



HYFLUX LTD

Company Registration No.: 200002722Z
(Incorporated in the Republic of Singapore)

**OFFER OF UP TO S\$300,000,000
IN AGGREGATE PRINCIPAL AMOUNT OF 6.00 PER CENT. (SUBJECT TO RESET/STEP-UP
FROM AND INCLUDING 27 MAY 2020 AND EACH SUCCESSIVE DATE FALLING EVERY
FOUR YEARS THEREAFTER) PERPETUAL CAPITAL SECURITIES TO (1) THE PUBLIC IN
SINGAPORE, (2) DIRECTORS, MANAGEMENT AND EMPLOYEES OF THE ISSUER AND ITS
SUBSIDIARIES AND (3) INSTITUTIONAL AND OTHER INVESTORS, SUBJECT TO THE
INCREASE OF OFFER SIZE, THE REALLOCATION BETWEEN THE PUBLIC OFFER, THE
RESERVE OFFER AND THE PLACEMENT AND THE RIGHT TO CANCEL THE OFFER (THE
"OFFER")**

Unless otherwise defined, all capitalised terms and references used in this Announcement shall have the meanings ascribed to them in the announcement dated [17] May 2016 and the Offer Information Statement dated 17 May 2016 (the "Offer Information Statement").

1. Introduction

On 17 May 2016, Hyflux Ltd (the "Issuer") announced its Offer of up to S\$300,000,000 in aggregate principal amount of 6.00 per cent. (subject to reset/step-up from and including 27 May 2020 (the "Step-Up Date") and each successive date falling every four years thereafter (each, including the Step-Up Date, a "Reset Date")) perpetual capital securities (the "Securities") comprising:

- (a) an offer of up to S\$230,000,000 in aggregate principal amount of Securities at the issue price of 100 per cent. to the public in Singapore through electronic applications (the "Public Offer");
- (b) an offer of up to S\$20,000,000 in aggregate principal amount of Securities at the issue price of 100 per cent. to the directors, management and employees of the Issuer and its subsidiaries (the "Reserve Offer"); and
- (c) an offer of up to S\$50,000,000 in aggregate principal amount of Securities at the issue price of 100 per cent. 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 ("Regulation S")) in reliance on Regulation S (the "Placement"),

provided that:

- (1) in the event of oversubscription under the Public Offer and/or the Placement, the Issuer may, at its discretion and in consultation with the Sole Lead Manager and Bookrunner (as defined herein), increase the issue size of the Securities under the Public Offer and/or the Placement, subject to a maximum issue size of S\$500,000,000 in aggregate principal amount of Securities;

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- (2) the Issuer may, in the event of oversubscription or otherwise, at its discretion and in consultation with the Sole Lead Manager and Bookrunner, 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 per cent. of the final issue size of the Securities and in any event shall not exceed S\$20,000,000 in aggregate principal amount of Securities; and
- (3) the Issuer reserves the right to cancel the Offer in the event that less than S\$100,000,000 in aggregate principal amount in applications are received under the Offer.

The issue price of the Securities is S\$1 per S\$1 in principal amount of the Securities (being 100 per cent. of the principal amount of the Securities).

The actual aggregate principal amount of Securities to be allocated between the Public Offer, the Reserve Offer and the Placement will be finalised on or prior to the issue date of the Securities (the "**Issue Date**").

The sole lead manager and bookrunner (the "**Sole Lead Manager and Bookrunner**") is DBS Bank Ltd.

2. Lodgment of the Offer Information Statement and Product Highlights Sheet

The Issuer has today lodged with the Monetary Authority of Singapore (the "**MAS**") the Offer Information Statement (together with the product highlights sheet, dated 17 May 2016 and prepared by the Issuer (the "**Product Highlights Sheet**")) in relation to the Offer.

A printed copy of the Offer Information Statement (together with the Product Highlights Sheet) may be obtained on request, subject to availability, during operating hours from selected branches of DBS Bank (including POSB). Copies of each of the Offer Information Statement and the Product Highlights Sheet are also available on MAS' OPERA website at <https://opera.mas.gov.sg/ExtPortal/>.

3. Principal terms of the Securities

The Securities will be issued in registered form in denominations of S\$1,000 each or in integral multiples thereof.

Each Security confers a right to receive distributions on its outstanding principal amount from the Issue Date at the applicable Distribution Rate (as defined below).

Distributions shall be payable semi-annually in arrear on 27 May and 27 November of each year (each, a "**Distribution Payment Date**"), with the first payment of distributions being scheduled to be made on 27 November 2016.

The rate of distribution (the "**Distribution Rate**") applicable to each Security shall be:

- (a) in respect of each Distribution Payment Date in the period from, and including, the Issue Date to, but excluding, 27 May 2020, 6.00 per cent. per annum; and

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- (b) in respect of each Distribution Payment Date in the period from, and including, the Step-Up Date and each Reset Date to, but excluding, the immediately following Reset Date, the Reset Distribution Rate (as defined below).

The Reset Distribution Rate means the Swap Offer Rate (as defined in the Terms and Conditions) with respect to the relevant Reset Date plus the initial spread at 4.20 per cent. per annum plus the step-up margin of 2.00 per cent. per annum.

For illustrative examples of how the Distribution Rate is calculated, please see the section entitled "**HOW THE DISTRIBUTION RATE AND THE RESET DISTRIBUTION RATE ARE CALCULATED**" in the Offer Information Statement.

The Securities are perpetual capital securities and the Issuer 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 in accordance with 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. Prospective investors should also note that, subject to the Terms and Conditions, the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default on the part of the Issuer in respect of the Securities.

As perpetual capital securities, the Securities have no fixed redemption date. The Issuer may, at its option, redeem all (and not some only) of the Securities on 27 May 2020 or any Distribution Payment Date thereafter, or on the occurrence of certain events set out in the section entitled "**TERMS AND CONDITIONS OF THE SECURITIES**" of the Offer Information Statement.

The Securities will be cleared through The Central Depository (Pte) Limited. The Securities will not be rated.

4. Use of Proceeds

It is presently intended that the net proceeds will be used 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 the Issuer or the Group (as defined in the Offer Information Statement).

Pending the deployment of the net proceeds from the Offer, the net proceeds may be deposited with banks and/or financial institutions or used for other purposes on a short-term basis as the directors of the Issuer may deem appropriate in the interests of the Issuer and the Group.

5. Expected Timetable of Key Events

Prospective investors are requested to note the following important dates and times in respect of the Offer:

Lodgement of Offer Information Statement	:	17 May 2016
Opening date and time for applications for the Reserve Offer Securities	:	17 May 2016, at 5:00 p.m.
Opening date and time for applications for the Public Offer Securities	:	18 May 2016, at 9:00 a.m.

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Opening date and time for applications for the Placement Securities	:	18 May 2016, at 9:00 a.m.
Last date and time for applications for the Reserve Offer Securities	:	20 May 2016, at 5:00 p.m.
Last date and time for applications for the Public Offer Securities	:	25 May 2016, at 12 noon
Last date and time for applications for the Placement Securities	:	25 May 2016, at 12 noon
Date of balloting of applications for the Public Offer Securities, if necessary (in the event of an oversubscription of the Securities or otherwise). Commence returning or refunding of application moneys to unsuccessful or partially successful applicants	:	26 May 2016
Expected Issue Date of the Securities	:	27 May 2016
Expected date and time of commencement of trading of the Securities on the Mainboard of the SGX-ST	:	30 May 2016, at 9:00 a.m.

The above timetable is indicative only and is subject to change. The dates and times of the re-opening of the Placement, if applicable, will be announced by the Issuer through SGXNET. Prospective investors applying for the Placement Securities must get in touch with the Sole Lead Manager and Bookrunner directly.

As at the date of the Offer Information Statement, the Issuer does not expect the above timetable to be modified. However, the Issuer 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 above timetable as it may think fit subject to any limitation under any applicable laws. In particular, the Issuer will, if so agreed with the Sole Lead Manager and Bookrunner, have the absolute discretion to close the Public Offer, the Reserve Offer and/or the Placement early. The Issuer will, if so agreed with the Sole Lead Manager and Bookrunner, also have the absolute discretion to re-open the Placement.

The Issuer will publicly announce any changes to the above timetable through an SGXNET announcement to be posted on the SGX-ST's website at <<http://www.sgx.com>>.

6. Application and Payment Procedures

The Public Offer Securities and the Reserve Offer Securities are payable in full upon application while the Placement Securities are payable in full on or about the Issue Date unless otherwise agreed by the Issuer and the Sole Manager and Bookrunner.

Applications for the Public Offer Securities must be made by way of ATM Electronic Applications, Internet Electronic Applications or mBanking Applications. Applications for the Reserve Offer Securities must be made directly through the Issuer who will determine, at its sole discretion, the manner and method for applications under the Reserve Offer. Applications for the Placement

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Securities must be made directly through the Sole Lead Manager and Bookrunner, who will determine, at its discretion, the manner and method for applications under the Placement. More details can be found in "**TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE**" in Appendix F of the Offer Information Statement. The Securities will be issued in denominations of S\$1,000 each or in integral multiples thereof. An application for the Securities is subject to a minimum of (i) S\$2,000 in aggregate principal amount of Public Offer Securities, (ii) S\$2,000 in aggregate principal amount of Reserve Offer Securities, and (iii) S\$100,000 in aggregate principal amount of Placement Securities, or, in each case, higher amounts in integral multiples of S\$1,000 thereof.

The Issuer and the Sole Lead Manager and Bookrunner reserve the right to reject or accept any application in whole or in part, or to scale down or ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on their decision will be entertained. This right applies to all applications for the Securities.

The Securities are not eligible for inclusion under the Central Provident Fund ("**CPF**") Investment Scheme. Accordingly, prospective investors CANNOT use their CPF funds to apply for the initial offer of the Securities under the Offer Information Statement or to purchase the Securities from the market thereafter.

Prospective investors CANNOT use their funds ("**SRS Funds**") under the Supplementary Retirement Scheme ("**SRS**") to apply for the initial offer of the Securities under the Offer Information Statement. Investors with SRS accounts should therefore consult their stockbrokers and the relevant banks in which they hold their SRS accounts if they wish to purchase the Securities from the market after the completion of the Offer and the listing of the Securities on the SGX-ST using SRS Funds.

7. Further Information

If you have questions, please contact DBS Bank (including POSB) at the customer service hotlines set out below, which are available 24 hours a day, seven days a week from the date of the Offer Information Statement until the Closing Date of the Public Offer, currently expected to be 12 noon on 25 May 2016.

<p>DBS Bank Tel: 1800 111 1111</p> <p>POSB Tel: 1800 339 6666</p>

Please note that the applicable rules and regulations in Singapore do not allow DBS Bank (including POSB), via the above hotlines, to give advice on the merits of the Offer, the Securities, the Issuer or any other member of the Group or to provide investment, business, financial, legal or tax advice. If you are in any doubt as to what action you should take, please consult your business, legal, tax, financial or other professional advisers.

More information on the terms, conditions and procedures for application and payment for the Securities, including the different modes of application and payment, are set out in the Offer Information Statement. Anyone wishing to subscribe for the Securities should read the Offer

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Information Statement and the Product Highlights Sheet in full and must make an application in the manner set out in the Offer Information Statement.

By Order of the Board

Lim Poh Fong
Company Secretary
17 May 2016

Important Notice

Investors should note that the Securities are perpetual in nature and, unlike plain vanilla bonds, do not have a fixed redemption date. Investors will only receive all or part of their investment amount if the Securities are (i) redeemed at the option of the Issuer in accordance with the Terms and Conditions, in which case investors should receive the principal amount, together with distribution accrued (if any) or (ii) sold in the open market at the prevailing market price, in which case the investor may incur losses if the proceeds from the sale is less than the original investment. In addition, investors should also note that, as with typical perpetual capital securities, payment of distributions under the Securities may also be deferred for an indefinite period and investors have no recourse to the Issuer if such deferral is made in accordance with the Terms and Conditions.

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.

This Announcement does not constitute or form a part of any offer for sale or solicitation to purchase or subscribe for securities in the United States. The Securities may not be offered, subscribed or sold in 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**")) absent registration under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements thereof. The Securities have not been and will not be registered under the Securities Act and the Issuer does not intend to make a public offer of its securities in the United States. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the Issuer and will contain detailed information about the Issuer and management, as well as financial statements.

The distribution of this Announcement in certain countries may constitute a breach of applicable law. This Announcement is for information purposes only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to subscribe for or acquire, the Securities in any jurisdiction, including in the United States, in which such an offer or solicitation is unlawful. No person should subscribe for or acquire any Securities except on the basis of the information contained in the Offer Information Statement and the Product Highlights Sheet.

This Announcement may not be published, forwarded or distributed, directly or indirectly, in the United States (including its territories and possessions, any State of the United States, and the District of Columbia).

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The information contained in this Announcement is qualified in its entirety by, and should be read in conjunction with, the full text of the Offer Information Statement and the Product Highlights Sheet. Anyone wishing to subscribe for the Securities should read the Offer Information Statement and the Product Highlights Sheet in full and must make an application in the manner set out in the Offer Information Statement.