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NEWS RELEASE

HYFLUX'S PLACEMENT TRANCHE FOR 6.0% P.A. [1] PERPETUAL CAPITAL SECURITIES OFFERING OVERSUBSCRIBED WITHIN FIRST DAY OF LAUNCH

- ***Placement tranche receives $217 million of valid applications, representing subscription rate of over four times of the original offer size of S$50 million in respect of the Securities under the Placement***
- ***Size of Placement tranche increased to S$165 million from S$50 million to meet strong interest; Placement closed within first day of launch***
- ***Public Offer remains open till 12 noon on 25 May 2016***

Singapore, 18 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, announced today that its retail offering (the "**Offer**") of 6.0% p.a.[1] perpetual capital securities (the "**Securities**") to institutional and other investors (the "**Placement**")[2] has received overwhelming response with a subscription rate of over four times of the original offer size of S$50 million in respect of the Securities under the Placement.

As at 6.00 p.m. on the date of the launch of the Offer, the Placement received valid applications of S$217 million. In view of the strong interest received, S$115 million in aggregate principal amount of Securities from the offer of up to S$230 million in aggregate principal amount of Securities to the public in Singapore (the "**Public Offer**") was reallocated to the Placement such that S$115 million and S$165 million in aggregate principal amounts of Securities are being offered under the Public Offer and the Placement, respectively.

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

[2] *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.*

Accordingly, the Placement closed as at 6.00 p.m. within the same day at a size of S$165 million in aggregate principal amount of Securities. In any event, should the Public Offer be oversubscribed as well, Hyflux may, in consultation with DBS Bank Ltd., the sole lead manager and bookrunner for the Offer (the "**Sole Lead Manager and Bookrunner**"), increase the aggregate principal amount of Securities offered under the Public Offer.

Ms Olivia Lum (林爱莲), Executive Chairman and Group CEO of Hyflux, said, "The strong support from investors for the Placement demonstrates confidence in our growth strategies and global leadership position in providing sustainable solutions in the areas of water and energy. We would like to take this opportunity to thank the investors who have participated in the Placement, and are optimistic that retail investors will see the attractive returns and merits of the Offer, backed by our strong value propositions and fundamentals.

"In the last 18 months, our Group has won several projects in the Middle East and Singapore, contributing to its order book which is at a record high of S$3.7 billion. Our pipeline remains strong, with several ongoing projects. With the shift in global trend towards sustainable cities, we are well-positioned to capitalise on opportunities in the global water industry, leveraging on our strong track record, proven technical capabilities and ability to deliver fully-integrated solutions. We remain firmly focused to seize opportunities in target markets including Asia, the Middle East, Africa and the Americas."

While applications for the Securities under the Placement have closed, the Public Offer remains open for applications until 12 noon on 25 May 2016 and the offering of the Securities to directors, management and employees of Hyflux and its subsidiaries (the "**Reserve Offer**") remains open for applications until 5.00 p.m. on 20 May 2016.

Hyflux also has the absolute discretion to re-open the Placement, if so agreed with the Sole Lead Manager and Bookrunner, as stated in the Offer Information Statement dated 17 May 2016 (the "**OIS**').

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.

Should the total subscriptions exceed the total offer size of the Public Offer, applications will be subject to balloting, which is expected to take place on 26 May 2016.

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.

The Securities will each carry a distribution rate of 6.0% p.a. for the first four years[3], payable in arrear semi-annually.

[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**")).*

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.

DBS Bank Ltd. is the Sole Lead Manager and Bookrunner for the Offer.

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 2016[4].

– End –

About Hyflux Ltd

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 million[5].

[4] *Save for the date of lodgement of the OIS dated 17 May 2016, 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.*

[5] *As at 10 May 2016.*

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.

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 includes 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.

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.

For more information, please visit www.hyflux.com.

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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.

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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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