HYFLUX LTD
Company Registration No: 200002722Z

ACQUISITION OF ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF HYFLUX FILTECH (SHANGHAI) CO., LTD AND HYFLUX UNITECH (SHANGHAI) CO., LTD FROM HYFLUX FILTECH (SINGAPORE) PTE LTD (IN MEMBERS' VOLUNTARY LIQUIDATION)

---

1. INTRODUCTION

The Board of Directors of Hyflux Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Hyflux SIP Pte Ltd ("**Hyflux SIP**") has entered into Equity Transfer Agreements (the "**Agreements**") with Hyflux Filtech (Singapore) Pte Ltd (in Members' Voluntary Liquidation) ("**Hyflux Filtech**") to acquire the entire issued and paid-up share capital of Hyflux Filtech (Shanghai) Co., Ltd and Hyflux Unitech (Shanghai) Co., Ltd (collectively the "**Target Companies**") (the "**Acquisition**").

Hyflux Filtech, a company incorporated in the Republic of Singapore, was placed in members' voluntary liquidation in August 2013. The majority of assets of Hyflux Filtech are the share capital of the Target Companies.

The Target Companies are Wholly Owned Foreign Enterprises registered in Shanghai, People's Republic of China. The principal activities of the Target Companies relate to engineering, procurement and construction, installation, industrial testing and commissioning of liquid separation and treatment systems.

The liquidator of Hyflux Filtech had sought bids from prospective purchasers in respect of the Acquisition, pursuant to which the Group submitted an offer, which was accepted.

2. PURCHASE CONSIDERATION AND SHARES TRANSFER

The purchase consideration ("**Consideration**") for the Acquisition is S$21,750,000. The Consideration was determined on an arm's length basis and on normal commercial terms, and takes into account the historical financial performance and business potential of the Target Companies.

Deposits had been placed with the liquidator of Hyflux Filtech, which shall be considered to have been disbursed by Hyflux SIP towards its partial payment of the Consideration. Subject to any adjustment which may arise, the remainder of the Consideration shall be paid in cash within 5 business days upon completion of the shares transfer of the Target Companies, which is subject to regulatory approval and registration ("**Completion**").

3. FINANCIAL EFFECTS OF THE ACQUISITION

Based on unaudited management accounts, the net asset values and net tangible assets of the Target Companies as at 30 November 2014 were RMB 115 million and RMB 112 million, respectively (equivalent to approximately S$25 million each). For the purposes of the Acquisition, the Group has appointed an independent qualified accounting firm to conduct due diligence on the Target Companies as at 30 November 2014, as well as valuation and purchase price allocation, which are in progress.

The Company owns 71% of the share capital of Hyflux Filtech. After Completion, the Target Companies would become the Group's wholly-owned subsidiaries. Since August 2013 and as at 31 December 2014, the Group recorded its investment in Hyflux Filtech as "Other Investment", following control over the operations and financials of Hyflux Filtech, including the Target Companies, vesting in the liquidator of Hyflux Filtech. The Group would account for the Target Companies as subsidiaries in its consolidated financial statements for the financial year ending 31 December 2015.

The Acquisition will be funded through internal resources and is not expected to have any material impact on the consolidated net tangible assets or earnings per share of the Group.

4. INTEREST OF DIRECTOR AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the abovementioned transaction, save for their shareholdings in the Company.

5. COMPLIANCE

The relative figures in relation to the Acquisition computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited Listing Manual ("**Listing Manual**") do not exceed 5%.

This announcement is made pursuant to Rule 704(17)(c) of the Listing Manual.

By Order of the Board

Lim Poh Fong
Company Secretary
9 April 2015