
- Tranche 4 of \$5 million if the NPAT of PT Oasis for FY2017 is no less than 90% of IDR 150 billion (equivalent to SGD 15 million).

Fulfilment of NPAT above (“**Target NPAT**”) for Tranche 2, 3 and 4 are cumulative. The NPAT for each financial year shall be audited by independent auditors appointed by Hyflux Consumer.

The Target NPAT has taken into consideration financial performance of PT Oasis and the intrinsic potential of the business. Other key assumptions and commercial bases include no



significant changes in PT Oasis' revenue stream, no material changes to the existing political, economic, legal and social conditions in Indonesia; as well as no major loss of customer contracts.

Hyflux Consumer has the right to exercise a put option to sell its entire 50% equity interest at the original value in the event of any change of laws within three years from date of completion which result in material adverse effect on the business, or if PT Oasis fails to satisfy the Tranche 4 condition.

Considering the immediate distribution network to the consumer segment as well as projected performance, the Board is of the view that the provision of such Target NPAT and put option helps in safeguarding the interest of the Company and its shareholders.

5. FINANCIAL EFFECTS

The pro forma financial effects of the Acquisition on the Net Tangible Assets (“NTA”) per share and Earnings Per Share of the Group are as set out below. The financial effects have been prepared based on the last audited consolidated financial statements of the Group for the financial year ended 31 December 2014 (“FY2014”), and are prepared purely for illustrative purposes and therefore do not reflect the actual financial position of the Group after completion of the Acquisition.

	Before the Acquisition	After the Acquisition
NTA per share (cents) ⁽ⁱ⁾	38.69	39.29
Earnings per share (cents) ⁽ⁱⁱ⁾	1.65	1.76

Notes:

- (i) Assuming the Acquisition had been effected on 31 December 2014 (being the end of FY2014). Net Tangible Asset of PT Oasis as at 31 December 2014 amounted to \$9.5 million. A valuation would be commissioned prior to completion.



(ii) Assuming the Acquisition had been effected on 1 January 2014 (being the beginning of FY2014).

6. DISCLOSABLE TRANSACTION

Based on the latest announced unaudited consolidated financial statements of the Group for the period ended 30 September 2015, the relative figures for the Acquisition computed based on Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets	Not applicable
(b)	Net profits ⁽¹⁾ attributable to the 50% share of the PT Oasis compared with the Group's net profits	2
(c)	Aggregate value of the Consideration, compared with Hyflux's market capitalisation ⁽²⁾	10
(d)	Number of equity securities issued by Hyflux as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

Notes:

(1) Net profits mean profit or loss before income tax, minority interests and extraordinary items.

(2) Market capitalisation is calculated based on \$0.63 per share, being volume weighted average price of the shares traded on 16 November 2015, multiplied by 794,834,989 shares (excluding treasury shares) in issue.



As one of the relative figures computed under Rule 1006 for the Acquisition exceeds 5% but not exceeding 20%, the Acquisition constitutes a discloseable transaction for the purposes of Chapter 10 of the Listing Manual but is not subject to the approval of the shareholders of Hyflux.

7. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

None of the Directors or controlling shareholders of Hyflux has any interest, direct or indirect, in the Acquisition, other than through their respective interests (if any) in Hyflux.

8. FURTHER INFORMATION

No person is proposed to be appointed as a director of Hyflux in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between Hyflux and any such person.

9. DOCUMENTS FOR INSPECTION

A copy of the JVA is available for inspection during normal business hours at the registered office of Hyflux located at 80 Bendemeer Road, Hyflux Innovation Centre, Singapore 339949 for three months from the date of this announcement.

BY ORDER OF THE BOARD

LIM POH FONG

COMPANY SECRETARY

SUBMITTED ON 17 NOVEMBER 2015 TO SGX-ST

Event Photograph From the Joint Venture Agreement Signing Ceremony



(From left to right)

Ms Lim Suat Wah, Group Executive Vice President/ Chief Financial Officer of Hyflux Ltd

Ms Olivia Lum, Executive Chairman/Group Chief Executive Officer of Hyflux Ltd

Mr Alfi Gunawan, Director of PT Gunawan Sejahtera and Chief Executive Officer of PT Oasis Waters International

Mr Nathaniel Gunawan, Director of PT Oasis Waters International