



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 27 April 2018 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 2017 together with the Auditors' Report thereon.

Resolution 2

To re-elect Mr Lee Joo Hai who retires in accordance with Regulation 99 of the Company's Constitution and who, being eligible, offers himself for re-election.

Resolution 3

To re-elect Mr Gay Chee Cheong who retires in accordance with Regulation 99 of the Company's Constitution and who, being eligible, offers himself for re-election.

Resolution 4

To re-elect Mr Simon Tay who retires in accordance with Regulation 99 of the Company's Constitution and who, being eligible, offers himself for re-election.

Resolution 5

To approve the payment of Directors' fees of S\$580,000 for the year ended 31 December 2017 (previous year: S\$580,000).

Resolution 6

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

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AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without any modifications, of which Resolutions 7, 8 and 9 will be proposed as Ordinary Resolutions.

Resolution 7

That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "**Companies Act**") 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.

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- (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 Constitution 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 8

That:

- (a) authority be and is hereby given to the Directors to:
 - (1) allot and issue preference shares referred to in Regulations 12C and 12E of the Constitution 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 7 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.

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Resolution 9

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 purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the issued ordinary shares (excluding treasury shares and subsidiary holdings) 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, 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 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, 12 April 2018

EXPLANATORY NOTES:

- (1) Save in respect of relevant intermediaries (as defined under the Companies Act, Chapter 50 of Singapore) who are entitled to appoint more than two (2) proxies, 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 72 hours before the time appointed for holding the Meeting.
- (2) In relation to Resolution 2, Mr. Lee Joo Hai, will upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Risk Management Committee. Mr. Lee is considered a non-executive and independent director.

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- (3) In relation to Resolution 3, Mr. Gay Chee Cheong, will upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee, a member of the Audit Committee, Nominating Committee and Investment Committee. Mr. Gay is considered a non-executive and independent director.
- (4) In relation to Resolution 4, 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 7 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 7, 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 7 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 7 is passed and any subsequent bonus issue, consolidation or subdivision of ordinary shares.
- (6) Ordinary Resolution 8 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 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 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 8 and such issue be on such other terms and condition as the Directors may deem fit.
- (7) Ordinary Resolution 9 relates to the renewal of the shares 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 28 April 2017. Ordinary Resolution 9, 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 (excluding treasury shares and subsidiary holdings) 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.

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 shares purchase mandate obtained at the annual general meeting on 28 April 2017 (the “**Shares Purchase Mandate**”), Hyflux Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) had not purchased any shares in the capital of the Company (the “**Shares**”) by way of market acquisition or off-market acquisitions in the 12 months preceding 14 March 2018 (the “**Latest Practicable Date**”).

(B) RENEWAL OF THE SHARES PURCHASE MANDATE

The Ordinary Resolution No. 9, if passed at the annual general meeting of the Company to be held on 27 April 2018 (the “**AGM**”), will renew the Shares Purchase Mandate approved by the shareholders of the Company from the date of the AGM 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 (the “**Relevant Period**”).

The total number of Shares that may be purchased or acquired by the Company shall not exceed ten per cent (10%) of the total number of issued Shares of the Company as at the date of the forthcoming AGM at which the renewal of the Shares Purchase Mandate is approved, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, Cap. 50 of Singapore (the “**Act**”), at any time during the Relevant Period, 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. For the purposes of calculating the percentage of the issued Shares above, any of the Shares which are held as Treasury Shares (as defined in Section 4 of the Act) and Subsidiary Holdings (as defined in the Listing Manual of the SGX-ST (“**Listing Manual**”)) will be disregarded. As at the Latest Practicable Date, the Company is holding 79,246,000 Treasury Shares and does not have Subsidiary Holdings.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date of 14 March 2018, comprising 785,284,989 Shares (excluding Treasury Shares and Subsidiary Holdings), and assuming no Shares are issued on or prior to the AGM, not more than 78,528,498 (representing ten per cent (10%) of the issued and paid-up share capital of the Company, excluding Treasury Shares and Subsidiary Holdings, as at that date) may be purchased or acquired by the Company pursuant to the proposed Shares Purchase Mandate.

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(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 of the Company from time to time (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 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 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, 513,283,310 Shares (65.36%) of a total of 785,284,989 Shares (excluding Treasury Shares and Subsidiary Holdings) issued by the Company are held by 16,931 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.

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(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 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 Treasury Shares (or any of them) for cash;
- (ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;
- (iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares (or any of them); or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister for Finance may by order prescribe.

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 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.

In accordance with Section 76J of the Act, the Company cannot exercise any right in respect of Treasury Shares and any purported exercise of such a right is void. 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.

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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 and Subsidiary Holdings) under the Shares Purchase Mandate will result in the purchase of 78,528,498 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 2017;
 - (b) in full exercise of the Shares Purchase Mandate, 78,528,498 Shares were purchased;
 - (c) the maximum price for the market purchases is S\$0.2783 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\$21,850,555.

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 2017				
Shareholders' funds	982,015	960,164	1,223,794	1,201,943
Net assets value	1,007,562	985,711	1,223,794	1,201,943
Current assets	2,142,363	2,120,512	888,466	866,615
Current liabilities	1,432,069	1,432,069	372,262	372,262
Cash and cash equivalents	314,168	292,317	97,269	75,418
Number of shares ('000)	785,285	706,756	785,285	706,756
Financial Ratios				
Net assets value per share (cents)	14.13	12.61	41.67	43.20
(Loss)/Earnings per share (cents)	(21.79)	(24.22)	7.97	8.86
Gearing (times)	1.20	1.25	0.57	0.60
Current Ratio	1.50	1.48	2.39	2.33

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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 2017 and are for illustration only. The results of the Group and the Company for the financial year ended 31 December 2017 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 Directors 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 he and persons acting in concert with him:
 - (a) acquire 30 per cent (30%) or more of the voting rights of the company; or
 - (b) already hold between 30 per cent (30%) and 50 per cent (50%) of the voting rights of the company, and they increase their voting rights in the company by more than one per cent (1%) in any six-month period.
2. 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.
3. Under Appendix 2 of the Take-over Code, a shareholder not acting in concert with the Directors will not be required to make a general offer under Rule 14, if as a result of the Company purchasing or acquiring the Shares, the voting rights of such shareholder would increase by 30 per cent (30%) or more or, if such shareholder holds between 30 per cent (30%) and 50 per cent (50%) of the Company's voting rights, the voting rights of such shareholder would increase by more than one per cent (1%) within a six-month period. Such shareholder need not abstain from voting in respect of the resolution authorising the Shares Purchase Mandate.
4. As at the Latest Practicable Date and before the proposed Shares Purchase Mandate, the substantial shareholders' and Directors' interests are as follows:

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Ordinary Shareholdings

Substantial Shareholder	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Olivia Lum Ooi Lin	267,351,211	34.05	–	–	267,351,211	34.05

Directors	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Olivia Lum Ooi Lin	267,351,211	34.05	–	–	267,351,211	34.05
Teo Kiang Kok	–	–	375,000 ⁽¹⁾	0.05	375,000	0.05
Lee Joo Hai	–	–	–	–	–	–
Gay Chee Cheong	3,000,000	0.38	–	–	3,000,000	0.38
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	0.200	–	–	8,020	0.200
Teo Kiang Kok	3,000	0.075	–	–	3,000	0.075
Lee Joo Hai	–	–	–	–	–	–
Gay Chee Cheong	–	–	–	–	–	–
Christopher Murugasu	2,880 ⁽¹⁾	0.072	–	–	2,880 ⁽¹⁾	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 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.

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6% Perpetual Capital Securities²

Directors	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Olivia Lum Ooi Lin	1,000,000	0.20	–	–	1,000,000	0.20
Teo Kiang Kok	200,000	0.04	–	–	200,000	0.04
Lee Joo Hai	–	–	–	–	–	–
Gay Chee Cheong	–	–	500,000 ⁽¹⁾	0.10	500,000	0.10
Christopher Murugasu	400,000	0.08	–	–	400,000	0.08
Simon Tay	500,000	0.10	–	–	500,000	0.10
Lau Wing Tat	50,000	0.01	–	–	50,000	0.01
Gary Kee Eng Kwee	–	–	500,000 ⁽²⁾	0.10	500,000	0.10

NOTES:

(1) Held through Raffles Nominees (Pte) Ltd.

(2) Held through DBS Nominees (Private) Ltd.

In the event the Company undertakes Shares purchases of up to ten per cent (10%) of the issued share capital of the Company (excluding Treasury Shares and Subsidiary Holdings) as permitted by the Shares Purchase Mandate, the shareholdings and voting rights of Ms Olivia Lum Ooi Lin may be increased from 34.05% to 37.83%. 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.

5. 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 AGM 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 seven days after the passing of the resolution to approve the Shares Purchase Mandate, Ms Olivia Lum Ooi Lin to submit to the Securities Industry Council of Singapore ("**Council**") a duly signed form as prescribed by the Council; and

² On 26 May 2016, the Company had also issued S\$500,000,000 in aggregate principal amount of 6.00 per cent. perpetual capital securities.

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(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,

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 one per cent (1%) in the preceding 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 Shares purchases under the proposed Shares Purchase Mandate 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.

(F) MISCELLANEOUS

1. Any Shares purchases undertaken by the Company shall be at a price of up to but not exceeding a sum constituting five per cent (5%) above the Average Closing Price of the Shares (the "**Maximum Price**").

"**Average Closing Price**" means the average of the closing market prices of the Shares over the period of five trading days in which transactions in the Shares on SGX-ST were recorded, in the case of a Market Purchase (as defined in the "Guidelines on Shares Purchases", a copy of which is annexed hereto as Appendix 2 (the "**Guidelines**")), before the day on which such purchase is made, and, in the case of an Off-Market Purchase (as defined in the Guidelines), 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 day period.

2. In making Share purchases, the Company will comply with the requirements of the 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

- (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. 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 3(a) of Appendix 2, for the avoidance of doubt, the reference to the Articles of Association of the Company is a reference to the constitution of the Company;
 - (c) 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;
 - (d) Paragraph 8(b) of Appendix 2, for the avoidance of doubt, the list of information which is to be provided to ACRA (as defined in Appendix 2) in the event the Company purchases Shares, as stated in that Paragraph 8(b), is non-exhaustive; and
 - (e) 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 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 Shares 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.

(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.

Appendix 1

(H) SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

Ms Olivia Lum Ooi Lin and her concert parties will abstain from voting at the AGM in respect of Ordinary Resolution 9 relating to the Shares Purchase Mandate, and will not act as proxies in respect of Ordinary Resolution 9 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 9.

(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 AGM:

- (a) the constitution of the Company; and
- (b) the audited financial statements of the Company for the financial year ended 31 December 2017.

Appendix 2

GUIDELINES ON SHARES PURCHASES

Unless otherwise defined, all capitalised terms used in this Appendix shall bear the same meanings ascribed to them in Appendix 1.

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 and Subsidiary Holdings) 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 ("**Market Purchase**"); or
- (b) by way of off-market acquisitions on an equal access scheme in accordance with Section 76C of the Act ("**Off-Market Purchase**").

Appendix 2

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 in 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. MAXIMUM NUMBER OF SHARES

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 and Subsidiary Holdings) 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 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 day period.

Appendix 2

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:
- (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-over Code 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 purchase of Shares, in the event there are offeree shareholders holding odd numbers of Shares.

Appendix 2

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 Treasury Shares (or any of them) for cash;
- (ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;
- (iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares (or any of them); or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister for Finance may by order prescribe.

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 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,

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

In accordance with Section 76J of the Act, the Company cannot exercise any right in respect of Treasury Shares and any purported exercise of such a right is void. 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.

Appendix 2

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

- (a) Within 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 30 days of a purchase of Shares. Such notification shall include details of the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued shares in the capital before and after the purchase and the amount of consideration paid by the Company for the purchase, whether the shares were purchased out of the profits or the capital of the Company and such other particulars as may be required in the prescribed form.

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 and shall include such details as 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 and shall include such details as 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.
- (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.