



HYFLUX LTD

Company Registration No: 200002722Z

DIVESTMENT OF 50% STAKE IN GALAXY NEWSRING PTE. LTD.

1. TRANSACTION

The Board of Directors of Hyflux Ltd (the “**Company**” or the “**Group**”) wishes to announce that its indirect wholly-owned subsidiary, Hyflux Asset Management Pte. Ltd. (“**HAM**”) has today entered into a Sale and Purchase Agreement (“**SPA**”) for the divestment of its 195,296,428 ordinary shares in the share capital of Galaxy NewSpring Pte. Ltd. (“**Galaxy**”), representing 50% of the total issued and paid-up share capital of Galaxy (the “**Transaction**”) to Yunnan Water (Hong Kong) Company Limited (“**Yunnan**”). The Company is a party to the SPA to guarantee HAM’s performance of the SPA.

The remaining 195,296,428 ordinary shares in the share capital of Galaxy, representing 50% of the total issued and paid-up share capital of Galaxy are currently owned by Yunnan. Galaxy’s business is primarily to invest in, develop, construct, own and operate and maintain water-related infrastructure assets.

Since the end of financial year 2015, the Group has classified its shareholding in Galaxy as assets held for sale. The Transaction is part of the Group’s asset light strategy.

The total cash consideration for the Transaction is USD 136.5 million (equivalent to approximately SGD 190.0 million*) (the “**Consideration**”). The Consideration was determined on an arm’s length basis, taking into account, amongst other factors, the book value and historical financial performances of Galaxy. A deposit of USD 10.0 million has been paid upon signing of the SPA.

Payments of the remainder of the Consideration and completion of the Transaction are subject to the fulfilment of certain conditions precedent and constitutional requirements. The cash consideration of USD 136.5 million will be deployed for future development of new projects of the Group.

The aggregate book value of Galaxy classified under assets held for sale was approximately SGD 189.9 million. The Transaction is not expected to have material financial impact to the Group for the financial year ending 31 December 2016.

DBS Bank Ltd is the financial advisor to this Transaction.

** Based on USD/ SGD exchange rate on 25 Oct 2016 published by the Monetary Authority of Singapore.*



2. 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 transactions (including the Transaction), save for their shareholdings in the Company.

By Order of the Board

Lim Poh Fong
Company Secretary
26 October 2016