

Notice of Annual General Meeting



NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hyflux Ltd (the “Company”) will be held at Hyflux Innovation Centre, 80 Bendemeer Road, Singapore 339949 on 29 April 2015 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

Resolution 1

To receive and adopt the Directors’ Report and the Audited Accounts for the year ended 31 December 2014 together with the Auditors’ Report thereon.

Resolution 2

To declare a final dividend of 1.6 Singapore cents per ordinary share (one-tier tax exempt) for the year ended 31 December 2014 (previous year: 1.6 Singapore cents per ordinary share).

Resolution 3

To re-elect Mr. Lau Wing Tat who retires in accordance with Article 88 of the Company’s Articles of Association and who, being eligible, offers himself for re-election.

Resolution 4

To re-elect Mr. Gary Kee Eng Kwee who retires in accordance with Article 89 of the Company’s Articles of Association and who, being eligible, offers himself for re-election.

Resolution 5

To re-elect Mr. Simon Tay who retires in accordance with Article 89 of the Company’s Articles of Association and who, being eligible, offers himself for re-election.

Resolution 6

To approve the payment of Directors’ fees of S\$478,301 for the year ended 31 December 2014 (previous year: S\$524,384).

Resolution 7

To re-appoint Messrs KPMG LLP as external auditors and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

Notice of Annual General Meeting (cont'd)

Resolution 8

That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), the Directors be authorised and empowered to:

- (a) (1) issue ordinary shares in the Company whether by way of rights, bonus or otherwise; and/or
- (2) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into ordinary shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) issue ordinary shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force (notwithstanding the authority conferred by this Resolution may have ceased to be in force), provided that:
 - (1) the aggregate number of ordinary shares (including ordinary shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the issued ordinary shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of ordinary shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the issued ordinary shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
 - (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of ordinary shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued ordinary shares and Instruments shall be based on the number of issued ordinary shares in the capital of the Company (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:
 - (i) new ordinary shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (ii) new ordinary shares arising from the exercising of share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
 - (iii) any subsequent bonus issue consolidation or subdivision of ordinary shares.

Notice of Annual General Meeting (cont'd)

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of ordinary shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such ordinary shares in accordance with the terms of the Instruments.

Resolution 9

That:

- (a) authority be and is hereby given to the Directors to:
 - (1) allot and issue preference shares referred to in Articles 8C and 8E of the Articles of Association of the Company in the capital of the Company whether by way of rights, bonus or otherwise; and/or
 - (2) make or grant offers, agreements or options that might or would require preference shares referred to in sub-paragraph (1) above to be issued, not being ordinary shares to which the authority referred to in Resolution 8 above relates,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue preference shares referred to in sub-paragraph (1) above in pursuance of any offers, agreements or options made or granted by the Directors while this Resolution was in force; and

- (b) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

Resolution 10

That the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to make purchases of or otherwise acquire issued and fully-paid ordinary shares in the capital of the Company from time to time (whether by way of market

Notice of Annual General Meeting (cont'd)

purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the issued ordinary shares in the capital of the Company (ascertained as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, Chapter 50 of Singapore (“**Companies Act**”), at any time during the Relevant Period (as defined below), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered, but excluding any shares held by the Company as treasury shares from time to time) at the price of up to but not exceeding the Maximum Price (as defined in Appendix 2 to this Notice of Annual General Meeting (“**Appendix 2**”)) and in accordance with the Guidelines on Share Purchase set out in Appendix 2 (read with Appendix 1 to this Notice of Annual General Meeting) and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the Singapore Exchange Securities Trading Limited as may from time to time be applicable, and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next Annual General Meeting of the Company is held or is required by law to be held (the “**Relevant Period**”), or the date on which the share purchases are carried out to the full extent mandated, whichever is earlier.

To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

By Order of the Board

Lim Poh Fong

Company Secretary

Singapore, 10 April 2015

Notice of Annual General Meeting (cont'd)

Explanatory Notes:

- (1) A member entitled to attend and vote at the Annual General Meeting (the “**Meeting**”) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Hyflux Innovation Centre, 80 Bendemeer Road, Singapore 339949 not less than 48 hours before the time appointed for holding the Meeting.
- (2) In relation to Resolution 3, Mr. Lau Wing Tat, will upon re-election as a Director of the Company, remain as Chairman of the Risk Management Committee and a member of the Audit Committee. Mr. Lau is considered a non-executive and independent director.
- (3) In relation to Resolution 4, Mr. Gary Kee Eng Kwee, will upon re-election as a Director of the Company, remain as a member of the Investment Committee. Mr. Kee is considered an executive director.
- (4) In relation to Resolution 5, Mr. Simon Tay, will upon re-election as a Director of the Company, remain as a member of the Risk Management Committee and Investment Committee. Mr. Tay is considered a non-executive and independent director.
- (5) Ordinary Resolution 8 has been proposed for voting annually at the Company’s Annual General Meeting since 2002. Pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and upon passing of this Ordinary Resolution 8, the Directors will be empowered from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue ordinary shares, make or grant instruments convertible into ordinary shares and to issue ordinary shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued ordinary shares in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to existing shareholders. In determining the aggregate number of ordinary shares that may be issued, the percentage of issued ordinary shares in the capital of the Company will be calculated based on the issued ordinary shares in the capital of the Company at the time this Ordinary Resolution 8 is passed after adjusting for new ordinary shares arising from the conversion or exercise of the instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution 8 is passed and any subsequent bonus issue, consolidation or subdivision of ordinary shares.
- (6) Ordinary Resolution 9 relates to the renewal of the preference share issue mandate, which was originally approved by the shareholders at the Extraordinary General Meeting held on 31 March 2011. Upon passing of this Ordinary Resolution 9, the

Explanatory Notes (cont'd)

Directors will be empowered from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue new preference shares and/or make or grant offers, agreements or options that might or would require such preference shares to be issued, provided that the aggregate number of preference shares does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of passing of this Ordinary Resolution 9 and such issue be on such other terms and condition as the Directors may deem fit.

- (7) Ordinary Resolution 10 relates to the renewal of the share purchase mandate, which was originally approved by the shareholders at the Extraordinary General Meeting held on 25 April 2008 and last renewed at the Annual General Meeting held on 24 April 2014. Ordinary Resolution 10, if passed, will empower the Directors of the Company from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier, to purchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued ordinary shares in the capital of the Company at the Maximum Price as defined in Appendix 2. Please refer to Appendix 1 and Appendix 2 of this Notice of Annual General Meeting for further details.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable law, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative (s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the Personal data of such proxy(ies) and/or representative(s) for the Purposes.

Notice of Book Closure

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Hyflux Ltd (the "Company") will be closed on 12 May 2015 for the preparation of dividend warrants.

Duly completed registrable transfers of ordinary shares received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 11 May 2015 will be registered to determine ordinary shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with the Company's ordinary shares at 5.00 p.m. on 11 May 2015 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 29 April 2015, will be made on 25 May 2015.

Appendix 1

SUMMARY SHEET FOR RENEWAL OF SHARES PURCHASE MANDATE

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix. If you are in doubt as to the action that you should take, you should consult your stockbroker or other professional adviser immediately.

(A) SHARES PURCHASED IN THE PREVIOUS TWELVE MONTHS

Pursuant to the Share Purchase Mandate obtained at the annual general meeting on 24 April 2014, as at 16 March 2015 (the “**Latest Practicable Date**”), Hyflux Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) had purchased by way of market acquisition an aggregate of 20,508,300 ordinary shares in the capital of the Company (the “**Shares**”), which are held in treasury (such Shares held in treasury, “**Treasury Shares**”). The total consideration paid for the purchases was S\$19,749,337 (inclusive of brokerage and clearing fee of S\$40,069). The highest price paid for the purchases was S\$1.01 per Share, and the lowest price paid for the purchases was S\$0.84 per Share.

(B) RENEWAL OF THE SHARES PURCHASE MANDATE

The Ordinary Resolution No. 10, if passed at the Annual General Meeting, will renew the Shares Purchase Mandate approved by the shareholders of the Company from the date of the Annual General Meeting until the date that the next annual general meeting of the Company is held or is required by law to be held, or the time when the Shares Purchase Mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting, whichever is the earlier, unless prior thereto, Shares purchases are carried out to the full extent mandated.

(C) RATIONALE FOR THE SHARES PURCHASE MANDATE

Short-term speculation may at times cause the market price of the Company’s Shares to be depressed below the true value of the Company and the Group. The proposed Shares Purchase Mandate will provide the Directors with the means to restore investors’ confidence and to protect existing shareholders’ investments in the Company in a depressed share-price situation through judicious Shares purchases to enhance the earnings per Share and/or the net asset value per Share. The Shares purchases will enhance the net asset value per Share if the Shares purchases are made at a price below the net asset value per Share.

The proposed Shares Purchase Mandate will also provide the Company with an expedient and cost-effective mechanism to facilitate the return of surplus cash reserves to the shareholders.

The Directors will only make a Shares purchase as and when the circumstances permit and only if the Directors are of the view that such purchases are in the best

Appendix 1 (cont'd)

interests of the Company and the shareholders. The Directors will decide whether to purchase Shares only after taking into account, among other things, the market conditions at such time and the Company's financial condition. Shares purchases will only be made if the Directors believe that such purchases are likely to benefit the Company and increase economic value for shareholders. For the avoidance of doubt, share purchases will not be made if the Directors believe that such purchases will adversely affect the financial condition of the Company.

The Directors will ensure that the Shares purchases will not have any effect on the listing of the Company's securities, including the Shares listed on the SGX-ST. Rule 723 of the Listing Manual of the SGX-ST requires at least ten per cent (10%) of any class of a company's listed securities to be held by the public at all times. The Directors shall safeguard the interests of public shareholders before undertaking any Shares purchases. Before exercising the Shares Purchase Mandate, the Directors shall at all times take due cognisance of (a) the then shareholding spread of the Company in respect of the number of Shares held by substantial shareholders and by non-substantial shareholders and (b) the volume of trading on the SGX-ST in respect of the Shares immediately before the exercise of any Shares purchase.

As at the Latest Practicable Date, 403,062,232 Shares (49.95%) of a total of 806,876,689 Shares issued by the Company are held by 17,253 public shareholders. The Company is of the view that there is a sufficient number of Shares in issue held by public shareholders which would permit the Company to undertake Shares purchases of up to ten per cent (10%) of its issued ordinary share capital without affecting the listing status of the Shares on the SGX-ST. The Company will ensure that the Shares purchases will not cause market illiquidity or affect orderly trade.

(D) FINANCIAL IMPACT OF THE PROPOSED SHARES PURCHASES

1. The purchased Shares shall be cancelled immediately on purchase or acquisition unless held in treasury in accordance with Section 76H of the Companies Act (Cap. 50) (the "**Act**"). Section 76H of the Act allows purchased Shares to be:
 - (i) held by the Company; or
 - (ii) dealt with, at any time, in accordance with Section 76K of the Act, as Treasury Shares.

Section 76K of the Act allows the Company to, *inter alia*:

- (i) sell the Shares (or any of them) for cash;
- (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme;

Appendix 1 (cont'd)

- (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or
- (iv) cancel the Shares (or any of them).

The aggregate number of Shares held as Treasury Shares shall not at any time exceed ten per cent (10%) of the total number of Shares at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months.

Any Shares purchase will:

- (i) reduce the amount of the Company's share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company;

by the total amount of the purchase price paid by the Company for the Shares cancelled.

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the Treasury Shares will be treated as having no voting rights.

2. The financial effects on the Company and the Group arising from the proposed purchases of the Company's Shares which may be made pursuant to the proposed Shares Purchase Mandate will depend on, inter alia, the aggregate number of Shares purchased and the consideration paid at the relevant time.
3. Based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date, the proposed purchases by the Company of up to a maximum of ten per cent (10%) of its issued share capital (excluding Treasury Shares) under the Shares Purchase Mandate will result in the purchase of 80,687,669 Shares.
4. An illustration of the impact of Shares purchases by the Company pursuant to the Shares Purchase Mandate on the Group's and the Company's financial position is set out below based on the following assumptions:
 - (a) audited accounts of the Group and the Company as at 31 December 2014;

Appendix 1 (cont'd)

- (b) in full exercise of the Shares Purchase Mandate, 80,687,669 Shares were purchased;
- (c) the maximum price for the market purchases is S\$0.9030 per Share, which is five per cent (5%) above the Average Closing Price (as defined below) of the Shares over the last five market days preceding the Latest Practicable Date on which the transactions in Shares were recorded on the SGX-ST; and
- (d) the maximum amount of funds required for the Shares purchases in the aggregate is S\$72,860,965.

Market Purchases and Off-Market Purchases and held as Treasury Shares or cancelled

	Group before Shares purchase (S\$'000)	Group after Shares purchase (S\$'000)	Company before Shares purchase (S\$'000)	Company after Shares purchase (S\$'000)
As at 31 December 2014				
Shareholders' funds	1,337,181	1,264,320	1,175,467	1,102,606
Net assets value	1,341,988	1,269,127	1,175,467	1,102,606
Current assets	838,814	765,953	972,595	899,734
Current liabilities	390,628	390,628	166,320	166,320
Cash and cash equivalents / (overdraft)	444,428	371,567	203,243	130,382
Number of shares ('000)	816,985	736,297	816,985	736,297
Financial Ratios				
Net assets value per share (cents)	57.16	53.53	36.78	30.91
Earnings per share (cents)	1.66	1.84	5.85	6.49
Gearing (times)	0.51	0.60	0.43	0.53
Current Ratio	2.15	1.96	5.85	5.41

Appendix 1 (cont'd)

5. Shareholders should note that the financial effects set out above are based on the audited financial accounts of the Group and the Company for the financial year ended 31 December 2014 and are for illustration only. The results of the Group and the Company for the financial year ended 31 December 2014 may not be representative of future performance.
6. The Company intends to use its internal sources of funds to finance its purchases of the Shares. The Company does not intend to obtain or incur any borrowings to finance its purchases of the Shares. The Directors do not propose to exercise the Shares Purchase Mandate in a manner and to such extent that the working capital requirements of the Group would be materially affected.
7. The Company will take into account both financial and non-financial factors, among other things, the market conditions at such time, the Company's financial condition, the performance of the Shares and whether such Shares purchases would represent the most efficient and cost-effective approach to enhance the Share value. Shares purchases will only be made if the Board believes that such purchases are likely to benefit the Company and increase economic value for shareholders.

(E) CONSEQUENCES OF SHARES PURCHASES UNDER THE SINGAPORE CODE ON TAKE-OVERS AND MERGERS

1. In accordance with The Singapore Code on Take-overs and Mergers (the "**Take-over Code**"), a person will be required to make a general offer for a public company if:
 - (a) he acquires 30 per cent (30%) or more of the voting rights of the company; or
 - (b) he already holds between 30 per cent (30%) and 50 per cent (50%) of the voting rights of the company, and he increases his voting rights in the company by more than one per cent (1%) in any six-month period.

Appendix 1 (cont'd)

2. As at the Latest Practicable Date and before the proposed Shares Purchase Mandate, the substantial shareholders' and Directors' interests are as follows:

Ordinary Shareholdings

Substantial Shareholders	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Olivia Lum Ooi Lin	267,351,211	33.13	-	-	267,351,211	33.13
Matthews International Capital Management, LLC	-	-	67,535,030 ⁽¹⁾	8.37	67,535,030	8.37
Mondrian Investment Partners Limited	-	-	66,277,748 ⁽²⁾	8.21	66,277,748	8.21
Matthews International Funds	-	-	65,284,280 ⁽³⁾	8.09	65,284,280	8.09

NOTES:

- (1) Shares held for the benefit of accounts managed by Matthews International Capital Management, LLC.
- (2) Mondrian Investment Partners Limited ("**Mondrian**") is a London-based discretionary investment manager. In respect of assets managed under investment management agreement between Mondrian and its clients, various clients (in this regard) are the beneficial owners of holdings which are held in custody by the client's own appointed custodian.
- (3) The amount reported includes shares reported by Matthews International Capital Management, LLC which act as Investment Advisor to the Matthews International Funds and its other clients.

Appendix 1 (cont'd)

Directors	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Olivia Lum Ooi Lin	267,351,211	33.13	-	-	267,351,211	33.13
Teo Kiang Kok	-	-	375,000 ⁽¹⁾	0.05	375,000	0.05
Lee Joo Hai	-	-	-	-	-	-
Gay Chee Cheong	1,000,000	0.12	-	-	1,000,000	0.12
Christopher Murugasu	1,095,468	0.14	180,000 ⁽²⁾	0.02	1,275,468	0.16
Simon Tay	-	-	-	-	-	-
Lau Wing Tat	-	-	-	-	-	-
Gary Kee Eng Kwee	-	-	-	-	-	-

NOTES:

- (1) Held through Citibank Nominees Singapore Pte Ltd.
- (2) Mr Christopher Murugasu is deemed interested in the Shares held by his spouse, Ms Bernadette Oei Lian Hua.

Class A Preference Shareholdings¹

Directors	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Olivia Lum Ooi Lin	8,020	0.2	-	-	8,020	0.2
Teo Kiang Kok	3,000	0.075	-	-	3,000	0.075
Lee Joo Hai	-	-	-	-	-	-
Gay Chee Cheong	12,000	0.3	-	-	12,000	0.3
Christopher Murugasu	2,880 ⁽¹⁾	0.072	-	-	2,880	0.072
Simon Tay	-	-	-	-	-	-
Lau Wing Tat	-	-	-	-	-	-
Gary Kee Eng Kwee	-	-	-	-	-	-

NOTES:

- (1) Includes 1,880 Class A Preference Shares which Mr Christopher Murugasu is holding in his capacity as executor and trustee for the estate of Ms Tang Hoong Yang nee Hong Sau Ching, deceased.

1 Pursuant to a preference share issue mandate obtained at an extraordinary general meeting of the Company held on 31 March 2011, the Company had also issued 4,000,000 6% cumulative non-convertible non-voting perpetual Class A Preference Shares of up to S\$400,000,000 in aggregate liquidation preference.

Appendix 1 (cont'd)

In the event the Company undertakes Shares purchases of up to ten per cent (10%) of the issued share capital of the Company as permitted by the Shares Purchase Mandate, the shareholdings and voting rights of Ms Olivia Lum Ooi Lin may be increased from 33.13% to 36.81%. Ms Olivia Lum Ooi Lin's shareholdings and voting rights may thus be increased by more than one per cent (1%) within a six-month period. Accordingly, Ms Olivia Lum Ooi Lin may be required to make a general offer to the other shareholders under Rule 14.1(b) of the Take-over Code.

3. Pursuant to paragraph 3(a) of Appendix 2 to the Take-over Code, Ms Olivia Lum Ooi Lin and parties acting in concert with her will be exempted from the requirement to make a general offer under Rule 14.1(b) of the Take-over Code after any Shares purchase, subject to the following conditions:
 - (a) this Appendix contains advice to the effect that by voting for the resolution to approve the Shares Purchase Mandate, shareholders are waiving their right to a general offer at the required price from Ms Olivia Lum Ooi Lin and parties acting in concert with her, if any; and the names of Ms Olivia Lum Ooi Lin and her concert parties, if any, and the voting rights of such persons at the time of the resolution and after the proposed Shares Purchases are disclosed in this Appendix;
 - (b) the resolution to approve the Shares Purchase Mandate is approved by a majority of those shareholders present and voting at the meeting on a poll who could not become obliged to make an offer for the Company as a result of the Shares Purchase;
 - (c) Ms Olivia Lum Ooi Lin and her concert parties, if any, do not vote for and/or recommend shareholders to vote in favour of the resolution to approve the Shares Purchase Mandate;
 - (d) within 7 days after the passing of the resolution to approve the Shares Purchase Mandate, Ms Olivia Lum Ooi Lin to submit to the Council a duly signed form as prescribed by the Council; and
 - (e) Ms Olivia Lum Ooi Lin and her concert parties, if any, have not acquired and will not acquire any Shares between the date on which they know that the announcement of the approval of the Shares Purchase Mandate is imminent and the earlier of:
 - (i) the date on which the Shares Purchase Mandate expires; and
 - (ii) the date the Company announces that it has bought back such number of Shares as authorised under the Shares Purchase Mandate or the date the Company decides to cease buying back its Shares, as the case may be

Appendix 1 (cont'd)

if such acquisitions, taken together with shares bought by the Company under the Shares Purchase Mandate, would cause their aggregate voting rights in the Company to increase by more than 1% in the any six-month period.

The Directors hereby confirm that the substantial shareholders are not acting in concert with any other person to assist any shareholder (or his concert party or parties) to obtain or consolidate control of the Company and that the proposed Shares Purchases are not for any such purpose.

It should be noted that approving the Shares Purchase Mandate will constitute a waiver by the shareholders in respect of their rights to receive a general offer by the substantial shareholders and parties acting in concert with the substantial shareholders at the required price, which shall be determined in accordance with the relevant provisions of the Take-over Code.

For the purpose of the Shares Purchase Mandate, parties acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in the Company, to obtain or consolidate effective control of the Company.

(F) MISCELLANEOUS

1. Any Shares purchases undertaken by the Company shall be at a price of up to but not exceeding the Maximum Price. The Maximum Price is a sum which shall not exceed the sum constituting five per cent (5%) above the average closing price of the Shares over the period of five (5) trading days in which transactions in the Shares on the SGX-ST were recorded, in the case of a Market Purchase, before the day on which such purchase is made, and, in the case of an Off-Market Purchase, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5) day period (the “**Average Closing Price**”).
2. In making Share purchases, the Company will comply with the requirements of the SGX-ST Listing Manual, in particular, Rule 886 with respect to notification to the SGX-ST of any Shares purchases. Rule 886 is reproduced below:

“(1) An issuer must notify the Exchange of any share buy-back as follows:

- (a) In the case of a market acquisition, by 9.00 am on the market day following the day on which it purchased shares,
- (b) In the case of an off market acquisition under an equal access scheme, by 9.00 am on the second market day after the close of acceptances of the offer.

Appendix 1 (cont'd)

- (2) Notification must be in the form of Appendix 8.3.1 (or 8.3.2 for an issuer with a dual listing on another stock exchange).”
3. Shares purchases will be made in accordance with the “Guidelines on Shares Purchases” as set out in Appendix 1 of the Company’s Circular to shareholders dated 4 April 2008, a copy of which is annexed hereto as Appendix 2. All information required under the Act relating to the Shares Purchase Mandate is contained in the said Guidelines. With reference to:
- (a) Paragraph 1(b) of Appendix 2, the Shares Purchase Mandate will expire on the earliest of any of the circumstances set out in sub-paragraphs (i) to (iii) unless prior thereto, Shares purchases are carried out to the full extent mandated;
 - (b) Paragraph 6(a) of Appendix 2, the offer document to be issued to all Shareholders in the case of an Off-Market Purchase shall also contain information on whether the Shares purchased by the Company will be cancelled or kept as treasury shares; and
 - (c) Paragraph 10(b) of Appendix 2, for the avoidance of doubt, as the Company is required to announce quarterly financial statements, the Company may not effect any repurchases of Shares on the SGX-ST during the period commencing two weeks before the announcement of the Company’s financial statements for each of the first three quarters of its financial year, or one month before the full financial year, as the case may be, and ending on the date of announcement of the relevant results.
4. The SGX-ST Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times. However, as a listed company would be considered an “insider” in relation to any proposed purchase or acquisition of its shares, the Company will undertake not to purchase or acquire Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period commencing two weeks before the announcement of the Company’s financial statements for each of the first three quarters of its financial year, or one month before the full financial year, as the case may be, and ending on the date of announcement of the relevant results.

Appendix 1 (cont'd)

(G) DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Shares Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

(H) SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

Ms Olivia Lum Ooi Lin and her concert parties will abstain from voting at the Annual General Meeting in respect of Ordinary Resolution 10 relating to the Shares Purchase Mandate, and will not act as proxies in respect of Ordinary Resolution 10 unless voting instructions have been given by the appointing Shareholder(s).

(I) DIRECTORS' RECOMMENDATION

The Directors of the Company, other than Ms Olivia Lum Ooi Lin who has abstained from making any recommendation, are of the opinion that the renewal of the proposed Shares Purchase Mandate is in the best interests of the Company. Accordingly, the Directors of the Company recommend that shareholders vote in favour of Ordinary Resolution 10.

(J) TAXATION

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional tax advisers.

(K) DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at Hyflux Innovation Centre, 80 Bendemeer Road, Hyflux Innovation Centre, Singapore 339949 during normal business hours up to and including the date of the Annual General Meeting:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the audited financial statements of the Company for the financial year ended 31 December 2014.

Appendix 2

GUIDELINES ON SHARES PURCHASES

1. SHAREHOLDERS' APPROVAL

- (a) Purchases of Shares by the Company must be approved in advance by the Shareholders at a general meeting of the Company, by way of a general mandate.
- (b) A general mandate authorising the purchase of Shares by the Company representing up to ten per cent (10%) of the issued ordinary shares in the capital of the Company (excluding any Shares held as Treasury Shares) will expire on the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting.
- (c) The authority conferred on the Directors by the Shares Purchase Mandate to purchase Shares shall be renewed at the next annual general meeting of the Company.
- (d) When seeking Shareholders' approval for the renewal of the Shares Purchase Mandate, the Company shall disclose details pertaining to the purchases of Shares made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest price for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2. MODE OF PURCHASE

Shares Purchases can be effected by the Company in either one of the following two ways or both:

- (a) by way of market purchases of Shares on the Official List of SGX-ST, which means a purchase transacted through the ready market; or
- (b) by way of off-market acquisitions on an equal access scheme in accordance with Section 76C of the Act.

Appendix 2 (cont'd)

3. FUNDING OF SHARES PURCHASES

- (a) In purchasing the Shares, the Company may only apply funds legally permitted for such purchase in accordance with its Articles of Association, and the relevant laws and regulations enacted or prescribed by the relevant competent authorities in Singapore.
- (b) Any purchase by the Company may be made out of capital or profits that are available for distribution as dividends, so long as the Company is solvent (as defined by Section 76F(4) of the Act) .
- (c) The Company may not purchase its Shares on the Official List of SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of SGX-ST.

4. TRADING RESTRICTIONS

The number of Shares which can be purchased pursuant to the Shares Purchase Mandate is such number of Shares which represents up to a maximum of ten per cent (10%) of the issued ordinary shares in the capital of the Company (excluding Treasury Shares) as at date of the last annual general meeting of the Company.

5. PRICE RESTRICTIONS

Any Shares Purchase undertaken by the Company shall be at the price of up to but not exceeding the Maximum Price.

“**Maximum Price**” means the maximum price at which the Shares can be purchased pursuant to the Shares Purchase Mandate, which shall not exceed the sum constituting five per cent (5%) above the average closing price of the Shares over the period of five (5) trading days in which transactions in the Shares on SGX-ST were recorded, in the case of a Market Purchase, before the day on which such purchase is made, and, in the case of an Off-Market Purchase, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5) day period.

6. OFF-MARKET PURCHASES

- (a) For purchases of Shares made by way of an Off-Market Purchase, the Company shall issue an offer document to all Shareholders. The offer document shall contain, inter alia, the following information:

Appendix 2 (cont'd)

- (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the proposed Shares Purchase;
 - (iv) the consequences, if any, of Shares purchased by the Company that will arise under the Take-overs and Mergers or any other applicable take-over rules;
 - (v) whether the purchase of Shares, if made, would have any effect on the listing of the Company's securities on the Official List of SGX-ST; and
 - (vi) details of any purchase of Shares made by the Company in the previous 12 months whether through Market Purchases or Off-Market Purchases, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.
- (b) All Offeree Shareholders shall be given a reasonable opportunity to accept any offer made by the Company to purchase their Shares under the Shares Purchase Mandate.
- (c) The Company may offer to purchase Shares from time to time under the Shares Purchase Mandate subject to the requirement that the terms of any offer to purchase Shares by the Company shall be *pari passu* in respect of all Offeree Shareholders save under the following circumstances:
- (i) where there are differences in consideration attributable to the fact that an offer relates to Shares with different dividend entitlements;
 - (ii) where there are differences in consideration attributable to the fact that an offer relates to Shares with different amounts remaining unpaid; and
 - (iii) where there are differences in an offer introduced solely to ensure that every Shareholder is left with a whole number of Shares in board lots of 1,000 Shares after the Shares Purchases, in the event there are Offeree Shareholders holding odd numbers of Shares.

Appendix 2 (cont'd)

7. STATUS OF PURCHASED SHARES

The purchased Shares shall be cancelled immediately on purchase or acquisition unless held in treasury in accordance with Section 76H of the Act. Section 76H of the Act allows purchased Shares to be:

- (i) held by the Company; or
- (ii) dealt with, at any time, in accordance with Section 76K of the Act, as Treasury Shares.

Section 76K of the Act allows the Company to:

- (i) sell the Shares (or any of them) for cash;
- (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or
- (iv) cancel the Shares (or any of them).

The aggregate number of Shares held as Treasury Shares shall not at any time exceed ten per cent (10%) of the total number of Shares at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months.

Any Shares Purchase will:

- (i) reduce the amount of the issued shares in the capital of the Company where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company;

Appendix 2 (cont'd)

by the total amount of the purchase price paid by the Company for the Shares cancelled.

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the Treasury Shares will be treated as having no voting rights.

8. NOTIFICATION TO ACCOUNTING AND CORPORATE REGULATORY AUTHORITY (“ACRA”)

- (a) Within thirty (30) days of the passing of a Shareholders’ resolution to approve any purchase of Shares, the Company shall lodge a copy of such resolution with ACRA.
- (b) The Company shall notify ACRA within thirty (30) days of a purchase of Shares. Such notification shall include details of the date of the purchase, the total number and nominal value of Shares purchased by the Company, the issued shares in the capital of the Company as at the date of the Shareholders’ resolution approving the purchase, the Company’s issued shares in the capital after the purchase and the amount of consideration paid by the Company for the purchase.

9. NOTIFICATION TO THE SGX-ST

- (a) For purchases of Shares made by way of an Off-Market Purchase, the Company shall notify the SGX-ST in respect of any acquisition or purchase of Shares in the relevant form prescribed by the SGX-ST from time to time, not later than 9.00 a.m. on the second trading day after the close of acceptances of an offer, or within such time period that may be prescribed by the SGX-ST from time to time.
- (b) For purchases of Shares made by way of a Market Purchase, the Company shall notify the SGX-ST in respect of any acquisition or purchase of Shares in the relevant form prescribed by the SGX-ST from time to time, not later than 9.00 a.m. on the trading day following the date of market acquisition by the Company, or within such time period that may be prescribed by the SGX-ST from time to time.

10. SUSPENSION OF PURCHASE

- (a) The Company may not undertake any Shares Purchase prior to the announcement of any price-sensitive information by the Company, until such time as the price sensitive information has been publicly announced or disseminated in accordance with the requirements of the Listing Manual.

Appendix 2 (cont'd)

- (b) The Company may not effect any repurchases of Shares on the SGX-ST during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before half year or financial year, as the case may be, and ending on the date of announcement of the relevant results.